

N. M. RAIJI & CO.
Chartered Accountants
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AUDITORS' REPORT

TO THE MEMBERS OF CEAT LIMITED

1. We have audited the attached Balance Sheet of **CEAT LIMITED**, as at 31st March 2012, 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. Further to our comments in the Annexure referred to above and our comments in paragraph 3 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 prescribed by the Companies (Accounting Standards) Rules, 2006 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, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2012 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 2012;
- (b) In the case of the Profit and Loss Account, of the Profit 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
Firm Registration No.108296W



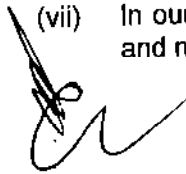
CA. Y.N. THAKKAR
Partner
Membership No. 33329

Place: Mumbai
Date : May 08, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

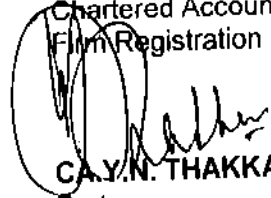
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets. As per the said programme, certain assets were physically verified during the year. In 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), (d), (f) and (g) 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) There are no particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 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 directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, 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) Based on our review of the cost records, prima facie, the Company has made and maintained cost records as prescribed by the Central Government under clause (d) of Section 209(1) of the Act.
- (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 2012 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 on account of any 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.
- (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) The Company is not dealing in or trading in shares, securities debentures and other investments.
- (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 loans 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) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.

For N.M. RAIJI & CO.,
Chartered Accountants
Firm Registration No108296W



C.A.Y.N. THAKKAR
Partner
Membership No. 33329

Place: Mumbai
Date: May 08, 2012

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 dispute is pending
The Central Excise Act, 1944	Cenvat Duty, Interest and, Penalty	4.38	1999-2000, 2002-10	CESTAT *
		0.72	1996-97, 2004-06, 2007-08, 2009-11	Commissioner (Appeals)
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Tax, Interest and Penalty	1.37	1987-90, 1998-2008	Tribunal
		41.17	1993-2009	Commissioner (Appeals)

* The Customs, Excise and Service Tax Appellate Tribunal