



**CEAT LIMITED**

**Management Discussion & Analysis**

**Quarter ended March` 2008**

## Summary of performance – Q4 FY` 2007-08 (Rs Crores)

Particulars	Q4FY08	Q4FY07	YOY
Net Sales	646	563	14.7%
<b>Operating Profit</b>	<b>49</b>	<b>55</b>	<b>-10.9%</b>
Other Income	11	11	
Interest	14.2	12.9	
Depreciation	9.6	7.9	
<b>Exceptional Income</b>	<b>61</b>	<b>-</b>	
<b>PBT</b>	<b>86.4</b>	<b>34.5</b>	<b>150%</b>
Provision for taxation	9.44	11.1	
<b>PAT</b>	<b>76.93</b>	<b>23.41</b>	<b>228%</b>

### Key highlights – Q4 FY` 08

- ☑ CEAT has recorded an impressive performance in Q4 FY` 08. The Company's gross turnover for the quarter stood at Rs. 722 crs against Rs. 631 crs last year, up by 14.5%. The net profit for the quarter stood at Rs. 76.93 crs, up by 228% as against Rs 23.41 crs during same quarter in the previous year

## Management Discussion & Analysis

*Quarter ended 31<sup>st</sup> March 2005*



**Kolkata, 28<sup>th</sup> April 2005**

sales has surged by 180 basis points to 8.9% compared to 7.1% last year.

- ☑ The expansion in operating margin for the year is mainly attributed to better Product Mix, strategic buying of Raw Materials and sustained efforts towards cost optimization and lower interest burden despite increase in interest rates and growth in business
- ☑ The board has recommended a dividend of Rs. 4/- per share.
- ☑ CEAT recently unveiled a new logo which is designed to reflect today's CEAT with a vision to meet the demands of tomorrow's next generation market.
- ☑ The company has sold seven acres of its land at Bhandup for Rs. 130 crores.
- ☑ The company has successfully completed the implemented ERP.

### Sales performance

Rs Crores

Particulars	FY'08	FY'07	Change (%)
<b>Gross Sales</b>			
Replacement	1634	1344	22%
- OE	462	602	(23%)
- Domestic	2097	1946	8%
- Export	506	444	14%
<b>Total</b>	<b>2603</b>	<b>2391</b>	<b>9%</b>
Excise Duty	273	256	
<b>Net Sales</b>	<b>2330</b>	<b>2135</b>	<b>9%</b>

### Production inputs

Particulars	FY'08	FY'07	Change (%)
<b>Own Production (No. lac)</b>			
- Truck tyres	20.16	18.96	(2%)
- Light truck tyres	7.32	7.92	(4%)
- OTR / Grader	0.58	0.37	78%
<b>Total Procurement (Lac MT)</b>			
- Own production	<b>1.34</b>	<b>1.31</b>	<b>2%</b>
- Outsourcing	<b>0.41</b>	<b>0.32</b>	<b>46%</b>
- <b>Total</b>	<b>1.75</b>	<b>1.63</b>	<b>10%</b>
<b>Conversion cost – Rs /Kg</b>			
- Bhandup	<b>17.47</b>	<b>16.08</b>	

- Nasik	<b>19.70</b>	<b>17.45</b>	
- <b>Total</b>	<b>18.34</b>	<b>16.61</b>	

### Key challenges & Future Issues

- ☑ CEAT has lined up a huge expansion plan. The total investment outlay is about Rs.1000 crs. The money will be used to set up two new factories and conclude the radialisation programme. Focus will also be on ensuring higher export numbers and strengthening CEAT's position in the replacement market. Finally, CEAT will place emphasis on best-in-class customer experience.
- ☑ CEAT is the No.1 tyre exporter from India. The Company expects to further enhance its' already significant presence in Europe
- ☑ The Scheme of restructuring involving de-merger of investment in a separate Company has been completed with the listing of CHI Investments Ltd. Consequently the paid up equity of CEAT stands reduced to Rs.34.24 crs (from Rs.45.68 crs).

#### Cautionary statement

Statement in this " Management Discussion and Analysis" describing the company's objectives, projections, estimates, expectations or predictions may be " forward looking statements" within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include demand supply conditions, finished goods prices, availability and prices of raw materials, changes in the government regulations, tax regimes, economic development within India and the countries within which the company conducts business and other factors such as litigations and labour negotiations.