

Dear Shareholder(s),

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 ("the said Act") and the Rules made thereunder read with Sections 198, 269, 309 and 310 and Schedule XIII of the said Act, that the resolutions set out below are proposed to be passed as Special Resolutions through Postal Ballot.

The Explanatory Statement pertaining to the said resolutions pursuant to Section 192A read with Section 173(2) of the said Act setting out the material facts and the reasons there for along with a Postal Ballot Form is annexed for your consideration. The Company has appointed Mr. P. N. Parikh, Practicing Company Secretary as Scrutinizer for conducting the Postal Ballot Process in a fair and transparent manner.

Shareholders are requested to carefully read the instructions printed on the Postal Ballot Form and return the same duly completed and signed, in the attached self addressed pre-paid postage envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5.00 p.m. on March 7, 2011. Upon completion of the scrutiny of the Postal Ballot Forms, the Scrutinizer will submit his report to the Chairman and/or Vice Chairman. Subsequently, the result of the Postal Ballot will be announced by the Chairman and/or Vice Chairman and/or Company Secretary on March 11, 2011 at the Registered Office of the Company.

1. To consider and if thought fit, to pass the following resolution as a Special Resolution through Postal Ballot.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (the said Act) including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and subject to such other approvals, permissions, sanctions as may be required and subject to such conditions as may be imposed by any authority in granting such approvals, permissions and sanctions; approval of the Shareholders be and is hereby accorded for the re-appointment of Mr. Paras K. Chowdhary as the Managing Director of the Company for a period commencing from January 18, 2011 and ending on March 31, 2012 upon the terms and conditions set out in the Agreement dated January 11, 2011, (which Agreement is also hereby ratified and approved) and submitted to the shareholders; and for payment of the following remuneration, to Mr. Paras K. Chowdhary, Managing Director of the Company from January 18, 2011 to March 31, 2012, being the period of the re-appointment (hereinafter referred to as the tenure) on the terms and conditions set out herein:

Details of Remuneration

1. **Salary:** Rs. 8,65,000/- per month with an increase of not exceeding 10% with effect from 1st July, 2011
2. **Management Supplement:** Rs. 6,55,000/- per month with an increase of not exceeding 10% with effect from 1st July, 2011
3. **Other Allowances:** Rs. 1,80,000/- per month
4. **Performance Bonus:** Not exceeding Rs. 30,00,000/- per annum
5. **Perquisites:** The Managing Director shall be entitled to the following perquisites:
 - Rent free accommodation or House Rent Allowance, the perquisite value of which shall not exceed Rs. 14,00,000/- per annum.
 - Reimbursement of gas, electricity, water, furnishing, repairs, servant's salaries, security, society charges, property tax and other levies/charges connected/incidental to the rent free accommodation at actuals upto a limit of not exceeding 5% of the annual Salary.
 - Medical: Not exceeding Rs. 2,00,000 per annum.
 - Other Perquisites: As may be granted, monetary value of which shall not exceed Rs. 6,00,000/- per annum.
6. In addition to the above, the Managing Director shall be eligible for the following perquisites, the value of which shall not be considered for computation of aggregate remuneration.
 - Company's Contribution to Provident Fund, Superannuation or Annuity Fund.
 - Gratuity: As per Company Policy.

- Encashment of unavailed leave at the end of tenure as per Company Policy.
- Car/Telephone at residence for Business Use.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board) which term shall be deemed to include any duly authorized Committee thereof for the time being exercising the powers conferred on the Board by this resolution, be and is hereby authorised to pay the remuneration to Mr. Paras K. Chowdhary, Managing Director of the Company, within the maximum limits prescribed in Section I of Part II of Schedule XIII of the said Act in case the Company has adequate profits during the tenure of the appointment mentioned above.

RESOLVED FURTHER THAT pursuant to Section II of Part II of Schedule XIII and other applicable provisions of the said Act, if any, and subject to such approvals as may be necessary, the Company may pay Mr. Paras K. Chowdhary, Managing Director of the Company, the remuneration specified supra, as minimum remuneration in case the Company has no profits or its profits are inadequate during any of the financial years during the tenure mentioned hereinabove, with the approval of the relevant authorities.

RESOLVED FURTHER THAT the Board which term shall be deemed to include any duly authorized Committee thereof for the time being exercising the powers conferred on the Board by this resolution, be and is hereby also authorised to increase, vary, amend the remuneration and other terms of appointment as deemed expedient or necessary during the tenure mentioned hereinabove or as may be prescribed by the authorities giving their sanction or approval.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, inter-alia, seeking approval of relevant authorities as and when necessary, the Board which term shall be deemed to include any duly authorized Committee thereof for the time being exercising the powers conferred on the Board by this resolution be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary proper or desirable and to settle any questions or doubts that may arise in this regard."

2. To consider and if thought fit, to pass the following resolution as a Special Resolution through Postal Ballot.

"RESOLVED THAT pursuant to the provisions of Sections 198 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (the said Act) including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and subject to such other approvals, permissions, sanctions as may be required and subject to such conditions as may be imposed by any authority in granting such approvals, permissions and sanctions; approval of the Shareholders be and is hereby accorded for payment of the following remuneration to Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company for the year from April 1, 2010 to March 31, 2011; during which the net profit of the Company calculated as per Section 198 of the said Act would be inadequate for the purpose of payment of following remuneration to him.

Details of remuneration:

		(Amount in Rupees per annum)
1	Salaries and Allowances	78,60,000
2	Perquisites	
	• House Rent Allowance	11,04,000
	• Medical Reimbursement	50,000
	• Other perquisites	1,70,000
		13,24,000
3	Retiral Benefits	
	Company Contribution to	
	• Provident Fund	3,31,200
	• Superannuation Fund	4,14,000
	• Gratuity Fund	1,32,692
		8,77,892
	Grand Total	1,00,61,892

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board) which term shall be deemed to include any duly authorized Committee thereof for the time being exercising the powers conferred on the Board by this resolution based on the recommendation of the Remuneration Committee, be and is hereby authorised to pay the above mentioned remuneration to Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board which term shall be deemed to include any duly authorized Committee thereof for the time being exercising the powers conferred on the Board by this resolution be and is hereby authorized to do all such acts, deeds, matters and things including obtaining approval from requisite authorities as it may in its absolute discretion deem necessary proper or desirable and to settle any questions or doubts that may arise in this regard."

By Order of the Board of Directors
For **CEAT Limited**

H. N. Singh Rajpoot
Company Secretary

Place: Mumbai

Date: January 25, 2011

Notes:

1. The consent of the shareholders is solicited by passing Special Resolutions by way of a Postal Ballot as detailed in Item no. 1 and 2 of this Notice.
2. Explanatory Statement setting out all material facts as required under Section 173 and 192A of the Companies Act, 1956 in respect of special business of the Company is appended.
3. The resolutions, if assented by the requisite majority, shall be taken as passed on March 11, 2010.
4. A copy of the Agreement dated January 11, 2011 with Mr. Paras K. Chowdhary referred to above is open for inspection by the shareholders at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day upto the last date of receipt of the Postal Ballots from the shareholders.
5. A copy of the Agreement dated January 4, 2010 with Mr. Anant Vardhan Goenka, approved by the shareholders at the Annual General Meeting held on July 27, 2010 is open for inspection by the shareholders at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day upto the last date of receipt of the Postal Ballots from the shareholders.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) READ WITH SECTION 192A OF THE COMPANIES ACT, 1956

ITEM NO. 1:

The Board of Directors has, at its meeting held on October 20, 2010, re-appointed Mr. Paras K. Chowdhary as the Managing Director of the Company for a period commencing from January 18, 2011 and ending on March 31, 2012. Pursuant thereto, an Agreement was entered into between the Company and Mr. Chowdhary on January 11, 2011. The re-appointment of Mr. Chowdhary is in accordance with the conditions specified in Part I and Part II of Schedule XIII as provided under Section 269 of the Companies Act, 1956.

Upon the recommendations made by the Remuneration Committee, the Board has approved the following remuneration payable to Mr. Chowdhary for the period of his appointment:

Details of Remuneration

As proposed in the Special Resolution set out at Item No.1 of the Notice.

Terms and conditions of re-appointment contained in the Agreement dated January 11, 2011 (the Agreement) between the Company and Mr. Chowdhary:

1. Mr. Chowdhary shall be responsible for day-to-day management of the business and affairs of the Company and shall be entitled to and accordingly shall exercise such powers that are entrusted to him, as its Constituted Attorney, under the Articles of Association of the Company and/or by its Board, either alone or jointly with any other person(s) as the Board may determine from time to time.

2. The remuneration as determined by the Remuneration Committee and approved by the Board of Directors from time to time, may be paid and the perquisites provided to Mr. Chowdhary, as per details given hereinabove subject to such approvals as may be required for the same from time to time.
3. The Agreement between the Company and Mr. Chowdhary can be terminated by either party by giving to the other party not less than four (4) months notice in writing or by payment of four (4) months basic salary in lieu of notice without assigning any reason. The Company may also terminate this Agreement upon giving him one (1) month's notice, in writing, or by payment of one (1) month's basic salary in lieu of notice under the following circumstances.
 - If Mr. Chowdhary at any time neglects or becomes unable to perform his obligations under the Agreement in consequence of any disability/ ill health, both physical or mental or any accident, which in the Company's judgment has substantially prevented him from performing his duties during any period, and/or
 - If Mr. Chowdhary fails to discharge his duties under the Agreement efficiently or diligently and commits a breach of any of his obligations hereunder.
4. Mr. Chowdhary shall comply with the directions given by the Board of Directors and shall also observe the Code of Conduct and other Policies and Regulations framed and/or adopted by the Company from time to time.
5. Mr. Chowdhary shall not divulge or make use of any Company's secrets and any other information to any other person and during his term and for a period of two (2) years following expiry, he shall not directly or indirectly compete with the business or act detrimental to the interest of the Company or poach any person associated with the Company.
6. Any dispute or difference shall be referred to the Competent Court(s) located in the city/town where the Registered Office of the Company is situated.

OTHER DETAILS

The following is the statement of information for the Shareholders pursuant to Paragraph (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

I. General Information:

1. Nature of industry: Tyre Industry (Ancillary to Automobile Industry)
2. Date of Commencement of Commercial Production: February 22, 1960
3. Financial Performance:

(Rs. in lakhs)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	174742	213478	232996	251369	280747
Other Income	2262	2444	2307	4495	4214
Operating Profit	9121	15241	20729	5396	32270
Interest	6355	6043	5694	6552	5683
PBDT	2766	9198	15035	(1156)	26587
Profit/Loss before tax	521	6092	11736	(3717)	23899
Exceptional Items	-	-	7994	-	-
Profit/(Loss) before tax (including exceptional items)	521	6092	19731	(3717)	23899
Profit/(Loss) after tax	52	3925	14860	(1611)	16104
Paid Up Equity Share Capital	4568	4568	3424	3424	3424
Dividend (excluding tax)	-	822	1370	-	1370
Rate of dividend (%)	-	18	40	-	40

4. Export performance and net foreign exchange collaboration:
(Rs. in lakhs)

Financial Year	Export turnover
2005-06	39350
2006-07	42946
2007-08	48196
2008-09	48303
2009-10	48188

5. Foreign Investments or Collaborations:

For the financial years 2005-06 to 2009-10, the Company did not have any fresh foreign investments or collaborations.

II. Information about the appointee.

1. Background Details:

Mr. Paras K. Chowdhary holds a Bachelors degree in Physics (Hons.) and has over 32 years experience of senior management position in the tyre industry. Prior to joining the Company in 2001 as Managing Director, he spearheaded the Telecom Business of RPG Enterprises between July 1997 to December 2000. Earlier, he was employed with Apollo Tyres Limited where he started his career from the junior management position and rose to the position of President and Whole Time Director within a very short time. He was instrumental in turning around of that company. He is also sitting on the Boards of following companies:

Harrisons Malayalam Limited	Sea Princess CHS Limited
Phillips Carbon Black Limited	Associated CEAT (Private) Limited, Colombo
Rado Tyres Limited	ACT Company (Private) Limited, Colombo
Sentinel Tea & Exports Limited	Associated CEAT Holdings Company (Private) Limited, Colombo
Spencer & Co. Limited	CEAT Kelani Associated Holdings Private Limited, Colombo
Spencer International Hotels Limited	CEAT Kelani International Private Limited, Colombo
Summit Securities Limited	Associated CEAT Kelani Radials (Private) Limited, Colombo

2. Past remuneration:

Description	Amount in Rs. (Lakhs)	
	2009-10	2010-11 (April 1, 2010 to January 17, 2011)
Salaries and Allowances	173.60	195.76
Perquisites	22.09	18.30
Contribution to Provident, Superannuation and Gratuity Funds	27.97	25.04
Total	223.66	239.10

3. Recognition or awards :

Mr. Paras K. Chowdhary, has been the past president of Automotive Tyre Manufacturers Association (ATMA).

4. Job profile and suitability:

Mr. Paras K. Chowdhary has over 32 years experience in the tyre industry and has had a long and illustrious career, including as Managing Director of the Company for the last 10 years. Under Mr. Chowdhary's leadership, the Company has achieved tremendous success in improving the financial position of the Company and also implementation of the state of the art radial manufacturing plant at Halol, Baroda in the State of Gujarat. The Board of Directors is of the opinion that Mr. Chowdhary's experience will be of immense help to the Company to achieve growth in future, specially successful implementation of the ongoing capacity expansion plans of the Company.

5. Remuneration Proposed:

As per the details mentioned above.

6. Comparative remuneration Profile with respect to industry:

The proposed remuneration (duly approved by the Remuneration Committee) is in line with the trends in the industry and is befitting Mr. Chowdhary's experience and competence.

7. Pecuniary relationship directly or indirectly with the Company:

Mr. Chowdhary has no other relationship with the Company or with the managerial personnel, except the remuneration being paid to him as Managing Director of the Company.

Equity shares held by:

Mr. Paras K. Chowdhary : 3,000 Equity Shares

Mrs. Rekha Chowdhary (Wife) : 1,000 Equity Shares

III. Other information.

1. Reasons for loss or inadequate profits.

The net profit of the Company of Rs. 34.13 crore for the nine (9) months period ended December 31, 2010 was significantly lower than the net profit Rs. 145.70 crores for the corresponding period of the last financial year, due to an unprecedented increase in the prices of raw materials, particularly of Natural Rubber. As the prices of the Natural Rubber are expected to rule over Rs. 200 per kg in the near future due to an adverse demand supply scenario, the Company expects to close its current financial year 2010-11 with a marginal profit, which would be inadequate for the payment of the proposed remuneration.

2. Steps taken or proposed to be taken for improvement.

Under the leadership of Mr. Chowdhary, the Company has taken several steps inter-alia, innovative buying and other cost optimization initiatives across the Company, product mix optimization, total quality management etc. for strengthening the operations of the Company. He has also been instrumental in taking up expansion planning aggressively, which will increase the manufacturing capacity of the Company to 1,000 MT per day in the next few years. These steps will result in a positive impact on the Company's market share and improvement in product mix and consequently the profitability of the Company.

3. Expected increase in productivity and profits in measurable terms.

The steps initiated by Mr. Chowdhary, both short term and long term are expected to bring back the Company into adequate profit during FY 2011-12.

IV. Disclosures.

Remuneration package as mentioned above.

The Board of Directors recommends the proposed resolution set out at Item no. 1 as a Special Resolution.

None of the Directors of the Company, except Mr. Paras K. Chowdhary, himself, is concerned or interested in the Resolution.

The terms of remuneration and other terms of his re-appointment as contained above and in the Special Resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 2

The shareholders of the Company have, at the Annual General Meeting of the Company held on July 27, 2010, accorded their approval to the appointment of Mr. Anant Vardhan Goenka as the Deputy Managing Director for a period of five (5) years from January 4, 2010 to January 3, 2015 and also for payment of remuneration, as may be recommended by the Remuneration Committee and approved by the Board of Directors from time to time within an overall limit of Rs. 2.00 crores.

As mentioned in Item No. 1 above, the Company contemplates that the net profit as per Section 198 of the Companies Act, 1956 (hereinafter referred to as the said Act) for the year ending March 31, 2011 shall be inadequate for the purpose of payment of remuneration as per Section I of Part II of Schedule XIII of the said Act. Hence, approval of the shareholders is sought by way of a Special Resolution for payment of the following remuneration to Mr. Goenka for the period from April 1, 2010 to March 31, 2011.

Details of remuneration:

As proposed in the Special Resolution set out in Item No.2 of the Notice.

The following is the statement of information for the Shareholders pursuant to Paragraph (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

I. General Information:

Kindly refer to the information given in Item No. 1 above.

II. Information about the appointee.

1. Background Details:

Mr. Anant Vardhan Goenka is an M.B.A from the Kellogg School of Management and a B.SC in Economics from the Wharton School.

Mr. Goenka joined KEC International Limited (KEC) as Vice President (Corporate) and was in charge of the telecom business, business development in North America and Integrated planning and monitoring of Transmission and Distribution Business. In recognition of his contribution in the said business vertical, KEC elevated him to the position of Executive Director – Supply Chain, in-charge of manufacturing, procurement, planning, logistics and quality department in the company.

Prior to joining KEC, Mr. Goenka was also associated with CEAT Limited as Head of Specialty Tyre Business. Earlier, Mr. Goenka has also worked with Hindustan Unilever Limited, Accenture, Mumbai and Morgan Stanley, Hong Kong.

Presently he sits on the Board of Directors of the below mentioned companies:

Allwin Apartments Private Limited	RPG Cellular Investments & Holdings Private Limited
Goodhope Sales Private Limited	Sentinel Tea & Exports Limited
Idea Tracom Private Limited	Spencer & Co. Limited
Instant Holdings Limited	Associated CEAT Holdings Company (Private) Limited, Colombo
Raychem RPG Limited	CEAT Kelani Associated Holdings (Private) Limited, Colombo

2. Past remuneration:

Description	Amount in Rs. (Lakhs)
	January 4, 2010 to March 31, 2010
Salaries and Allowances	21.68
Perquisites	0.17
Contribution to Provident, Superannuation and Gratuity Funds	1.80
Total	23.65

3. Recognition or awards, Job profile and suitability:

Mr. Goenka was initially responsible for the Manufacturing, Sales, Marketing and Outsourcing functions by the Board of Directors of the Company. Later, he was also entrusted with the responsibility of the Materials and Quality Assurance function.

Since his appointment Mr. Goenka has been instrumental in improvement of manufacturing capability of the Company, product mix optimization, innovative buying, cost reduction and quality improvement initiatives. In a short span of time, Mr. Goenka has obtained a firm grip on the operations of the Company.

In addition, he has also taken personal interest in empowerment of employees through improved communication channels and rewards and recognition programmes, within the Company. He is currently, spearheading the Visioning Exercise by an innovative way of involving the entire management team, which has been broken into various councils for suggesting the strategic moves on different functions. This exercise will improve engagement/commitment of the entire management team which eventually bring the Company closer to its goals of higher profitability and sustained growth.

The Board of Directors is of the opinion, that Mr. Goenka's experience with different sectors and companies shall be of immense benefit to the Company especially since the Company is poised to take a leap towards profitability and growth.

4. Remuneration Proposed:

As per the details mentioned above.

5. Comparative remuneration Profile with respect to industry:

The proposed remuneration (duly approved by the Remuneration Committee) is in line with the trends in the industry and is befitting Mr. Goenka's competence.

6. Pecuniary relationship directly or indirectly with the Company:

Mr. Goenka has no other pecuniary relationship with the Company except the remuneration being paid to him as the Deputy Managing Director of the Company.

Mr. Goenka is the grandson of Dr. R. P. Goenka, Chairman and son of Mr. H. V. Goenka, Vice Chairman of the Company.

Equity shares held in the Company:

Dr. R. P. Goenka, Chairman	: 3,799 Equity Shares
Mr. H. V. Goenka, Vice Chairman	: 10,133 Equity Shares
Mr. Anant Vardhan Goenka, Deputy Managing Director	: 14,185 Equity Shares

III. Other information.

1. Reasons for loss or inadequate profits.

Kindly refer to the information given in Item No. 1 above.

2. Steps taken or proposed to be taken for improvement.

Under the stewardship of Mr. Geonka, the Company has taken several steps inter alia, innovative buying and other cost optimization initiatives across the Company, product mix optimization, total quality management etc. for strengthening the operations of the Company.

3. Expected increase in productivity and profits in measurable terms.

The steps initiated by Mr. Goenka, both short term and long term are expected to not only bring back the Company into adequate profit during FY 2011-12 but also emerge as an efficient manufacturer of automotive tyres in future.

IV. Disclosures.

Remuneration package as mentioned above.

The Board of Directors recommends the proposed resolution set out at Item No. 2 as a Special Resolution.

None of the Directors of the Company, except Dr. R. P. Goenka, Mr. H.V. Geonka and Mr. Anant Vardhan Goenka, himself, are concerned or interested in the Resolution.

By Order of the Board of Directors

For CEAT Limited

H. N. Singh Rajpoot

Company Secretary

Place: Mumbai

Date: January 25, 2011