



TRANSCRIPT OF THE PROCEEDINGS OF THE SIXTY-THIRD ANNUAL GENERAL MEETING OF CEAT LIMITED HELD THROUGH VIDEO CONFERENCING ('VC') / OTHER AUDIO-VISUAL MEANS ('OAVM') ON TUESDAY, JUNE 28, 2022 AT 03:00 P.M.

PARTICIPANTS

Mr. H. V. Goenka
Chairman

Mr. Anant Goenka
Managing Director

Mr. Arnab Banerjee
Chief Operating Officer

Mr. Atul C. Choksey
Independent Director

Mr. Mahesh S. Gupta
Independent Director

Mr. Paras K. Chowdhary
Non-independent Director

Mr. Pierre Cohade
Non-independent Director

Mr. Ranjit Pandit
Independent Director

Mr. Vinay Bansal
Independent Director

Ms. Vallari Gupte
Company Secretary

Mr. Kumar Subbiah
Chief Financial Officer

Mr. H. V. Goenka

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

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

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

Regulations, 2015.

I would like to introduce to you the fellow members on the Board, who are present with us.

- Mr. Anant Goenka, the Managing Director of the Company and the Chairman of the Sustainability and Corporate Social Responsibility Committee
- Mr. Arnab Banerjee, the Chief Operating Officer
- Mr. Atul C. Choksey, Independent Director
- Mr. Mahesh S. Gupta, Independent Director and Chairman of the Audit Committee, Risk Management Committee and the Nomination and Remuneration Committee
- Mr. Paras K. Chowdhary, Non-Independent Director
- Mr. Ranjit Pandit, Independent Director and
- Mr. Vinay Bansal, Independent Director and Chairman of the Stakeholders' Relationship Committee
- Representatives of the Statutory Auditors "S R B C & CO LLP" and Secretarial Auditors "Parikh & Associates" are also attending this meeting.

The Company has received 19 Authorizations, representing 1,89,47,259 (One Crore Eighty-Nine Lacs Forty-Seven Thousand Two Hundred and Fifty-Nine) equity shares of the Company constituting 46.84% of the paid-up equity capital of the Company. Since the meeting is held through video-conferencing, 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.

The Notice of the meeting and the Integrated Annual Report for the Company for FY 2021- 22 has already been with the Members sent through electronic mode, in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI. We, therefore, take this notice as read.

As the Statutory Auditors' Report and the Secretarial Auditors' Reports do not contain any qualification, observation or adverse comments, 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.

The Integrated Annual Report and the Audited Accounts of the Company for the financial year ended March 31, 2022 have been with you for some time and I hope that you have gone through the same.

The year gone by witnessed significant impact of the second wave of the COVID-19 pandemic on lives of people as well as on the business landscape in general. It was a difficult year with slowing domestic demand and cost pressures, especially due to the volatility in the commodity markets. The Russia-Ukraine conflict has further contributed to the volatility and prices of all commodities, saw a price increase.

As a responsible corporate citizen, CEAT continued to support the communities through various

initiatives. During the year, the Company set up several fever clinics in association with the National Health Mission, distributed over 4 lac meals and ration kits for people affected by COVID and the floods in Maharashtra. The Company gave special emphasis on health and well-being of its employees and took steps to see that they are safe throughout the pandemic.

CEAT fosters innovation and smart solutions across its value chain with emphasis on sustainability. The Company's ESG roadmap is a key driver to navigate the gradual and smart transition of people, product and processes.

During the year, CEAT also embarked upon an ambitious plan for the 'Lighthouse' certification of its plants in Chennai, Halol and Nagpur by adopting Industry 4.0 technologies. The Company firmly believes that growth must be 'green and sustainable' and is committed to reduce CO₂ emissions significantly.

About the Company, let me tell you

Financial Performance

The Company navigated the challenging environment to achieve highest ever revenues and a volume growth of about 9%. On a consolidated basis, the Company recorded revenue from operations of Rs. 9,363 Cr, a growth of 23% as compared to Rs.7,610 Cr for the previous financial year. The Company recorded a net profit of Rs. 70.58 Cr, against a net profit of Rs. 432 Cr of the previous financial year. The margins remained under pressure due to steep increase in raw material prices and supply chain disruptions due to the global geo-political and pandemic induced factors. In FY 22 prices of natural rubber was up by 20%, carbon black by 75% in line with the movement of crude, synthetic rubber by 47%, fabric by 63% and steel by 30%. Crude prices, which are important raw material for us as derivative was higher by 76%, leading to price increases across all inputs by 24%. In contrast, the average sales price was increased by only 14% due to the prevailing market conditions. This led to an EBITDA dilution by about 28% to Rs. 738 Cr, as against Rs. 1,019 Cr in the last financial year.

New Products

CEAT developed 279 new products during the year in various segments such as Bias Belted Tyre technology for two-wheelers, Colour Tread Wear Indicator, puncture safe tyres in two-wheeler which have been received well by the market.

Subsidiaries / JV Companies

The Joint Venture of the Company in Sri Lanka reported a revenue of Rs 611.42 Cr as compared to Rs 458 Cr for the previous year. The profit after tax was Rs 62 Cr as compared to Rs 75 Cr in the previous year. CEAT continued to maintain an overall market share and leadership in all categories of tyres in Sri Lanka. However, the economic situation, as all of you know, is very fragile in Sri Lanka, having a bearing on supply chain, import clearances and raw material prices amongst others. The Company is closely monitoring the same and taking relevant mitigation steps.

CEAT AKKhan Limited is a joint venture of CEAT in Bangladesh. During the year under review, its revenue was Rs 137 Cr as compared to Rs 123.8 Cr in the previous year.

The Company has also set up subsidiaries in Netherlands and USA to focus on the Off-Highway tyres.

Capacity Expansion

During the year, the Company ramped-up capacity at its greenfield project in Chennai which is expected to produce approximately 96 Lacs Passenger Vehicle Radial Tyres per annum once the project is fully completed. During the year, the Company commenced the construction of its new Truck Bus Radial Tyre capacity at the greenfield project in Chennai. The brownfield project in Nagpur completed the first phase of expansion and the plant is now in phase two of expansion. With this

CEAT's two-Wheeler Tyre capacity would be approximately 2.7 Crores tyres per annum.

CEAT has embarked on a capex journey of approximately Rs. 5,200 Cr for its expansion.

In FY 22, the Company incurred total capital expenditure of approximately Rs. 959 Cr bringing the total investment at the end of FY 22 to about Rs. 3500 Cr across Halol, Nagpur, Chennai and Ambarnath plants.

Outlook for Current Fiscal

The current fiscal has started amidst some uncertainty due to the conflict in Ukraine that has furthered the inflationary trend of input material costs, which were already at a multi-year high. For the Indian tyre industry, export sales are likely to improve as the US and Europe continue with high tariffs on imports from China. While strengthening its leadership position in two-wheeler segment, CEAT will strive to gain more market share in Passenger, Car and Truck retail segments with the new capacities ramping up.

I wish to place on record our appreciation to all our stakeholders for their continued support and most of all to you Shareholders for the 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 Vallari

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 business proposed to be transacted at this AGM through remote e-voting for the period commencing from June 25, 2022 to June 27, 2022. 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 Dhabliwala, of M/s Parikh & Associates, Practising Company Secretaries, has been appointed as the Scrutinizer for remote e-voting as well as e-voting at this AGM, who would scrutinize the votes and hand over the combined report on voting within two working days of the conclusion of this AGM.

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

Since the meeting is being held through Video Conferencing / Other Audio-Visual Means and the resolutions mentioned in the Notice convening this meeting have already been put to 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.

Over to you, Sir.

Mr. H. V. Goenka

The Company had provided the facility to the Members to register themselves in advance by sending request from their registered 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 the video and speak. The shareholders are requested to be brief and convey their comments in less than three minutes' time.

Mr. H. V. Goenka

The first speaker is Mr. Manoj Kumar Gupta

Mr. Manoj Kumar Gupta

Hello? Good Afternoon. Good Afternoon, Respected Chairman, Board of Directors, fellow shareholders. My name is Manoj Kumar Gupta. I am equity shareholder of CEAT Limited. Sir, first of all I thanks to you and our MD for excellent result of the Company in the deprived and very tough condition of the world and I thank to the Company Secretary and our team to help us to join this meeting through VC.

And Sir, I am very thankful to Mr. Paras Chowdhary, and he knows me very well and today I've seen him in Philips Carbon. Sir, I have great respect and regards to you. You can forget us but we can't forget you. You are in our heart. Just do something for Calcutta Sir.

And Sir, what's the position of Sri Lanka business? There is a tough condition in Sri Lanka. And how you face this challenge in Sri Lanka? And what's your future plan for Sri Lanka Sir?

And tyre industry is facing lot of problem and suffering in a bad manner. Now you will see the result of tyre industry in India of last six months, they are facing a lot of problem. So, what's your view on that regard Sir? And what's your future outlook for tyre industry? And Sir, rubber prices have gone up. So, because earlier we were dependent on Malaysia, but after 2019 J&K issue Article 370, there was some problem in the political connection with Malaysia. So, Malaysia is our largest exporter of rubber for tyres in Asia. So, what's the situation of rubber? And rubber prices have gone up suddenly.

And Sir, what's your view on Agneepath and Agniveer yojana of the Government for the youths? So, will you offer some job in your organization in RPG Enterprises?

And Sir last but not least, have you any plan to bid for Birla Tyres? Because Birla tyres is in NCLT and they will submit their report within November. So, do have you any plan to acquire Birla Tyres? Birla tyres' plant is very good in Balasore, Odisha in the eastern part of the country, that was the first plant of tyre in eastern part. So, are you interested to bid for that Sir?

And thank you Sir, and just make a plan to meet us Sir. Thank you, Sir!

Mr. H. V. Goenka

Thank You very much. May I now request Mr. Ashish Bansal

Ms. Vallari Gupte

Mr. Bansal, you have been added. Can you please unmute yourself?

Mr. Ashish Bansal

You can hear my voice Sir? Hello, you can hear my voice?

Mr. H. V. Goenka

Yes, I can.

Mr. Ashish Bansal

Respected Chairman and Board of Directors, first I thank madam for arranging this meeting in challenging time. In Morning, I got a call from your office. Sir, I have given some suggestion upon COVID, we can meet each other. What's your view on what I have already given on e-mail.

Please reply us.

Thank you so much!

Mr. H. V. Goenka

Thank you, Mr. Bansal. Mr. Anil Parekh?

Mr. Anil Parekh

Hello? Am I audible Sir?

Mr. H. V. Goenka

Yes, Mr. Parekh.

Mr. Anil Parekh

And also am I visible?

Mr. H. V. Goenka

You are not visible, but you are audible.

Mr. Anil Parekh

Now?

Mr. H. V. Goenka

No.

Mr. Anil Parekh

Now am I visible Sir?

Mr. H. V. Goenka

Yes, now you are.

Mr. Anil Parekh

How are you, Sir?

Mr. H. V. Goenka

All good.

Mr. Anil Parekh

Since a long time, we could not meet physically. But I expect that next year, the situation is favorable so that we can meet physically and congratulate each other.

Sir, to begin with, Chairman Sir, Board of Directors and fellow shareholders, I am Anil Parekh here,

from Bombay and I extend my wholehearted support for today's all the resolutions.

Secondly, our CS Team headed by Vallari Gupte and Drishti and Geeta, all are very kind to help us wherever we need their help, particularly Drishti and Vallari. They are very kind to talk to us and help us. So, preserve them as long as you can.

Sir, we have global presence as well as national presence, which is given on Page 3. Any more additions to this presence expected?

Secondly Sir, I would congratulate you for winning various prestigious moments that is awards and accolades on Page 11 and 10.

Next question is Sir, although our turnover is Rs. 9,131 Cr but if I see on Page 12 and 13, every other parameter is going down, like EBITDA margin, Gross Margin, Profit After Tax, Earnings per share, Dividend is also gone down, so every parameter is going down. Of course, it is because of prevailing situation and earlier situation due to COVID-19, but I would like to have your views on that in coming future.

Sir, what are the steps we have taken to reduce carbon footprint in our organization? Also, Sir, I would like to know percentage of our revenue, how much percentage of our revenue is coming through exports?

What is our R&D expenses and people engaged in that R&D? And Sir, we have entered just recently in new markets such as Germany, France, Portugal, Slovenia, Israel, Maldives, Bahrain etc. How well our products are received there? I would like to know your views on that.

Sir, my next question is prevailing situation in Sri Lanka, what you foresee in coming one or two years? And how it will impact on us?

Sir, also we have done robotic process automation in our organization wherein you have mentioned that 32,000+ person hours we have saved, so in Rupee Terms how much we have saved?

Sir, I have no further questions to ask. Only I would say that I am supporting all the resolutions whole heartedly and expect in near future to meet you personally and greet you.

Thank you, Sir for patient hearing. Thank you!

Mr. H. V. Goenka

Thank you very much for the questions that you have asked me.

Let me first answer Mr. Ashish Bansal. He asked what are the steps that we have taken as an industry and government to improve the economic conditions which have been impacted by the pandemic. I think the Government has started various PLI Schemes, it has created anti-dumping for truck and bus tyres, RBI has announced rate hikes to reduce the inflationary trend, the Union Budget has announced an enhanced infra spending programme. This would have a good positive impact. Then there has been fiscal stimulus and ramping up of infrastructure on health care. As far as CEAT is concerned, for customers the warranty extension we have done for three months. We have created cross functional teams to reduce costs, energy costs, scrap reduction and inflationary cost to be brought down substantially.

As far as community is concerned, we have donated COVID Sample Collection Booths, porta cabins were added as fever clinics, we have created rest areas for healthcare workers, we have served over five lacs hot meals to migrant labour, we have donated oxygen concentrators and ventilators. We also care for our own people, we have a Chief Fitness Officer, we have tied up with mental health counselling for employees, supported in terms of finding hospital beds for them, vaccination camps etc.

Mr. Manoj Kumar Gupta, thank you very much for your encouraging words. The updates regarding the Sri Lanka investment, the factory is presently running. However, more than business, there is a humanitarian crisis in Sri Lanka. There is power outage, high inflation, non-availability of food items which has impacted our employees and the Nation. The factory operations are not running that well because we don't have fuel sometimes, sometimes we don't have raw materials.

CEAT's Indian business is concerned, there were forex losses of Rs. 5.88 Cr reported due to sharp devaluation of the Sri Lankan currency. The revenue of the CEAT Sri Lanka Rs. 611 Cr compared to Rs. 459 Cr. The demand is not expected to be strong, in fact it is expected to be weak in the future, there is no diesel, so the cars and the vehicles are not running on the roads. We are closely monitoring our costs and trying to see how we can take the cost pressure off and give to consumers, but it is a challenging time for the country. As far as the future plan of the country are, we are going through the demand situation is reasonably good. In the replacement market, we find momentum in the passenger car, commercial vehicle segment. Even the demand is reasonably good for two wheelers, however, the raw material situation is precarious with the raw material prices going up substantially and we have not been able to pass the cost increases. The export business is good. The OEM is also good. So, we are spending a lot of time and effort on ESG and Digital and also on R&D.

Then you wanted to know about rubber prices. The rubber prices continue to be high. Luckily, our dependence on Malaysia is low. There is enough rubber available, we mainly buy from Thailand, Vietnam and Indonesia. As far as Agniveer is concerned, the future outlook depends on when they come after four years but they would be a very disciplined workforce so we would like to see how we can put them into our workforce. As far as Birla Tyres is concerned, there is no plan as of now to buy it as a company.

Mr. Anil Parekh wanted to know why the PAT has decreased. The product mix has been slightly adverse with production tonnage increasing by 12% whereas the sales tonnage increased only by 9%. The raw material cost has increased by 33%, however realization increased only by 11% due to market pressures. There has been a depreciation increase of Rs. 95 Cr and then we have other operating expenses which have gone up, variable costs such as stores, water, power, electricity, repairs, etc. Freight cost has increased by Rs. 11 Cr during the higher movements and fuel prices. Warranty claims have also increased by Rs. 32 Cr and so have travelling costs.

As far as exports is concerned, we have grown this year by 50% and we are exporting primarily to countries in Europe, USA and South America. Our total exports are 20% and in terms of R&D, we do 1.3% of our total revenues and like you I look forward to meeting all of you physically when things improve.

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-Third AGM of the Company. I declare the meeting has 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 report from the Scrutinizer and submit the same to the Stock Exchanges.

Thank you!