
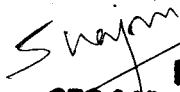
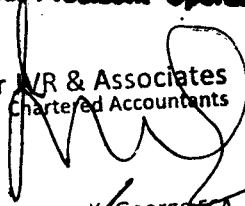
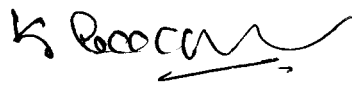


**FORM A**

**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange**

1	Name of the company	Eastern Treads Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3	Type of Audit observation	Un-qualified / Matter of Emphasis
4	Frequency of observation	The matter of Emphasis is reported first time
5	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul>	<p><b>For EASTERN TREADS LTD.</b></p>  <p><b>M.E. MOHAMMED</b> Managing Director</p> <p><b>For EASTERN TREADS LTD</b></p>  <p><b>RAJESH S</b> CFO &amp; Vice President- Operations</p> <p><b>For MR &amp; Associates</b> Chartered Accountants</p>  <p>Jomon K George FCA Mg. Partner (M.No. 202144)</p> 





**REGISTERED & CORPORATE OFFICE**  
NH Bypass, Edappally, Kochi, Ernakulam, Kerala



**FACTORY**  
Oonnukal, Kothamangalam, Ernakulam

## BRANCHES

### COIMBATORE

OPP. KOVAI DIABETIC HOSPITAL  
BALASUNDARAM LAYOUT  
VIVEKANANDA ROAD  
RAMNAGAR  
COIMBATORE -641009  
PH: 9363108658

### BANGALORE

NO: 3/1, ROSHAN BAGH ROAD,  
NEAR MINERVA CIRCLE  
V.V. PURAM, BANGALORE - 560004  
PH: 9341060794

### VIJAYAWADA

PLOT NO.54-5-79,SHOP NO:1&2  
2ND CROSS, 5TH ROAD,  
JAWAHAR AUTONAGAR  
VIJAYAWADA  
KRISHNA DISTRICT A.P., - 520007.  
PH: 09160574625

### HYDERABAD

PLOT NO.36, 37,  
BLOCK NO. 36/A,  
SY.NO.96/1,AUTONAGAR,  
VANASTHALIPURAM,  
HYDERABAD, A.P., - 500070.

### KOLKATTA

EASTERN TREADS LTD.  
C1-50/B/NEW, B.B.T. ROAD,  
L.S.T. KOLKATA,  
SANTOSHPUR GOVT. COLONY,  
P.O.-SANTOSHPUR (M),  
SOUTH 24 PARAGANAS,  
KOLKATA-700142, WEST BENGAL

### AURANGABAD

SHOP NO:3, D 51,  
WALUJ - INDUSTRIAL AREA,  
AURANGABAD -431133.

### JAIPUR

SHOP-NO:11-12 ,  
GROUNFLOOR OF HOTEL QUEENS  
OPPOSITE TRANSPORT NAGAR  
SETHI COLONY, AGRA ROAD  
JAIPUR-302004

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Navas M. Meeran	Chairman
Mr. M.E. Mohamed	Managing Director
Mr. M.S. Ranganathan	Director
Mr. M.S. Sebastian	Director
Mr. Naiju Joseph	Director
Mr. K.S. Neelacanta Iyer	Director
Mr. K.V. Rajagopalan Nair	Director (Nominee of KSIDC)
Mrs. Shereen Navaz	Additional Director
Mr. Rajesh S.	Chief Financial Officer
CS. Baiju T.	Company Secretary

#### REGISTERED & CORPORATE OFFICE

3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
 NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala  
 Ph: + 91 484 3001100, Fax: 300110  
 Email: treads@eastern.in www.easterntreads.com  
 CIN: L25119KL1993PLC007213

#### WORKS

Oonnukal, Kothamangalam, Ernakulam

#### BANKERS

The Federal Bank Limited

#### AUDITORS

JVR & Associates, Chartered Accountants  
 39/3639, Valanjambalam Lane, South of South Overbridge  
 Kochi, Ernakulam 682016

#### SECRETARIAL AUDITORS

BVR and Associates, Company Secretaries,  
 Swastika, 53/3933, Lal Salam Road, Ponnuranni, Vyttila,  
 Kochi, Ernakulam - 682 019

#### REGISTRAR & SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited,  
 2<sup>nd</sup> Floor, 'Kences Towers' No.1, Ramakrishna Street,  
 North Usman Road, T.Nagar, Chennai-600017

#### INVESTOR CORRESPONDENCE

The Company Secretary  
 Eastern Treads Limited  
 3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
 NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala

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Dear shareholder,

I feel proud and privileged to get this opportunity to address you through this annual report as the Chairman of this Company. The year was definitely challenging, however we took all our efforts to reform it to another eventful and successful year. Despite the volatile market conditions on several fronts we are able to come out with positive results. Our performance in totality has been encouraging and I'm proud to announce that this year we are able to set-off the carry forward losses and to recommend the long awaited maiden dividend to shareholders.

However, due to the general market trends the revenue has been declined by around 1%. PBIDT has been improved by 19.89%, however, PBT and PAT have declined by 2.39% and 3.96% respectively. Even though the key raw materials prices have been dropped from its peak level the hike in other input costs has negatively impacted on our margins. The sharp dip in key raw material prices forced us to offer discounts and reduction in prices of our products, which resulted in this dip.

Since the tyre retreading is an ecological as well as an economical choice it has a better acceptance in tyre replacement market over the globe. Compared to international scenario, Indian tyre retreading industry was fragmented and unorganized, however now the domestic market is also moving ahead with branded products. In this backdrop we have taken active steps to further enhance our brand image and expand its global presence.

It is noteworthy to mention that our products has gained greater and wider acceptance and we have been recognized as a premier tyre retreading solution provider with comprehensive range of products that can excel in all weather and road conditions. With quality products and manufacturing facility in tune with market requirements, Eastern has emerged as the market leader in this industry.

However, in a competitive and complex business environment we have to work closer with our end users. In this direction we are focusing to further deepen our customer base by providing tyre retreading solutions and tyre services to customers through own and franchise tyre service centers by using newly introduced products with improved quality specifications. The Board and management team are enthusiastic to drive our company through this new roadmap and joins me to express their confidence on our future growth prospects.

In this scenario, I would like to thank our employees for their significant efforts, goal oriented hard-work and commitment which enabled us to achieve our goals and targets. I'm confident that this young and dynamic Eastern Team will drive us towards greater heights notwithstanding the challenges that may arise in future.

Let me take this opportunity to express my sincere appreciation to my colleagues on Board for their immense contribution in driving the Company to new dimension. Before I conclude, let me also express my gratitude to our Customers, Business Associates, Suppliers, Bankers, Auditors and Statutory Authorities. Let me thank all of you for your continued confidence and support.

With warm regards

A handwritten signature in black ink, appearing to read 'Navas M Meeran'. The signature is fluid and cursive, written over a white background.

**Navas M Meeran**  
Chairman

**EASTERN TREADS LIMITED**

CIN: L25119KL1993PLC007213

3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
NH Bypass, Edappally, Kochi, Ernakulam, Kerala-682 024**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of Eastern Treads Limited will be held at Broad Bean Hotels & Resorts, NH Bypass, Vyttila, Kochi, Ernakulam – 682019, Kerala on Tuesday, 28<sup>th</sup> July 2015, at 3.00 P.M to transact the following business:

**A) Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2015 and the Profit and Loss Statement for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2015.
3. To appoint a Director in place of Mr. Naiju Joseph, (DIN: 00419362) who retires by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s. JVR & Associates, Chartered Accountants, Kochi -16 as the Auditors of the Company in compliance with the provisions of Section 139 of the Companies Act, 2013 and to fix their remuneration.

**B) Special Business**

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Shereen Navaz (DIN: 00328770), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and being eligible, offer herself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Mrs. Shereen Navaz for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation at the Annual General Meeting."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, the approval of the shareholders be and is hereby accorded for the appointment of Mr. M.S Ranganathan(DIN : 00254692), Director as an Independent Director of the Company who was

appointed as Director liable to retire by rotation and eligible to be appointed as Independent Director to hold office for a term up to 31<sup>st</sup> March, 2019, not liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, the approval of the shareholders be and is hereby accorded for the appointment of Mr. M.S. Sebastian (DIN :01557356), Director as an Independent Director of the Company who was appointed as Director liable to retire by rotation and eligible to be appointed as Independent Director to hold office for a term up to 31<sup>st</sup> March, 2019, not liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, the approval of the shareholders be and is hereby accorded for the appointment of Mr. K.S. Neelacanta Iyer (DIN: 00328870), Director as an Independent Director of the Company who was appointed as Director liable to retire by rotation and eligible to be appointed as Independent Director to hold office for a term up to 31<sup>st</sup> March, 2019, not liable to retire by rotation.”

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Article 12 of the Articles of Association of the Company, approval of the Company be and is hereby given to increase the amount to be paid to each of the Non-Executive Directors and independent Directors (Directors other than Managing Director and Whole time Directors) by way of sitting fee for attending each Board and Committee Meeting of the Board, from the existing ₹ 1000/- to ₹ 5000/- (Rupees Five Thousand only) per meeting (excluding applicable service tax but subject to TDS and exclusive of travel and out of pocket expenses) as may hereafter decide by the Board of Directors”.

10. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013 and pursuant to Article 18 and any other applicable Articles of the Articles of Association of the Company, the consent of the Shareholders be and is hereby accorded for continuation of Mr. M.E Mohamed (DIN: 00129005), as the Managing Director and KMP of the Company till the original period of appointment up to 25<sup>th</sup> August, 2016 on terms and conditions including the remuneration and perquisites, as approved by the shareholders at the AGM held on 28<sup>th</sup> September, 2011 even though he attained the age of seventy years in September, 2012.”

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration and perquisites of Mr. M.E Mohamed, Managing Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013.

RESOLVED FURTHER THAT the Directors and the Company Secretary be and are hereby severally authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

11. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT in supersession of the Resolution No: 5 passed at the 21<sup>st</sup> Annual General Meeting of the Company held on 24/06/2014 and pursuant to Section 188 and other applicable provisions if any of the Companies Act, 2013 and The Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the members be and is here by accorded to enter into contracts for Sale, Purchase or Supply of Raw materials, Compounds and Finished Goods and availing and rendering of job works for a period of 5 Years with effect from the date of execution of the contracts for an amount not exceeding Rupees Five Crores, per year with Vazhakkulam Rubbers.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, desirable or expedient and to take all necessary steps, for and on behalf of the Company and is authorised and empowered to negotiate, fix the price and agree upon other terms and conditions and enter into legal agreement and contracts, to the extent, the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provisions under the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as the Board may consider necessary or expedient to give effect to this resolution".

12. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provision, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, consent of the Company be and is hereby accorded for keeping the Registers to be maintained under Section 88 and the copies of Annual Returns prepared together with the copies of certificates and documents required to be annexed with the Annual Return under Sections 92 of the Companies Act, 2013 and or any of the other related documents as required to be kept at the Registered office of the Company, at the office of M/s. Integrated Enterprises (India) Limited, Registrar & Transfer Agent of the Company at 2<sup>nd</sup> Floor, Kences Towers, No:1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-60001, instead of at the registered office of the Company.

RESOLVED FURTHER THAT the Directors and the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution".



13. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 (as amended or re-enacted from time to time), read with the Companies (Incorporation) Rules, 2014, subject to such other approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities the existing Articles of Association be replaced with new set of Articles of Association in pursuance to the Table F of the Companies Act 2013 and other provisions as applicable to the Company as laid before the meeting, duly initialed by the Chairman for the purpose of identification be and is hereby adopted.

RESOLVED FURTHER THAT the Directors and the Company Secretary be and is hereby severally authorised to do all such acts, deeds and things to give effect to this resolution”.

By Order of the Board  
For **Eastern Treads Limited**

Kochi  
29/04/2015

**CS. Baiju T.**  
Company Secretary

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**Notes:-**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote on a poll instead of himself/herself and such proxy/proxies need not be a member of the company. Duly completed instrument of proxies in order to be effective must be reached the registered office of the Company not less than 48 hours before the scheduled time of the meeting.**
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company, provided a member holding more 10%, of the total share capital may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
3. Corporate members intending to send their authorised representative to attend the Meeting are requested to ensure that the authorised representative carries a certified copy of the Board Resolution, Power of Attorney or such other valid authorisations, authorising them to attend and vote on their behalf at the Meeting.
4. The dividend, if declared at the meeting, will be paid on or after 28<sup>th</sup> July, 2015 to those members whose names appear:
  - a) As Beneficial Owners at the end of the business hours on 22<sup>nd</sup> July, 2015 as per the list to be furnished by the depository in respect of the shares held in electronic form and,
  - b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 21<sup>st</sup> July, 2015.
5. The required Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the items under Special Business is annexed herewith.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 23/07/2015 to Tuesday, 28/07/2015 (both days inclusive).

7. For the convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members/Proxies are requested to bring the attendance slip duly filled in and to affix their signature at the place provided on the Attendance Slip and hand it over at the counters at the venue.
8. Members who hold the shares in the dematerialized form are requested to incorporate their DP ID Number and Client ID Number in the Attendance Slip/Proxy Form, for easier identification of attendance at the Meeting.
9. Members and Proxies attending the meeting are requested to bring the annual report to the meeting as extra copies will not be distributed.
10. The Company is having agreements with NSDL and CDSL to enable Members to have the option of dealing and holding the shares of the Company in electronic form. Any member desirous to dematerialise his holding may do so through any of the depository participants. The ISIN of the equity shares of the Company is INE500D01015.
11. Members may note that transferees of shares of the Company in physical form shall furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.
12. Members are requested to address all correspondences, including change in their addresses, to the Company or to the Registrar and Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No:1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-600017. E-mail: yuvraj@integratedindia.in. Members whose shareholding are in electronic mode are requested to approach their respective depository participants for effecting change of address.
13. The Shareholders are requested to update their Contact address and e mail address and are requested to notify immediately any change in their address, exclusively on separate letter without clubbing it with any other request, for quicker attention directly to the Company's Share Transfer Agent.
14. If any of the members are holding shares in the same name or in the same order of names, under different folios, then members are requested to notify the same to the Registrar and Share Transfer Agents for consolidation of their shareholding into a single folio.
15. Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.
16. Notice of this Annual General Meeting, Audited Financial Statements for 2014-15 along with Directors' Report and Auditors' Report are available on the website of the Company [www.easterntreads.com](http://www.easterntreads.com).
17. As per Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nomination are requested to send their request in Form No: SH-13 (which will be made available on request) to the Company or Registrar and Share Transfer Agent. The said nomination form can also be downloaded from the Company's website [www.easterntreads.com](http://www.easterntreads.com).
18. As per Circulars issued by the Ministry of Corporate Affairs, Members are requested to provide their email address to the Company/ the Registrar and Transfer Agents or update the same with their depositories to enable the company to send the documents in electronic form.

## 19. Voting through Electronic means

- A. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 22nd Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- B. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- C. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- D. The remote e-voting period commences on 25/07/2015 (9:00 am) and ends on 27/07/2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 22/07/2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- E. The process and manner for remote e-voting are as under:
- a. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
    - (i) Open email and open PDF file viz; "Eastern Treads remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "Eastern Treads Limited".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution Authority

letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [evoting@eastern.in](mailto:evoting@eastern.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

- b. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM: **EVEN** (Remote e-voting Event Number) **USER ID PASSWORD/PIN**
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- F. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote E-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- G. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- H. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- I. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd July, 2015.
- J. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd July, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [yuvraj@integratedindia.in](mailto:yuvraj@integratedindia.in).
- K. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- L. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- M. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- N. CS. Satheesh Kumar. N, Company Secretary (Membership No. 16543) and Partner M/s. Satheesh & Remesh, Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- O. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- P. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at

the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- Q. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company <http://www.easterntreads.com> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
20. As a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate has permitted the companies to serve the documents, namely, Notice of General Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report etc. to the members through e-mail. The shareholders holding shares in physical form are requested to register their email address with the Registrar & Share Transfer Agent by sending duly signed request letter quoting their Folio no. name and address. In case of shares held in demat form, the shareholders may register their e-mail addresses with their DPs (Depository Participants).
21. Details of the Directors seeking reappointment/appointment at the Annual General Meeting as required under Clause 49 of the Listing Agreement is as follows:-
- At the ensuing Annual General Meeting, Mr. Naiju Joseph retire by rotation and seek reappointment. Mr. M.S. Ranganathan, Mr. M.S. Sebastian and Mr. K.S. Neelacanta Iyer are reappointed as Independent Directors in the Company and seek for the approval of the shareholders for the appointment. Mrs. Shereen Navaz was appointed as Woman Director in the Company as Additional Director and seeks for appointment as Director. Mr. M.E. Mohamed, Managing Director seeks the approval of shareholders to hold the office of Managing Director till the original period of appointment, since he attained the age of seventy years in September, 2012. Details pertaining to these directors required to be provided pursuant to Clause 49 of the Listing Agreement are furnished in the statement on corporate governance.
22. No gifts will be distributed at the Annual General Meeting.

## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

### Item No.05

In compliance with the provisions of Sections 149, 152, 161 other applicable provisions if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement Mrs. Shereen Navaz (DIN: 00328770), W/o Navas M Meeran, Chairman, was appointed as an additional director and Woman Director by the Board at their meeting held on 31/03/2015 she hold office up to this ensuing Annual General Meeting.

The Board of Directors has received a notice from the shareholder proposing the candidature of Mrs. Shereen Navaz as a Women Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013. She is a graduate in English literature, actively involving in the business of the group and occupying directorship in various companies and has wide expertise in administration. The Company received her consent in writing to act as Woman Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014 and intimation in Form DIR- 8 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Resolution seeks the approval of members for the appointment of Mrs. Shereen Navaz as Woman Director, pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made hereunder. She is liable to retire by rotation. A copy of the draft letter for the appointment of Mrs. Shereen Navaz as a Woman Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel or their relatives, except Mrs. Shereen Navaz, Mr. Navas M. Meeran, Mr. M.E. Mohamed are interested or concerned in the Resolution.

### Item No.06

Mr. M.S. Ranganathan (DIN: 00254692) is an Independent Director of the Company. He joined the Board of Directors on 18/09/2003. His period of office was liable to retire by rotation under the relevant provisions of the Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 ('Act'), he is eligible to continue as an Independent Director for a term up to 31<sup>st</sup> March, 2019. A Notice has been received from a member proposing Mr. M.S. Ranganathan's candidature for the office of Independent Director of the Company. He has more than three decades of service in public sector banks in various capacities and specialised in Finance and Accounts and has wide expertise in Finance and Administration.

The Company has received his consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, intimation in Form DIR-8 to the effect that he is not disqualified under section 164(2) of the Act; and declaration to the effect that he meets the criteria of Independence as provided in Section 149 of the Act.

The Board of Directors of your Company are of the opinion that he fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Mr. M.S. Ranganathan is independent of the management of the Company. A copy of the draft letter of his appointment as an Independent Director setting out the terms and conditions is available for inspection at the registered office of the Company during normal business hours on all working days upto the date of Annual General Meeting.

The Board seeks approval of the members for the appointment of Mr. M.S Ranganathan as Independent Director of the Company for a term up to 31/03/2019 pursuant to section 149 and other applicable provisions of the Act, Rules made there under and that he shall not be liable to retire by rotation. Except Mr. M.S. Ranganathan, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

**Item No.07**

Mr. M.S. Sebastian (DIN :01557356) is an Independent Director of the Company. He joined the Board of Directors on 18/09/2003. His period of office was liable to retire by rotation under the relevant provisions of the Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 ('Act'), he is eligible to continue as an Independent Director for a term up to 31<sup>st</sup> March, 2019. A Notice has been received from a member proposing his candidature for the office of Independent Director of the Company.

Being a polymer technologist, he has more than 35 years of service in rubber field in various capacities. He has developed different rubber compounds to suit the requirement of market. He is an expert in implementing TQM practices. He is the recipient of Excellence Award for the best application of Japanese Technology in India. Thus he has wide expertise in Rubber Technology and Administration.

The Company has received his consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, intimation in Form DIR-8 to the effect that he is not disqualified under section 164(2) of the Act; and declaration to the effect that he meets the criteria of Independence as provided in Section 149 of the Act.

The Board of Directors of your Company are of the opinion that he fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Director of your Company is also of the opinion that Mr. M.S. Sebastian is independent of the management of the company. A copy of the draft letter of his appointment as an Independent Director setting out the terms and conditions is available for inspection at the registered office of the Company during normal business hours on all working days upto the date of Annual General Meeting.

The Board seeks approval of the members for the appointment of Mr. M.S. Sebastian as Independent Director of the Company for a term up to 31/03/2019 pursuant to section 149 and other applicable provisions of the Act, Rules made there under and that he shall not be liable to retire by rotation.

Except Mr. M.S. Sebastian, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

**Item No.08**

Mr. K.S. Neelacanta Iyer (DIN: 00328870) is an Independent Director of the Company. He joined the Board of Directors on 27/07/2000. His period of office was liable to retire by rotation under the relevant provisions of the Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 ('Act'), he is eligible to continue as an Independent Director of the Company for a term up to 31<sup>st</sup> March, 2019. A Notice has been received from a member proposing his candidature for the office of Independent Director of the Company.

He is a Graduate in Commerce and a Fellow member of the Institute of Chartered Accountants of India. He had vast experience and expertise in Finance, Accounts and Company Law matters. He is a Practicing Chartered Accountant and Senior Partner of M/s. Iyyar and Cherian, Chartered Accountants, Cochin. The Company has received his consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, intimation in Form DIR-8 to the effect that he is not disqualified under section 164(2) of the Act; and declaration to the effect that he meets the criteria of Independence as provided in Section 149 of the Act.

The Board of Directors of your Company are of the opinion that he fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Director of your Company is also of the opinion that he is independent of the management of the company. A copy of the draft letter of his appointment as an

Independent Director setting out the terms and conditions is available for inspection at the registered office of the Company during normal business hours on all working days upto the date of Annual General Meeting.

The Board seeks approval of the members for the appointment of Mr. K.S. Neelacanta Iyer as Independent Director of the Company for a term up to 31/03/2019 pursuant to section 149 and other applicable provisions of the Act, Rules made there under and that he shall not be liable to retire by rotation.

Except Mr. K.S. Neelacanta Iyer, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

### **Item No.09**

In compliance with the provisions of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Article 12 of the Articles of Association the Board in its meeting held on 28<sup>th</sup> April 2015, subject to the requisite approvals, approved the increase in the sitting fee for attending Board and Committees' meetings from ₹ 1,000/- to ₹ 5000/- (Rupees Five Thousand only) per meeting (excluding applicable service tax but subject to TDS and exclusive of travel and out of pocket expenses) with effect from the Board Meeting held after July, 2015 of all the Non-Executive Directors and Independent Directors (Directors other than Managing Director and Whole-time Directors) entitled for sitting fees.

Even though the remuneration payable to a Director by way of sitting fees within the limit prescribed by the Act and rules can be fixed by the Board, since all the Directors except the Managing Director of the Company is entitled to sitting fees and shall be deemed to be concerned and interested in the proposed resolution, the Board recommends the resolution in the item No. 16, of the notice for the approval of the members as an Ordinary Resolution.

None of key managerial personnel and their relatives concerned or interested in the resolution.

### **Item No.10**

As per the requirement of the Schedule V Part I (c) of the Companies Act, 2013 if a Managing or Whole-time Director has attained the age of 70 years then his appointment/continuation needs to be approved by a special resolution passed by the Company in General Meeting otherwise Central Government approval is required. Mr. M.E. Mohamed, (DIN: 00129005), the Managing Director and KMP of the Company has attained the age of seventy years in September, 2012. He was appointed by the Shareholders at the AGM held on 28<sup>th</sup> September, 2011 as the Managing Director for a period of 5 years.

Being the Managing Director of the Company, he was appointed as Whole-time Key Managerial Person of the Company at the Board meeting held on 31<sup>st</sup> March, 2015 subject to approval of shareholders on existing terms and conditions of his appointment as Managing Director and as set out in his appointment letter.

Your Board at the meeting held on 28/04/2015 have approved his continuation as Managing Director till the original period of appointment up to 25<sup>th</sup> August, 2016 on terms and conditions including the remuneration and perquisites, as approved by the shareholders at the AGM held on 28<sup>th</sup> September, 2011 and recommended the above resolution for approval of the Shareholders as a Special Resolution.

Except Mr. Mohamed, Mr. Navas M. Meeran and Mrs. Shereen Navaz no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

### **Item No.11**

Pursuant to Section 188 of the Companies Act 2013 and The Companies (Meetings of Board and its Powers) Rules, 2014, no contracts or arrangement with a related party with respect to the transactions specified in that Section can be entered by our Company, other than transactions which are entered in the ordinary course of business



on an arm's length basis without the consent of the Shareholders by special resolution. The shareholders at the AGM held on 24/06/2014 has approved the transaction with Vazhakkulam Rubbers for an amount not exceeding Rupees Three Crores, per year. However in view of the growing operations, the Company requires to trade, avail and render job works with Vazhakkulam Rubbers for a higher amount.

Even though the transactions will be entered in the ordinary course of business of the Company on an arm's length basis, as good Corporate Governance the consent of the shareholders by way of special resolution pursuant to Section 188 of the Companies Act, 2013 and the Rules made thereunder is being requested to enable the Board to enter into contracts for Sale, Purchase or Supply of Raw materials, Compounds and Finished Goods and to avail and render job works with the above related party for a period of 5 Years with effect from the date of execution of the contracts for an amount not exceeding Rupees Five Crores per year with Vazhakkulam Rubbers.

Except Mr. Navas M Meeran, Mrs. Shereen Navaz and Mr. Naiju Joseph no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

### **Item No.12**

M/s. Integrated Enterprises (India) Limited is the Registrar and Share Transfer Agent of the Company and is based at Chennai. In terms of the requirements of Section 94 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, it is proposed to pass a special resolution and obtain authority of the members to keep the Register of Members, Index of Members and other documents at the office of M/s. Integrated Enterprises (India) Limited, Registrar & Transfer Agent of the Company at 2<sup>nd</sup> Floor, Kences Towers, No:1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-60001.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the said resolution except as members of the Company. Your Directors commend this resolution for approval of the members.

### **Item No.13**

The present Articles of Association (AOA) of the Company are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific Sections of the Companies Act, 1956. In terms of the commencement of the Companies Act, 2013, several regulations of the existing AOA require alteration, hence the Company considers its prudent to replace the existing Articles of Association in its entirety by a new set of Articles of Association in terms of Table F and other applicable provisions of the Companies Act, 2013.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, amendment of Articles of Association required approval of shareholders by way of special resolution. Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules made thereunder.

None of the Directors are, in any way, concerned or interested in this resolution. The copy of the Altered Articles of Association is available for inspection at the Registered Office of the Company during business hours on working days from 11.00 AM till 1.00 PM till the date of the Annual General Meeting. The Board therefore, submits the resolution for your consideration and recommends it to be passed as a special resolution.

**EASTERN TREADS LIMITED**  
 CIN: L25119KL1993PLC007213  
 3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
 NH Bypass, Edappally, Kochi, Ernakulam, Kerala-682 024

## DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the Annual Report along with the audited statements of account of your Company for the financial year ended 31<sup>st</sup> March, 2015.

### Financial Highlights

The performance of your Company has been satisfactory. The following table shows the operational results of the Company for the year 2014-15 as compared to that of the previous year.

₹ in lakhs

	Year ended	
	31/03/2015	31/03/2014
Revenue from Operations	8,761.27	8,924.72
Other Income	107.42	32.62
Total Revenue	8,868.69	8,957.34
Exceptional Income	104.06	0.00
Expenditure	8,481.98	8,547.98
Profit before Interest, Depreciation and Tax	490.77	409.36
Financial Cost	154.46	82.59
Depreciation and Amortization	94.57	79.09
Profit before Tax	241.74	247.68
Profit after Tax	157.59	164.09

### Operations

Your Company reported satisfactory performance during the financial year. Even though revenue has been declined by 0.99% due to the general market trend, PBIDT has improved by 19.89%. However, the Profit Before Tax and Net Profit after Tax have dropped by 2.39% and 3.96% respectively.

During the year, the key raw materials prices have been dropped from its peak level. However the hike in other input costs has impacted on the margins. The availability of inventory at lower prices has negatively impacted on inventory valuation and profitability. Due to this sharp dip in prices the procurement of our products were deferred by our dealers and forced the Company to offer discounts and reduction in prices. We have managed this challenge by putting all efforts to save operations cost to the possible extent.

### Prospects

Our brand reputation together with quality product portfolio facilitated us to get strong customer support and better acceptance from domestic and international markets. With comprehensive range products that can excel

in all weather and road conditions, Eastern brand has been recognized as a premier tyre retreading solution provider and market leader in this industry.

With our brand image and healthy networks we are focusing to further deepen our customer base and to magnify our global presence through better market penetration by providing tyre retreading solutions and services to our end users through own and franchise tyre service centers. As tyre retreading has emerged as a part of overall tyre management program and fiscally viable option for fleet owners, with more than two decades of expertise in providing retreading solutions, with Eastern brand, we are confident in accomplishing our forecasts.

## Dividend

Subject to the approval of the members in the Annual General Meeting, a dividend payment of 5% per equity share (face value 10 per equity share) for the year 2014-15 will be paid on or after 28<sup>th</sup> July 2015, to those whose names appear in the Register of Members / beneficial owners at the close of business hours on Wednesday, 22<sup>nd</sup> July 2015.

## Deposits

The Company has not accepted any fixed deposits during the year to which the provisions of Section 73 of the Companies Act, 2013 are applicable.

## Board of Directors & Key Managerial Personnel

Mr. Naiju Joseph, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Mrs. Shereen Navaz was appointed as an Additional Director at the Board Meeting held on 31/03/2015 and holds office up to the date of the ensuing Annual General Meeting, and being eligible, offer herself for appointment. Company received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Mrs. Shereen Navaz for the office of Director. Mr. M.S. Ranganathan, Mr. M.S. Sebastian and Mr. K.S. Neelacanta Iyer were appointed as Director liable to retire by rotation and are eligible to continue as Independent Directors to hold office for a term up to 31<sup>st</sup> March, 2019. The Board recommends their appointments.

Mr. M.E. Mohamed, Managing Director, Mr. Rajesh S., Chief Financial Officer and CS. Baiju T., Company Secretary are the Whole-time Key Managerial Personnel of the Company as on 31<sup>st</sup> March 2015. As per the terms of appointment of Mr. M.E. Mohamed as Managing Director as approved by the shareholders at the AGM held on 28<sup>th</sup> September, 2011 he can continue as Managing Director till 25<sup>th</sup> August, 2016. However as per the requirement of the Schedule V Part I (c) of the Companies Act, 2013 if a Managing or Whole-time Director has attained the age of 70 years then his appointment/continuation needs to be approved by a special resolution passed by the Company in General Meeting otherwise Central Government approval is required. Mr. M.E. Mohamed, has attained the age of seventy years in September, 2012. Being the Managing Director of the Company, he was appointed as Whole-time Key Managerial Personnel of the Company subject to the approval of shareholders. Your Board recommends his continuation as Managing Director till the original period of appointment on the existing terms and conditions including the remuneration and perquisites.

The Board has considered the declarations given by Independent Directors under Sub-Section 6 of Section 149 and the Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director. The Board has further evaluated its own performance and that of its committees and individual directors. None of the Directors is disqualified under Section 164 of the Companies Act, 2013.

## Directors' Responsibility Statement

Pursuant to the requirement of Sub-Section 5 of Section 134 of the Companies Act, 2013, your Directors confirm that:-

- (a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures.
- (b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of the Company for that year.
- (c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (d) prepared the Annual Accounts on a going concern basis.
- (e) had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Auditors & Audit Observations

M/s. JVR & Associates, Chartered Accountants, Kochi-16, were reappointed as the Auditors of the Company at the previous Annual General Meeting to hold office for a period of three consecutive years. The proposal to ratify their appointment in compliance with the provisions of Section 139 of the Companies Act, 2013 has been placed before the Members. Necessary certificate has been obtained from the Auditors as per Section 139 (1) of the Companies Act, 2013. The Auditor's observations are suitably explained in notes to the Accounts and are self-explanatory.

## Cost Audit Report

The Company has submitted the Cost Audit Report for the year 2013-14 to the Central Government within the due date. Even though M/s. K.A. Felix & Co., Cost Accountants, Cochin were appointed to carry out the cost audit in respect of the Company for the financial year 2014-15, pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 the Cost Audit Report is not mandatorily applicable to our Company for the financial year 2014-15, hence no such audit has been carried out during the year.

## Secretarial Audit Report

A qualified Practicing Company Secretary carries out secretarial audit and provides a report on the compliance of the applicable Acts, Laws, Rules, Regulations, Guidelines, Listing Agreement, Standards, etc. as stipulated by the provisions of Section 204 of the Companies Act 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. The Secretarial Audit Report forms part of this report as **Annexure - A**. The findings of the audit have been satisfactory.

## Public Shareholding

After giving enough opportunities and sending various reminder notices requesting the shareholders holding partly paid shares to pay the allotment money due, your Directors at their meeting held on 13<sup>th</sup> August 2014 has forfeited 3,63,900 equity shares in the capital of the company for non-payment of allotment money of ₹ 5/- per share in compliance with the provisions of Listing Agreement, Articles of Association of the Company read with Regulation 29 of Schedule I of Table A of the Companies Act, 1956 and Regulation 28 of Table F of the Companies Act, 2013. Notices of such forfeiture were also given to the defaulting Equity Shareholders. Subsequently the Board has annulled the forfeiture of the 3400 Equity shares, as this shareholders have later paid the amount due, with interest and other charges to make the shares fully paid. Bombay Stock Exchange has approved the forfeiture as well as the annulment of forfeiture of equity shares.

## Listing and Dematerialisation

Initially the equity shares of the Company are listed on the Bombay Stock Exchange, Cochin Stock Exchange and Madras Stock Exchange. However the Company opted to voluntary delist from Madras Stock Exchange (MSE) and it was approved by MSE with effect from 23/02/2015 and the recognition to Cochin Stock Exchange was withdrawn by SEBI with effect from 23/12/2014. The facility to demat the shares is made available with both the depositories in India, NSDL and CDSL to give a choice to shareholders in selecting depository participant. Your Directors earnestly request you to convert your holdings to dematerialised form and derive the benefits of holding the shares in electronic form.

## Extract of Annual Return

The details regarding extract of Annual Return in Form No: MGT-9 pursuant to Section 92 of Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is annexed herewith as **Annexure - B**.

## Related Party Transactions:

There were no materially significant related party transactions which could have potential conflict with the interests of the Company. Transactions with related parties are in the ordinary course of business on arm's length and are periodically placed before the Audit Committee and Board for its approvals and the particulars of contracts entered during the year, in Form AOC-2 is enclosed as **Annexure-C**.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. This Policy was considered and approved by the Board, which has been uploaded on the website of the Company.

## Conservation of Energy, Technology Absorption, Foreign Exchange Inflow & Outflow

In pursuit of continual improvement towards energy conservation and compliance with environmental regulations, efforts have been taken to utilise the energy most efficiently and to nurture and preserve the environment. The Company has taken all possible efforts to conserve energy and absorb latest technology. The information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, regarding Conservation of Energy, Technology Absorption, Foreign Exchange Inflow and Outflow are given in **Annexure - D** to this report.

## Corporate Governance

Your Company has been complying with the principles of good Corporate Governance over the years and is committed to the highest standards of compliance. The Company has complied with the Corporate Governance requirements, as stipulated under Clause 49 of the Listing Agreement. A report on Corporate Governance along with a certificate from the Auditors of the Company confirming the compliance is annexed as **Annexure - E** and forms part of this Report. As required under Clause 49 of the listing agreement with stock exchange the Management Discussion and Analysis Report is annexed as **Annexure - F** and forms part of this Report.

## Personnel

None of the employees is in receipt of remuneration in excess of the limit laid down under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors are annexed as **Annexure - G** and forms part of this Report.

## Corporate Social Responsibility

Company has generally taken corporate social responsibility initiatives. However the present financial position of the Company does not mandate the implementation of corporate social responsibility activities pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013. The Company will constitute a CSR Committee, develop CSR policy and implement the CSR initiatives whenever it is applicable to the Company.

## Vigil Mechanism

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and Employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company.

## Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement. Company has availed Line of Credit facility offered by IDBI Bank Ltd. to the extent of ₹ 750 Lakhs in the form of Bill discounting facility to the Company's approved vendors supplying Raw materials to the Company and has guaranteed for its repayment. Towards the business development the Company has provided ₹ 15 Lakhs in the form of loan to one of our franchisee, CIO Tyres Private Limited, after complying with the provisions of Section 186 of the Companies Act, 2013.

## Development and Implementation of Risk Management Policy

Company has developed and implemented a risk management policy, and a committee of the Board named as Risk Management Committee has been formed by the Board to address and evaluate various risks impacting the Company and a report on risk management is provided in this Annual Report in Management Discussion and Analysis.

## Adequacy of Internal Financial Controls with reference to the Financial Statements

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and

policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company.

The Company Secretary has been appointed as the Internal Auditor with a dedicated internal audit team. The internal audit reports were reviewed periodically by Audit Committee as well as by the Board. Further, the Board annually reviews the effectiveness of the Company's internal control system.

### **Material changes and commitments**

No Material changes and commitments, affecting the financial position of the Company has been occurred between the end of the financial year 2014-15 and till the date of this report.

### **Statutory Orders**

No Significant and material orders were passed by Courts, Tribunals and other Regulatory Authorities affecting the going concern status of the Company's operations.

### **Disclosure under the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any Complaint under this policy during the year 2014-15.

### **Acknowledgement**

Your Directors wish to take this opportunity to place on record their gratitude and sincere appreciation for the timely and valuable assistance and support received from Bankers, Share Transfer Agents, Auditors, Customers, Suppliers and Regulatory Authorities. The Board values and appreciates the valuable committed services of the employees towards performance of your Company, without which it would not have been possible to achieve all round progress and growth. Your Directors are thankful to the shareholders for their continued patronage.

For and on behalf of the Board of Directors

Kochi  
29/04/2015

**Navas M. Meeran**  
Chairman

Form No: MR-3

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**  
[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule 9 of the Companies (Appointment and Remuneration of Managarial Personnel) Rules, 2014]

To  
The Members  
**Eastern Treads Limited**  
CIN: L25119KL1993PLC007213.

We, BVR & ASSOCIATES, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Eastern Treads Limited** [CIN: L25119KL1993PLC007213] (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. Eastern Treads Limited's** books, papers, minute books, forms and returns filed and other records produced to us and according to information and explanations given to us by the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31/03/2015 complied with the provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid Laws, Standards, Guidelines, Agreements, etc.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s Eastern Treads Limited** for the financial year ended on 31/03/2015 according to the provisions of:

- 1 The Companies Act, 2013 and the Rules made thereunder.
- 2 The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
- 3 The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- 4 Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder.
- 5 The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- 6 The Listing Agreements entered into by the Company with Bombay Stock Exchange.



As informed to us the following other Laws are specifically applicable to the Company:

1. The Factories Act, 1948.
2. The Payment of Wages Act, 1936
3. The Minimum Wages Act, 1948.
4. The Employees State Insurance Act, 1948.
5. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
6. The payment of Gratuity Act, 1972.
7. The Maternity Benefit Act, 1961.
8. The Industrial Employment (Standing Orders) Act, 1946.
9. The Employees Compensation Act, 1923.
10. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.
11. The Competition Act, 2002.
12. The Kerala Panchayat Raj Act and Kerala Municipalities Act.
13. Kerala Shops & Est. welfare Fund Board Act.
14. Kerala Industrial Establishments (National & Festival Holidays) Act, 1958
15. Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013.
16. Payment of Bonus Act

**We have also examined compliance with the applicable clauses of the following:**

- 1) Secretarial Standards issued by The Institute of Company Secretaries of India.
- 2) Corporate Governance Voluntary Guidelines-2009 issued by the Ministry of Corporate Affairs, Government of India;
- 3) Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;

**We report that, during the year under review:**

1. The status of the Company during the financial year has been that of a Listed Public Company.
2. The Company has not been a holding or subsidiary of another company.
3. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent atleast seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through, while the dissenting members' views are captured and recorded as part of the minutes.

4. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.

5. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities.
6. The Company has not advanced loans, given guarantees and provided securities to Directors and/or persons or firms or companies in which Directors were interested.
7. The Company has not made investments or provided securities. Meanwhile the Company has given loans/guarantees to other business entities and has complied with the provisions of the Companies Act, 2013 and any other statutes as may be applicable.
8. The amount borrowed by the Company from its directors, members, bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
9. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s)/ financial institution(s) and non-banking financial companies. The Company has not issued Debentures or collected Public Deposits.
10. The Company has created modified or satisfied charges on the assets of the company and complied with the applicable laws.
11. All registrations under the various state and local laws as applicable to the company are valid as on the date of report.
12. The Company has not issued and allotted the securities during the period under scrutiny.
13. The Company has not declared and paid dividends to its shareholders during the period under scrutiny.
14. Since the Company has no unpaid dividends, not issued debentures and not accepted fixed deposits, there is no need for transferring amount to the Investor Education and Protection Fund during the period under scrutiny.
15. The Company has paid all its Statutory dues and satisfactory arrangements have been made for arrears of any such dues.
16. The Company being a listed entity has complied with the provisions of the Equity Listing Agreement entered into with Stock Exchanges.
17. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the Company.

**We further report that:**

1. the Company has complied with the provisions of Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India.
2. the Company has complied with the provisions of Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India.

3. the Company has followed the Secretarial Standards issued by the Institute of Company Secretaries of India.
4. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
5. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
6. the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 are not applicable for the company during the period under scrutiny.
7. the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to grant of Stock Options and implementation of the Schemes are not applicable for the company during the period under scrutiny.
8. the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 are not applicable for the company during the period under scrutiny.
9. the Company has complied with the provisions of the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
10. the Company has complied with the provisions of The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 with regard to delisting of Equity shares from the Madras Stock Exchange.
11. the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 with regard to buy back of Equity shares are not applicable for the company during the period under scrutiny.
12. the company had complied with the Provisions of The Competition Act, 2002 with regard to prohibition of anti-competitive agreements, abuse of dominance and ensuring of competition advocacy . As per the verification, the company is ensuring fair competition in the market among its competitors.

**We Further Report That:**

The compliance with regard to the following Acts is pointed out below:

1. Kerala Shops & Establishment Act:
  - a. As informed by Company, it has applied for Shops & Establishment License.
  - b. The company is in the process of submitting the Periodical returns.
2. Kerala Shops & Establishments Welfare fund Board:
  - a. The Company is in the process of obtaining the Employee Welfare cards

3. Kerala Industrial Establishments (National & Festival Holidays) Act:
  - a. Overall Compliance under the Act complied by the Company.
4. The Factories Act, 1948:
  - a. Factory license valid till 31/12/2015
  - b. Statutory registers as per factories act has been maintained.
  - c. Actual Manpower employment found slightly above licensed capacity.
  - d. NOC from fire and Safety Department to be obtained, as informed by company, application under process.
5. Employees' Provident Fund Act:
  - a. Overall Compliance under the Act has been complied by the Company.
6. The Employees State Insurance Act 1948:
  - a. Overall Compliance under the Act complied by the Company.
7. Contract Labour (Regulation & Abolition) Act, 1970:
  - a. Not Applicable since the Company does not engage contractors except for security services which employs only 2-5 staffs at Factory.
8. The Minimum Wages Act 1948:
  - a. The Company is in the process of submitting the Returns under the Act.
9. The payment of wages Act 1936:
  - a. The Company has represented that it will be submitting the Statutory registers & Annual returns under the Act.
10. Employment Exchange (Compulsory Notification):
  - a. The Company has been advised to comply with the necessary requirements under this Act.
11. Trade Unions Act 1926.
  - a. Not applicable to the Company since there is no registered trade unions.
12. The Employees Compensation Act, 1923:
  - a. Overall Compliance under the act has been complied by the Company.
13. The Apprentices Act, 1961:
  - a. Not Applicable to the Company since not employing Apprentices as per the applicable provisions.

14. The Child Labour (Prohibition and Regulation) Act, 1986:
  - a. The Company has not employed any Child labour.
15. The payment of Gratuity Act, 1972:
  - a. Compliance of the Act under the act found satisfactory, Gratuity Fund entrusted with LIC.
16. The Industrial Employment (Standing Orders) Act, 1946:
  - a. The Company has been advised to comply with the necessary provisions of this Act.
17. Payment of Bonus Act.
  - a. Overall compliance under the Act has been complied by the Company.
18. Maternity Benefit Act.
  - a. Provisions under the Act are followed by the Company.
19. Sexual Harassment of Women at the work place (prevention, prohibition and redressal) Act, 2013
  - a. The Company has a Policy and has constituted a committee against the Sexual Harassment of Women at Work Place.
20. Profession Tax as per Kerala Municipal Act, 1994:
  - a. Overall Compliance under the Act has been complied by the Company.

**We further report that:**

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

Cochin  
29/04/2015

**CS. N. Balasubramanian**  
Partner  
BVR & Associates, Company Secretaries  
FCS No. F6439  
C P No. 4996

Form No: MGT-9

## EXTRACT OF ANNUAL RETURN

### AS ON THE FINANCIAL YEAR ENDED ON 31/03/2015

[Pursuant to section 92(3) of Companies Act,2013 and rule 12(1)  
of the Companies (Management and Administration) Rules,2014]

**I. Registration and other Details:**

1	CIN	:	L25119KL1993PLC007213
2	Registration Date	:	02/07/1993
3	Name of the Company	:	EASTERN TREADS LIMITED
4	Category / Sub-Category of the Company	:	Public Company / Company having Share Capital
5	Address of the Registered office and contact details	:	3A, 3 <sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E NH Bye-pass, Edappally, Kochi, Ernakulam-682024 Ph: + 91 484 3001100, Fax: 300110 Email: treads@eastern.in, www.easterntreads.com
6	Whether listed company	:	Yes
7	Registrar and Transfer Agency	:	M/s. Integrated Enterprises (India) Limited 2 <sup>nd</sup> Floor, Kences Towers, No:1, Ramakrishna Street, North Usman Road T.Nagar, Chennai- 600017 corpserv@integratedindia.in

**II. Principal Business Activities of the Company**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. no	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pre-crued Tread Rubber	2211	55%
2	Conventional Tread	2211	26%
3	Bonding Gum	2029	10%
4	Black Vulcanizing Cement	2029	5%

**III. Particulars of Holding, Subsidiary and Associate Companies- Nil**

Sl No:	Name & Addresses of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
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#### IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
(1) Indian									
a) Individual	2812500	--	2812500	50.30	2812500	--	2812500	53.77	3.47
b) Central Govt(s)	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	615000	--	615000	11.00	615000	--	615000	11.75	0.75
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1):-	3427500	0	3427500	61.30	3427500	0	3427500	65.52	4.22
(2) Foreign									
a) NRIs-Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Crop.	--	--	--	--	--	--	--	--	--
d) Banks/FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A)=(A)(1) + (A)(2)	3427500	0	3427500	61.30	3427500	0	3427500	65.52	4.22
<b>B.Public Shareholding</b>									
1. Institutions									
a) Mutual funds	--	--	--	--	--	--	--	--	--
b) Banks/FI	--	--	--	--	--	--	--	--	--
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Fund	--	--	--	--	--	--	--	--	--
f) Insurance companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture	--	--	--	--	--	--	--	--	--
i) Capital Fund	--	--	--	--	--	--	--	--	--
j) Others (specify)	--	--	--	--	--	--	--	--	--
Sub -total (B) (1)	--	--	--	--	--	--	--	--	--

2.Non-Institutions									
a) Body Crop.									
i) Indian	99678	181000	280678	5.02	132856	120300	253156	4.84	-0.18
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	265419	948800	1214219	21.72	294737	666500	961237	18.38	-3.34
ii) Individual Shareholder holding nominal share capital exceeding Rs.1 lakh	344892	323000	667892	11.94	548713	37700	586413	11.21	-0.73
a) Others (specify)	1211	--	1211	0.02	2694	--	2694	0.05	0.03
Sub -total (B) (2)	711200	1452800	2164000	38.70	979000	824500	1803500	34.48	-4.22
Total public shareholding (B) =(B)(1)+ (B) (2)	711200	1452800	2164000	38.70	979000	824500	1803500	34.48	-4.22
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	4138700	1452800	5591500	100	4406500	824500	5231000	100	--

**(ii) Shareholding of Promoters**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledge/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledge/encumbered to total shares	
1	Meeran M.E.	1401900	25.07	--	1401900	26.80	--	1.73
2	Firoz Meeran	649600	11.62	--	649600	12.42	--	0.80
3	Navas M. Meeran	620800	11.10	--	620800	11.87	--	0.77
4	Kerala State Industrial Development Corp.	615000	11.00	--	615000	11.76	--	0.76
5	Mohamed M.E.	85900	1.54	--	85900	1.64	--	0.10
6	Nabeesa Meeran	34000	0.61	--	34000	0.65	--	0.04
7	Soyamol Anwar Sajith	10300	0.18	--	10300	0.19	--	0.01
8	Niza Zakir	10000	0.18	--	10000	0.19	--	0.01
	<b>Total</b>	3427500	61.30	--	3427500	65.52	--	4.22



**(iii) Change in promoters' Shareholding**

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	3427500	61.30	3427500	61.30
2	Date wise Increase / Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease	Forfeiture of 3,63,900 partly paid Equity Shares on 13/08/2014			
3	At the end of the year	3427500	65.52	3427500	65.52

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl No	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Dheendayal S</b>				
	At the beginning of the year	197300	3.529	197300	3.529
	Forfeiture (13/08/2014)	(194600)	(3.720)	2700	0.052
	At the end of the year	2700	0.052	2700	0.052
<b>2</b>	<b>Biju Job</b>				
	At the beginning of the year	182701	3.267	182701	3.267
	At the end of the year	182701	3.493	182701	3.493
<b>3</b>	<b>Porinju V Veliyath</b>				
	At the beginning of the year	64600	1.155	64600	1.155
	Transfer/Purchase (13/06/2014)	1875	0.040	66475	1.271
	Transfer/Purchase (30/06/2014)	4951	0.090	71426	1.365
	Transfer/Purchase (11/07/2014)	4036	0.080	75462	1.443
	Transfer/Purchase (25/07/2014)	1082	0.020	76544	1.463
	Transfer/Purchase (08/08/2014)	1229	0.020	77773	1.487
	At the end of the year	77773	1.487	77773	1.487
<b>4</b>	<b>Muthoot Capital Services Ltd</b>				
	At the beginning of the year	58400	1.044	58400	1.044
	Transfer/Sale (04/04/2014)	(58400)	(1.120)	0	0.000
	At the end of the year	0	0.000	0	0.000
<b>5</b>	<b>Equity Intelligence India (P) Limited</b>				
	At the beginning of the year	58156	1.040	58156	1.040
	Transfer/Purchase (30/06/2014)	41844	0.800	100000	1.912
	At the end of the year	100000	1.912	100000	1.912
<b>6</b>	<b>White Label Enterprises Ltd</b>				
	At the beginning of the year	50000	0.894	50000	0.894
	At the end of the year	50000	0.956	50000	0.956

<b>7</b>	<b>Foresight Financial Services Ltd</b>				
	At the beginning of the year	49300	0.882	49300	0.882
	At the end of the year	49300	0.942	49300	0.942
<b>8</b>	<b>Acumen Commodities (India) Ltd</b>				
	At the beginning of the year	28000	0.501	28000	0.501
	At the end of the year	28000	0.535	28000	0.535
<b>9</b>	<b>Amit Jain</b>				
	At the beginning of the year	24465	0.438	24465	0.438
	Transfer/Sale (23/05/2014)	(5400)	(0.100)	19065	0.364
	Transfer/Sale (30/05/2014)	(7857)	(0.150)	11208	0.214
	Transfer/Sale (06/06/2014)	(6608)	(0.130)	4600	0.088
	Transfer/Sale (13/06/2014)	(4600)	(0.090)	0	0.000
	At the end of the year	0	0.000	0	0.000
<b>10</b>	<b>Bhawarlal</b>				
	At the beginning of the year	23600	0.422	23600	0.422
	At the end of the year	23600	0.451	23600	0.451
<b>11</b>	<b>Thomas George Muthoot</b>				
	At the beginning of the year	14100	0.275	14100	0.275
	Transfer/Purchase (13/06/2014)	59200	0.856	73300	1.132
	At the end of the year	73300	1.401	73300	1.401
<b>12</b>	<b>KishanGopalMohta</b>				
	At the beginning of the year	0	0.000	0	0.000
	Transfer/Purchase (23/08/2014)	2284	0.044	2284	0.044
	Transfer/Purchase (29/08/2014)	20963	0.401	23247	0.444
	Transfer/Purchase (05/09/2014)	3051	0.058	26298	0.503
	At the end of the year	26298	0.503	26298	0.503
<b>13</b>	<b>Rajiv Garg</b>				
	At the beginning of the year	0	0.000	0	0.000
	Transfer/Purchase (01/07/2014)	5500	0.105	5500	0.105
	Transfer/Purchase (04/07/2014)	750	0.014	6250	0.119
	Transfer/Purchase (25/07/2014)	1250	0.024	7500	0.143
	Transfer/Purchase (01/08/2014)	148	0.003	7648	0.146
	Transfer/Purchase (08/08/2014)	2864	0.055	10512	0.201
	Transfer/Purchase (15/08/2014)	4344	0.083	14856	0.284
	Transfer/Purchase (22/08/2014)	200	0.004	15056	0.288
	Transfer/Purchase (16/01/2015)	2444	0.047	17500	0.335
	Transfer/Purchase (23/01/2015)	2225	0.043	19725	0.377
	Transfer/Purchase (30/01/2015)	307	0.006	20032	0.383
	Transfer/Purchase (06/02/2015)	301	0.006	20333	0.389
	Transfer/Purchase (13/02/2015)	18	0.000	20351	0.389
	Transfer/Purchase (20/02/2015)	401	0.008	20752	0.397
	Transfer/Purchase (27/02/2015)	1847	0.035	22599	0.432
	Transfer/Purchase (06/03/2015)	781	0.015	23380	0.447
	Transfer/Purchase (13/03/2015)	4924	0.094	28304	0.541
	Transfer/Purchase (20/03/2015)	3781	0.072	32085	0.613
	Transfer/Purchase (27/03/2015)	700	0.013	32785	0.627
Transfer/Purchase (31/03/2015)	1086	0.021	33871	0.648	
	At the end of the year	33871	0.648	33871	0.648

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl No	For Each of the Directors & KMP	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>Navas M Meeran</b>				
	At the beginning of the year	620800	11.10	620800	11.10
	At the end of the year	620800	11.87	620800	11.87
2	<b>M.E. Mohamed</b>				
	At the beginning of the year	85900	1.54	85900	1.54
	At the end of the year	85900	1.64	85900	1.64
3	<b>M.S. Sebastian</b>				
	At the beginning of the year	23000	0.41	23000	0.41
	Transfer/Sale (30/06/2014)	(5000)	(0.09)	18000	0.32
	Transfer/Purchase (15/07/2014)	9400	0.17	27400	0.49
	Transfer/Purchase (30/09/2014)	2500	0.05	29900	0.57
	At the end of the year	29900	0.57	29900	0.57
4	<b>M.S. Ranganathan</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
5	<b>Naiju Joseph</b>				
	At the beginning of the year	3000	0.05	3000	0.05
	Transfer/Purchase (30/07/2014)	100	0.002	3100	0.055
	At the end of the year	3100	0.06	3100	0.06
6	<b>K.S. Neelacantalyer</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
7	<b>K.V. Rajagopalan Nair</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
8	<b>Shereen Navaz</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
9	<b>Rajesh S</b>				
	At the beginning of the year	300	0.005	300	0.005
	Transfer/Purchase (16/06/2014)	8900	0.16	9200	0.16
	Transfer/Purchase (18/03/2015)	150	0.003	9350	0.18
	At the end of the year	9350	0.18	9350	0.18
10	<b>Baiju T</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Transfer/Purchase (16/06/2014)	1000	0.02	1000	0.02
	At the end of the year	1000	0.02	1000	0.02

## V. Indebtedness

Indebtedness of the company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1254.34	Nil	Nil	1254.34
ii) Interest due but not paid	Nil	NA	NA	Nil
iii) Interest accrued but not due	Nil	NA	NA	Nil
<b>Total (i+ii+iii)</b>	<b>1254.34</b>	<b>Nil</b>	<b>Nil</b>	<b>1254.34</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	10476.06	Nil	Nil	10476.06
Reduction	10771.46	Nil	Nil	10771.46
<b>Net Change</b>	<b>-295.40</b>			<b>-295.40</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	958.94	Nil	Nil	958.94
ii) Interest due but not paid	Nil	NA	NA	Nil
iii) Interest accrued but not due	Nil	NA	NA	Nil
<b>Total (i+ii+iii)</b>	<b>958.94</b>	<b>Nil</b>	<b>Nil</b>	<b>958.94</b>

Note: Including Term loan, Cash credit, PCFC, Bill Discounting and Vehicle Loan.

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	
		Mr. M.E. Mohamed (Managing Director)	Total Amount
1	Gross salary	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - as % of profit	Nil	Nil
	-Others	Nil	Nil
5	Others, please specify	Nil	Nil
	Total (A)	Nil	Nil
	Ceiling as per the Act	NA	NA

**B. Remuneration to other directors:**

Amount in ₹

Particulars of Remuneration	Name of Director				Total Amount
1. Independent Directors	Mr. M.S Ranganathan	Mr. M.S. Sebastian	Mr. K.S. Neelakanta Iyer		
Fee for attending board committee meetings	Nil	Nil	4433		4433
Commission	Nil	Nil	Nil		Nil
Others, please specify	Nil	Nil	Nil		Nil
Total (1)	Nil	Nil	4433		4433
2. Other Non-Executive Directors	Mr. Navas M. Meeran	Mr. Naiju Joseph	Mr. K.V. Rajagopalan Nair	Mrs. Shereen Navaz	
Fee for attending board committee meetings	Nil	4433	2222	Nil	6655
Commission	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil
Total (2)	Nil	4433	2222	Nil	6655
Total (B)= (1+2)					11088
Total Managerial Remuneration					11088
Overall Ceiling as per the Act	The remuneration is within the limit specified under the Companies Act, 2013				

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Amount in ₹

Sl No	Particulars of Remuneration	Key Managerial Personnel		
		CS Baiju T (CS)	Mr. Rajesh S (CFO)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	750960	Nil	750960
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission -as % of profit -others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	750960	Nil	750960

Note: Mr. Rajesh S was appointed as Vice – President & CFO with effect from 31/03/2015, hence no remuneration has been paid to him during the financial year.

**VII. Penalties / Punishment/ Compounding of Offences: Nil**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment compounding fee imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any
<b>A. Company</b> Penalty Punishment Compounding			None		
<b>B. Directors</b> Penalty Punishment Compounding			None		
<b>C. Other Officers in Default</b> Penalty Punishment Compounding			None		

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis : Nil**

(a) Name(s) of the related party and nature of relationship	NA
(b) Nature of contracts/arrangements/transactions	NA
(c) Duration of the contracts / arrangements/transactions	NA
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e) Justification for entering into such contracts or arrangements or transactions	NA
(f) Date(s) of approval by the Board	NA
(g) Amount paid as advances, if any:	NA
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party	Eastern Condiments (P) Ltd	Eastea Chai (P) Ltd	Eastern Reteards (P) Ltd
Nature of relationship	Two Directors are interested	Two Directors are interested	Two Directors are interested
(b) Nature of contracts/ arrangements/transactions	By agreement	By agreement	By agreement
(c) Duration of the contracts / arrangements/transactions	01/04/2014 to 31/03/2016	01/04/2014 to 31/03/2015	01/04/2014 to 31/03/2019
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Sharing of Expenses and Lease Rent ₹ 7,00,892/-	Lease Rent ₹ 24,000/ -	Sharing of Expenses, Sale of Goods ₹ 8,66,185/ -
(e) Date(s) of approval by the Board, if any:	28/04/2014	13/08/2014	28/04/2014
(f) Amount paid as advances, if any:	Nil	Nil	Nil

Note: The above transactions are in the ordinary course of business at arm's length. However as abundant caution the Shareholders approval has been obtained for the transaction with Eastern Reteards (P) Ltd, Vazhakkulam Rubbers, Alfa Rubbers, Rosekhan Industries and Sahara Treads

For and on behalf of the Board of Directors

Kochi  
29/04/2015

**Navas M. Meeran**  
Chairman

## Conservation of energy, Technology absorption, Foreign exchange earnings and Outgo

As per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

### A. Conservation of energy

(i). the steps taken or impact on conservation of energy	<p>The Company kept top priority for energy conservation at all levels and towards this we have:</p> <ol style="list-style-type: none"> <li>1. Realigned and optimized the machineries, which resulted in increased productivity of final batch mixing and extrusion process with minimum energy utilization.</li> <li>2. Used energy saving lighting equipment to reduce the electricity utilization and by optimizing the new diesel generator it has improved the efficiency of own generation.</li> <li>3. With continuous monitoring, improvement in operational techniques, maintenance and distribution systems we have reduced the energy utilization.</li> <li>4. By redesigning the cooling rack and changing cooling tower layout we have reduced power consumption.</li> </ol> <p>However the company couldn't utilize any alternate sources of energy in its operations and has not made capital investment on energy conservation equipment worth mentioning.</p>
(ii). the steps taken by the company for utilising alternate sources of energy	
(iii). the capital investment on energy conservation equipment.	

### B. Technology absorption

In order to cater the customer specific requirements your Company has developed and successfully introduced a range of compounds and is working on new compounds, raw materials etc to improve the productivity further. To improve the quality and productivity new batch-off unit, Curing Press, Three tier cooling system etc were installed. The Company would undertake appropriate R & D activities depending up on the future requirements. The Company use latest technology and operates to the highest possible standards. No technology has been imported by the company during the period.

### C. Foreign exchange earnings and Outgo

The Foreign Exchange inflows and outgo during the year are as follows :-

Particulars	₹ In Lakhs
Foreign exchange inflows	363.98
Foreign exchange outgo	164.99



## CORPORATE GOVERNANCE REPORT

Your Company is complying with the requirements of the Corporate Governance Code as per Clause 49 of the listing agreement with the Stock Exchanges. However based on the SEBI circular No: CIR/CFD/POLICY CELL/7/2014 dated 15/09/2014, the compliance of the provisions of Clause 49 is not mandatory to the Company for the time being. A report on the implementation of the Corporate Governance Code of the listing agreement by your Company is furnished below:-

### Company's Philosophy on Corporate Governance

The Company is a part of the Eastern Group which has established a reputation for honesty and integrity. We believe that by focusing on Corporate Governance we practice the highest standards of ethical and responsible business culture and thereby enhance the value of all its stakeholders. It is a combination of voluntary practices and compliance with laws and regulations in all areas of its operations and in its interactions with the stakeholders. It provides direction and control to the affairs of the Company.

Your Company is fully committed to practice sound Corporate Governance and uphold the highest business standards in conducting business. The Company has always worked towards building trust with all its stakeholders based on the principles of good corporate governance. Your Company is guided by a key set of values for all its internal and external interactions. The Company is open, accessible and consistent with its communication.

### Board of Directors

The Board is made up of one Executive Director and Seven Non-executive Directors that includes one Woman Director, of whom three are independent. The Chairman of the Board is a Non-executive Director. The Composition, category and attendance of each Director at the Board and Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies is as follows:

Name of the Director	Category	Attendance Particulars		No. of other Directorships		Committee membership	
		Board Meetings	Last AGM	Director #	Chairman	Member	Chairman
Mr. Navas M Meeran	P, C & NE	4	Yes	17	None	None	None
Mr. M.E. Mohamed	MD& ED	5	Yes	4	None	None	None
Mr. M.S. Sebastian	NE& I	4	Yes	1	None	None	None
Mr. M.S. Ranganathan	NE& I	5	Yes	4	None	None	None
Mr. Naiju Joseph	NE	5	Yes	1	None	None	None
Mr. K.S. Neelacantalyer	NE	4	Yes	2	None	None	None
Mr. K.V. Rajagopalan Nair (Nominee of KSIDC)	NE& N	3	No	1	None	None	None
Mrs. Shereen Navaz*	P&NE	1	NA	5	None	None	None

C: Chairman; P: Promoter; E: Executive Director; N: Nominee Director (Nominee of KSIDC) I: Independent Director; NE: Non-Executive Director; MD: Managing Director; # This includes directorships in Public and Private Ltd companies.  
 \* Appointed as additional director on 31/03/2015

## Details of Directors seeking appointment / reappointment at the AGM

Name of Director	<b>Mr. Naiju Joseph</b>	<b>Mr. M.S.Ranganathan</b>
DIN	00419362	00254692
Date of Birth	26 <sup>th</sup> May 1966	15 <sup>th</sup> June 1948
Date of appointment	1 <sup>st</sup> September 1998	18 <sup>th</sup> September 2003
Qualifications	Graduate in Economics	B.Com; CAIIB
Expertise in specific functional area	He hails from a business family of Vazhakulam, engaged primarily in tyre re-treading industry and has vast experience in running tyre retreading industry	He has more than three decades of service in public sector banks in various capacities and specialised in Finance and Accounts, has wide expertise in finance and administration
Details of other Directorship	Eastern Retreads (P) Ltd	Eastern Mattresses (P) Ltd BAMS Condiments Impex(P)Ltd Malabar Mega Food Park (P) Ltd Nanma Properties (P) Ltd
Membership/ Chairmanship of committees of other companies	Nil	Nil
Number of shares held in the Company	3100 Equity Shares	Nil

Name of Director	<b>Mrs. Shereen Navaz</b>	<b>Mr. M.S.Sebastian</b>
DIN	00328770	01557356
Date of Birth	28 <sup>th</sup> October 1977	26 <sup>th</sup> May 1959
Date of appointment	31 <sup>st</sup> March 2015	18 <sup>th</sup> September 2003
Qualifications	Graduate in English literature	BSc; B Tech
Expertise in specific functional area	She was appointed as Woman Director in the Company as additional Director. She is actively involving in the business of the group and occupying directorship in various companies and has wide expertise in administration. She is involved in the growth and development of various educational institutions.	Being a polymer technologist, he has more than 35 years of service in rubber field in various capacities. He has developed different rubber compounds to suit the requirement of market. He has implemented TQM practices in various organisations. He is the recipient of Excellence Award for the best application of Japanese Technology in India.
Details of other Directorship	Sheram Treads (P) Ltd Nasher Properties (P) Ltd Nanma Properties (P) Ltd Shenaz Properties (P) Ltd Ziqitza Educations (P) Ltd	Eastern Mattresses (P) Ltd
Membership/ Chairmanship of committees of other companies	Nil	Nil
Number of shares held in the Company	Nil	29900 Equity Shares

Name of Director	Mr. K.S. Neelacanta Iyer	Mr. M.E Mohamed
DIN	00328870	00129005
Date of Birth	12 <sup>th</sup> March 1947	
Date of appointment	27 <sup>th</sup> July 2000	28 <sup>th</sup> June 1997
Qualifications	Graduate in Commerce, Fellow Member of ICAI	Civil Engineer
Expertise in specific functional area	He had vast experience and expertise in Finance, Accounts and Company Law matters. He is a Practicing Chartered Accountant and Senior Partner of M/s. Iyer and Cherian, Chartered Accountants, Cochin.	He joined the Company after pursuing a long career in Kerala State Housing Board as Executive Engineer. Subsequently appointed as Managing Director from August 2005. Further reappointed for a period of three years with effect from 26/08/2008 and thereafter for another period of 5 years 26/08/2011. Under his stewardship, the Company has scaled great heights and has expanded its operations and has begun several new initiatives.
Details of other Directorship	SreeSankara College Association	Adimali Industries Ltd. Eastern Condiments (P) Ltd. Freenaz Properties (P) Ltd. International Sleep Solutions (P) Ltd.
Membership/ Chairmanship of committees of other public companies	Nil	Nil
Number of shares held in the Company	Nil.	85900 Equity Shares

### Number and date of Board meetings held

Five Board meetings were held during the year. The Board meets at least once in a quarter with a gap of not more than four months between any two meetings. The details of the Board meetings are as under.

Sl.No.	Date	Board Strength	No. of Directors present
1	28/04/2014 & 17/05/2014 **	7	6
2	13/08/2014	7	6
3	13/11/2014	7	6
4	13/02/2015	7	5
5	31/03/2015	8	8

\*\*Meeting held on 28/04/14 was adjourned and adjourned meeting held on 17/05/14

### Independent Directors

The Company has complied with the definition of Independence as per Clause 49 of the Listing Agreement and according to the Provisions of section 149(6) Companies Act, 2013. The Company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

Appropriate orientation sessions were given to Directors to get involvement on Company's culture, organization structure, business, constitution, board procedures and risks and management strategy of the company. The appointment letters of Independent Directors has been placed on the Company's website. The Board evaluated the performance of Non-executive and Independent Directors. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

The Independent Directors held a meeting on 30<sup>th</sup> March 2015 without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting and they have reviewed the performance of non-independent directors and the Board, performance of the Chairman and information flow structure of the Company.

### Audit Committee

The Audit Committee is duly constituted in accordance with Clause 49 III of the Listing Agreement and of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014. It strictly adheres to the terms of reference which is prepared in compliance with Section 177 of the Companies Act, 2013, and Clause 49 of the Listing Agreement. The Members of the Committee are:

Name	Category	Position
Mr. K.S. Neelacanta Iyer	Non-Executive Independent Director	Chairman
Mr. M.S. Ranganathan	Non-Executive Independent Director	Member
Mr. M.E. Mohamed	Managing Director	Member

Two third of the members are Independent Directors and all the members are financially literate. The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations. The Audit Committee shall oversee financial reporting process and disclosures, review financial statements, internal audit reports, related party transactions, financial and risk management policies, auditors qualifications, compliance with Accounting Standards etc. and oversee compliance with Stock Exchanges and legal requirements concerning financial statements and fixation of audit fee as well as payment for other services etc.

Five Audit Committee meetings were held during the year 2014-15 at the Registered Office of the Company on 28/04/2014 & 17/05/2014 (adjourned meeting), 13/08/2014, 13/11/2014, 09/02/2015, and 31/03/2015. All the meetings were attended by the Chairman and the members of the Committee, representatives of Internal and Statutory Auditors and Chief Financial Officer. The Company Secretary acts as Secretary to the Audit Committee and no personnel has been denied access to the audit committee. The Chairman of the Audit Committee was present at the Company's Annual General Meeting held on 24/06/2014 to answer the shareholders' queries.

### Nomination and Remuneration Committee

The Remuneration Committee has been reconstituted as Nomination and Remuneration Committee in compliance with the requirements of Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014. The Company Secretary acts as the secretary to the committee and the Committee Members are:

Name	Category	Position
Mr. M.S. Ranganathan	Non-Executive Independent Director	Chairman
Mr. K.S. Neelacanta Iyer	Non-Executive Independent Director	Member
Mr. Naiju Joseph	Non-Executive Director	Member

The Committee formulates criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board the policy relating to the remuneration for the directors, key managerial personnel and other employees and evaluation of Independent Directors and the Board. It identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carry out evaluation of every director's performance. The Chairman of the Nomination and Remuneration Committee was present at the Company's Annual General Meeting held on 24/06/2014 to answer the shareholders' queries.

## Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors has adopted a Remuneration Policy for Directors, KMPs and other employees. The Company's remuneration policy is driven by the success and performance of the individual employee and the performance of the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The said policy is annexed as Annexure - H and forms part of this Report. The details of remuneration/sitting fee paid to Directors during the financial year are given in extract of Annual Return. Even though the terms of appointment of Mr. M.E. Mohamed as the Managing Director include the payment of remuneration, he has waived his right to remuneration. Hence no remuneration has been paid to Managing Director during the financial year.

## Share Transfer Committee

The Share Transfer Committee was constituted on 25/06/1996 in compliance with the requirements of Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary to the Committee and the members of the Committee are:

Name	Category	Position
Mr. Navas M Meeran	Promoter / Non-Executive Director	Chairman
Mr. M.E. Mohammed	Managing Director / Executive Director	Member
Mr. M.S Ranganathan	Non-Executive Independent Director	Member

Share Transfer Committee meetings were held in every month to approve the transfer of shares, to issue duplicate share certificates and review matters connected with the transfer of shares.

## Stakeholders Relationship Committee

The Stakeholders Relationship Committee was reconstituted in compliance with the requirements of Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013. The Company Secretary acts as the secretary to the committee and the Members of the Committee are:

Name	Category	Position
Mr. Naiju Joseph	Non-Executive Director	Chairman
Mr. M.S Ranganathan	Non-Executive Independent Director	Member
Mr. K.S. Neelacanta Iyer	Non-Executive Independent Director	Member

The Stakeholders Relationship Committee looks into shareholders' complaints like non-transfer of shares, non-receipts of balance sheet besides complaints from SEBI, Stock Exchanges, Court and various Investor Forums. It oversees the performance of the Registrars and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The company is in compliance with the SCORES, which has

initiated by SEBI for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. During the year under review, one complaint received from the shareholder and it was resolved and redressed the well within the stipulated time. There were no outstanding complaints as on 31/03/2015.

### Risk Management Committee

The Risk Management Committee was constituted in compliance with the requirements of Clause 49 of the Listing Agreement. The Company Secretary acts as the secretary to the committee and the members of the Committee are:

Name	Category	Position
Mr. M.S Ranganathan	Non-Executive Independent Director	Chairman
Mr. M.E. Mohammed	Managing Director / Executive Director	Member
Mr. M.S. Sebastian	Non-Executive Independent Director	Member

The Risk Management Committee reviewed the risk management plan of the Company and its status of its implementation. The risk management plans and procedure implemented by the Company in its operation are adequate with respect to the operational risks in the business of the Company.

### General Body Meetings

The location and time for last three Annual General Meetings are as follows:

Year	Location	Date	Day	Time
2013-2014	Hotel Park Central, Ernakulam	24/06/2014	Tuesday	03.00 PM
2012-2013	Hotel Park Central, Ernakulam	26/06/2013	Wednesday	03.00 PM
2011-2012	Hotel Park Central, Ernakulam	23/08/2012	Thursday	03.00 PM

No Extraordinary General Meeting was held during the financial year and no special resolutions were put through postal ballot last year. Company proposes to amend its object clause in the Memorandum of Association through postal ballot this year.

### Related Party Transactions

During the year, the Company had not entered into any transaction of a material nature with any of the related parties which may have potential conflict with the interest of the Company. The transactions of purchase/sale of finished goods, raw materials and job work with related parties have been made in the ordinary course of business and at arm's length. The Register of Contracts containing transactions, in which Directors are interested, is placed before the board regularly. Full disclosures of related party transactions are given in notes to the Financial Statements as well as in Form AOC-2 in Annexure – C of this report.

### Compliance by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties, strictures imposed on the Company by Stock Exchanges or SEBI and other Statutory Authorities on matters related to capital markets during the last three years. The Board quarterly reviews the compliance report on applicable laws to the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any

## Means of Communication

The quarterly financial results, after their approval by the Board of Directors, are promptly issued to the Stock Exchanges with whom the Company has listing arrangements. These Quarterly Financial Results are normally published in Business Line, Deepika or New Age and are also posted on the Company's website: [www.easterntreads.com](http://www.easterntreads.com). The Company's website also displays all official news releases, if any. All material information about the Company is promptly sent to the Stock Exchanges.

## Code of Conduct

The Board approved and adopted the Code of Conduct including Code of Conduct for Prevention of Insider Trading and Whistle Blower policy as applicable to the Board Members and the Senior Management Personnel of the Company. The Code has been posted on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code and a declaration to this effect signed by the Managing Director is annexed to this report.

## General Shareholder Information

### (a) Annual General Meeting

Date and Time	:	28/07/2015 at 3.00 P.M
Venue	:	Broad Bean Hotels & Resorts, Vyttila, Kochi, Ernakulam

### (b) Financial Calendar (Tentative):-

Annual General Meeting	:	28/07/2015
1st, 2nd and 3rd Quarterly Financial Results	:	Within 45 days of the end of each quarter
Audited yearly results for the year ended 31/03/16	:	Within 60 days of the end of the financial year

### (c) Book Closure Date

Thursday, 23/07/2015 to Tuesday, 28/07/2015 (both days inclusive)

### (d) Dividend Payment Date

Credit/dispatch of dividend warrants after 28/07/2015.

### (e) Listing on Stock Exchanges

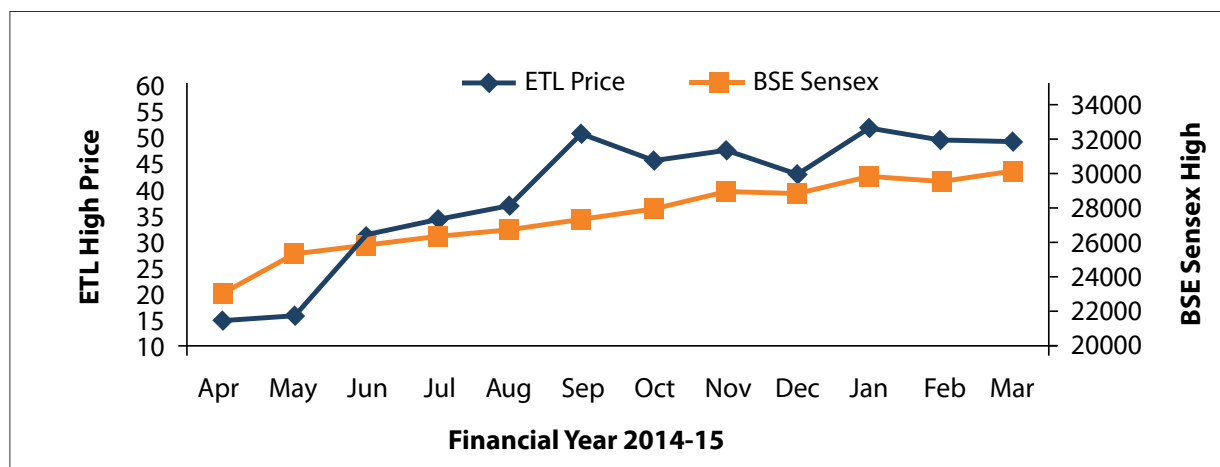
Initially the equity shares of the Company are listed on the Bombay Stock Exchange, Cochin Stock Exchange and Madras Stock Exchange. However the Company opted to voluntary delist from Madras Stock Exchange (MSE) and it was approved by MSE with effect from 23/02/2015 and the recognition to Cochin Stock Exchange was withdrawn by SEBI effective from 23/12/2014. The annual listing fees for the year 2015-16 has been paid to Bombay Stock Exchange. The Company will pay the annual custodial fee for the year 2015-16 to both the depositories namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the receipt of invoices.

### (f) Stock Code&Demat ISIN Number

Scrip Code No.	:	531346
Trading Symbol	:	EASTETREAD
Demat ISIN Number	:	INE500D01015

**(g) Market Price Data: High, Low during each month in last financial year**

Month	BSE	
	High Price	Low Price
April 2014	14.95	13.20
May 2014	15.55	13.00
June 2014	30.95	15.00
July 2014	34.05	26.00
August 2014	36.90	24.00
September 2014	51.00	38.70
October 2014	46.00	38.45
November 2014	47.95	37.80
December 2014	42.90	32.20
January 2015	52.25	35.50
February 2015	49.50	38.00
March 2015	48.90	35.00

**(h) Performance in comparison to broad-based indices such as BSE Sensex****(i) Registrar and Share Transfer Agents**

Integrated Enterprises (India) Limited  
 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street,  
 North Usman Road, T.Nagar, Chennai-600017  
 Phone: 044 28140801, 28140803, Fax; 044 – 28143378, 28142479  
 E-mail: corpserve@integratedindia.in

**(j) Share transfer system**

The Board has delegated the authority for approving transfer, transmission, etc; of the Company's securities to the Share Transfer Committee of the Board of Directors constituted for this purpose. A summary of transfer / transmission of the securities of the Company so approved by the Share Transfer Committee have placed at every Board meeting. Presently the shares are transferred both in physical and dematerialised form and request for rematerialisation and / or transfer of shares in physical mode is also attended within the stipulated time.



The physical share transfers were processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects and confirmation is given to NSDL and CDSL. No request for share transfer was pending as on 31/03/2015. Shares held in dematerialized form are electronically traded and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository, the beneficiary holdings so as to enable them to update their records. Company obtains half yearly certificate of compliance with the share transfer formalities as required under Clause 47(C) of the Listing Agreement with the Stock Exchanges from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges within the prescribed time limit.

**(k) Distribution of Shareholding as on 31/03/2015**

<b>Equity</b>				
Category	No. of shareholders	% of shareholders	No. of shares holding	% Shares
Up to 500	1170	72.09	308925	5.91
501 – 1000	297	18.30	261248	4.99
1001 – 2000	50	3.08	78617	1.50
2001 – 3000	38	2.34	98984	1.89
3001 – 4000	11	0.68	39372	0.75
4001 – 5000	13	0.80	62267	1.19
5001 – 10000	18	1.11	150374	2.87
Above 10000	26	1.60	4231213	80.89
<b>Total</b>	<b>1623</b>	<b>100.00</b>	<b>5231000</b>	<b>100.00</b>
<b>Preference</b>				
Above 10000	2	100.00	1000000	100.00
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>1000000</b>	<b>100.00</b>

**(l) Shareholding pattern as on 31/03/2015**

Category	Equity				Preference	
	No. of holders	%	No. of shares	%	No of shares	%
Promoters	8	0.49	3427500	65.52	1000000	100
Body Corporate	21	1.29	253156	4.84	Nil	Nil
NRI	8	0.49	10495	0.20	Nil	Nil
Public	1582	97.47	1537155	29.39	Nil	Nil
Others (Clearing Member)	4	0.25	2694	0.05	Nil	Nil
<b>Total :</b>	<b>1623</b>	<b>100.00</b>	<b>5231000</b>	<b>100.00</b>	<b>1000000</b>	<b>100</b>

**(m) Dematerialization of Shares and Liquidity**

As on 31st March 2015, 84.24% of the Company's total paid up equity capital representing 44,06,500 equity shares was held in dematerialised form. The balance 15.67 per cent equity representing 824500 equity shares was held in physical form. Presently the Company's shares are transferred both in physical and dematerialised form and are traded on the stock exchanges.

**(n) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:-**

Not Applicable

**(o) Plant location:-**

Oonnukal P.O, Kothamangalam, Ernakulam District, Kerala

**(p) Investor Correspondence:-**

(For share transfer, communication regarding share certificates, change of address and any other query relating to the shares or Annual Report of the Company)

<p>Integrated Enterprises (India) Limited, 2nd Floor, 'Kences Towers' No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai-600017 Phone: 044 28140801, 28140803, Fax; 044 – 28143378, 28142479 E-mail: yuvraj@integratedindia.in</p>	<p>The Company Secretary Eastern Treads Limited, 3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala. Phone: (0484) 3001247 Fax: (0484) 3001110 Email : baijut@eastern.in</p>
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**(q) Secretarial Certifications:-**

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Audit for the purpose of reconciliation of total admitted capital with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital of the Company.

The Audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors. The audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

### DECLARATION ON CODE OF CONDUCT

To the best of my knowledge and belief and on the basis of declarations given to me by the Directors and the Senior Management Personnel of the Company, I hereby affirm that as required by Clause 49 (II) of the Listing Agreement a Code of Conduct for the Board Members and the Senior Management Personnel of the Company which includes Code of Conduct for Prevention of Insider Trading and Whistle Blower policy has already been approved by the Board of Directors of the Company and all Directors and the Senior Management Personnel have fully complied with the provisions of the Code of Conduct of the Company.

For and on behalf of the Board of Directors

Kochi  
29/04/2015

**M.E. Mohamed**  
Managing Director

## AUDITOR'S CERTIFICATE

### on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the members of **Eastern Treads Limited**,

We have examined the relevant documents of **Eastern Treads Limited** for the year ended 31/03/15 for certifying the compliance with conditions of the corporate governance under Clause 49 of the Listing Agreement of the said company with the Stock Exchanges. The compliance of conditions of corporate governance is the responsibility of the management.

Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, and the representation made by the management, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement. As required by the guidance note on certification of corporate governance issued by the Institute of Chartered Accountants of India, we state that the share registry department of the company has certified that as at 31<sup>st</sup> March, 2015 there were no investor grievances remaining unattended / pending for more than thirty days.

We state that compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For JVR & Associates**  
Chartered Accountants  
(F. R. No. 0111215)

**Jomon K. George**  
Partner  
M.No.202144

Kochi-16  
29/04/2015

## MANAGEMENT DISCUSSION AND ANALYSIS

### a) Industry Structure and Developments

Tyre retreading industry is growing with the growth of tyre replacement market and the requirement from this market is being facilitated by retreading industry and it has emerged as a part of overall tyre management program and economically viable option for fleet owners. Due to its monetary advantages as well as environmental impacts retreading is gaining popularity in tyre replacement markets over the world. In line with the growth of retreading industry our company is also on its track with healthy growth prospects. The fiscal advantage and quality products are the prime reason for this growth. We have good acceptability in this industry and have strong demand from domestic and international markets.

Indian tyre retreading industry was fragmented and unorganized, however, the recent entry of tyre brands to this environment is an indication that parallel to international markets domestic market is also moving ahead with branded products. Over the years Eastern brand has been recognized as a premier tyre retreading solution provider and as a specialist in producing comprehensive range of products that can excel in all weather and road conditions. To make capitalize this scenario your Company has taken active steps to further enhance our brand image. Through our healthy network and brand presence we are expanding our global presence and with the support of our franchise partners as well as through own retreading centers we are aiming to provide total tyre retreading solutions and services and to capture significant performance than last year.

### b) Opportunities and Threats

In fleet operating cost, labour and tyres will be the major inputs. Here the tyre retreading has emerged as a good tyre management program with minimum fiscal impacts. Since around 85% of the tyre demand is for replacement, retreading could have a detrimental impact on replacement demand for tyres. Better road networks and increased share of multi-axle trucks have resulted in the growth of tyre retreading industry. As radial tyres can be successfully retreaded multiple times compared to bias-ply tyres, radialisation has positive impact on customer confidence towards tyre retreading and this gives a range of opportunities.

The advantages of Eastern Treads in tyre retreading industry are its vast experience, prompt after sales service, good customer relations and network, awards and recognitions to prove consistent quality, judicious purchase of materials, reputation and brand image of its quality products, talented technical and marketing personnel and supporting management which gives leadership and acceptability in the market.

The entry of branded tyre majors and multinational corporations in retreading industry may be a threat to the Company; however it creates awareness in the customers about retreading and its quality. Since the ability of the retreading sector to capture potential replacement demand would depend on the awareness among customers of the quality and benefits of retreading, as the customers further know tyre retreading, the market will expand at a fabulous speed.

Another area of concern for retreading industry is the unhealthy competition from small and unorganized players who are producing poor quality retreads which may hurt the consumer confidence in retreading. We are confident that with quality products we shall be able to retain customer confidence and better market share.

### c) Segment-wise or product-wise performance

The entire operations of the company relates to one segment Tread Rubber. Our main products are Pre-crued Tread Rubber, Conventional Tread, Bonding Gum and Black Vulcanizing Cement and their contribution to the turnover is 55%, 26%, 10% and 5% respectively.

### d) Outlook

With the advancement of technology and economies of scale, retreading has reached a level of quality and sophistication unprecedented in its history, and now it has overcome its past reputation and become part of established fleet management practice for commercial and utility operations. Since the mentality of the market towards retreading has changed and it became an integral element of the tyre market the scope for our business expansion is high.

Retreading is not only cost effective, but dependable, reliable, safe and environment friendly. We are of the view that Eastern Treads can use this opportunity to continue its passionate journey towards customer delight and loyalty. We have developed business plans to exploit the market to become the most successful retreader with the highest quality products and services which deliver the best possible return on investment to the fleets.

### e) Risks and Concerns

Our growth is fully depending on tyre replacement market, which depends on various factors like economic growth, infrastructural development, growth in the automobile industry and transportation etc. The Company is exposed to various risks which are normal in any business enterprise. The main ones and the steps undertaken to mitigate these risks are mentioned below:

#### **Financial Risk**

Credit risk on account of material supplied to customers has been reduced by the introduction of cash and carry policy, advance and bank guarantee from the customers. The risk of delayed payment from State Transport Corporations is controlled and managed by continuous follow-up.

#### **Fluctuation in Raw Material Price & other input costs**

Normal fluctuations in raw material prices and other input cost are generally considered while fixing product prices to the customers. During the year the price of key raw materials like natural and synthetic rubber has dropped from its peak level and it resulted in market pressure for reduction in prices. However, other input costs have increased drastically. The unprecedented fluctuations have serious impact on profitability.

#### **Changes in Governments' Policies**

Changes in government policies will affect the Company's financial position or investments.

#### **Operational Risk**

Preventive maintenance has been carried out to achieve high level of machine availability. Adequate inventory of stocks at each stage of operation is maintained to keep production going on in case of any breakdown.

#### **Product Risk**

Research and development is being undertaken to deliver better products, service and value to the customers.

## **f) Internal Control System and their Adequacy**

Your Company has a proper and adequate system of internal controls, to ensure the safeguarding of assets and their usage, maintenance of proper records, adequacy and reliability of operational information. The internal control is supplemented by an extensive audit by internal and external audit teams and periodic review by the top management, Audit Committee and Board of Directors.

Internal audit department evaluates legal and compliance issues and supports in assessment of Internal Control Systems and identification of other important issues as a powerful tool for risk control and governance. The system is designed to adequately ensure the reliability of financial and other records for preparing financial information and other data and for maintaining accountability of our assets. The external auditors have evaluated the system of internal controls in the Company and have reported that the same is adequate and commensurate with the size of the Company and the nature of its business.

## **g) Discussion on Financial Performance with respect to Operational Performance**

(Please refer to Directors' Report on "Operations")

## **h) Human Resource Development and Industrial Relations**

In a competitive economy, the proper utilisation of human resources plays a crucial role. It begins with best practices in recruiting people and moves through learning and development, engagement, employee feedback and rewards and recognition. Towards this your Company took various initiatives and has maintained healthy and harmonious industrial relations at all locations. The dedication and hard work of productive and dynamic goal oriented team is the key factor to the success of our Company. We believe that hiring the right personnel and proper retaining is the decisive factor for this success. To keep the Company and its human resource competitive, we organized various training programs and experts were engaged to train the employees at various levels. This active process of learning made the employees competent and motivated. The Company has 159 permanent employees in its rolls as on 31/03/2015.

## **(i) Cautionary Statement**

Some of the statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include global and domestic supply and demand conditions affecting selling prices of products down trend in industry, significant changes in political and economic environment in India, tax laws, import duties, litigation and labor and industrial relations.

The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.

## Directors'/Employees Remuneration

Pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Director to the median remuneration of the employees and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2014-15 and the comparison of the remuneration of the Key Managerial Personnel against the performance of the company is as follows:

Name of Director/KMP & Designation	Remuneration of Director/KMP for the FY 2014-15 ₹ in Lakhs	% increase in remuneration in the FY 2014-15	Ratio of remuneration of each Director/to median remuneration of employees	comparison of the remuneration of the KMP against performance of the company
Mr. M.E Mohamed <i>Managing Director</i>	0.00	0.00	0.00	PBIDT has increased by 19.89%, Profit before tax decreased by 2.40%& Profit after tax decreased by 3.96%
CS. Baiju T <i>Company Secretary &amp; Internal Auditor</i>	7.51	6.07	NA	
Mr. Rajesh S <i>Vice – President &amp; CFO</i>	0.00	0.00	NA	

*Note: None of the Directors received any remuneration other than sitting fees during the financial year 2014-15. Mr. Rajesh S was appointed as Vice – President & CFO with effect from 31/03/2015, hence no remuneration has been paid to him during the financial year.*

- ii. In the financial year, there was an increase of 20.11% in the median remuneration of employees.
- iii. There were 159 permanent employees on the rolls of Company as on 31 March, 2015.
- iv. Relationship between average increase in remuneration and Company performance :

Eventhough the PBIDT of the Company has increased by 19.89%, Profit before tax was decreased by 2.40% and the Profit after tax decreased by 3.96%, whereas the increase in median remuneration was 20.11%. The average increase in median remuneration was in line with the performance of the Company and partly on individual employee's performance.

- v. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Total remuneration of Key Managerial Personnel increased by 6.07%, from ₹ 7.08 lakhs in 2013-14 to ₹ 7.51 Lakhs in 2014-15, whereas the PBIDT of the Company has increased by 19.89%, Profit before tax was decreased by 2.40% and the Profit after tax decreased by 3.96%.

- vi. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.

Closing Market Price per Share in ₹		% Increase	Price Earnings Ratio		Market Capitalisation ₹ in Lakhs	
As on 31/03/14	As on 31/03/15		As on 31/03/14	As on 31/03/15	As on 31/03/14	As on 31/03/15
13.15	46.00	360	4.28	15.81	735.28	2406.26

*The Company had allotted shares under its IPO in December, 1995 at the price of INR 10 per equity share. The company's shares are listed in BSE Ltd.*

- vii. Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2014-15 was 15.72%, whereas the increase in the managerial remuneration for the same financial year was 25.72%. The increase in remuneration was in line with the performance of the Company, industrial standards and individual employee's performance. There is no exceptional circumstance for increase in the managerial remuneration.

- viii. Key parameters for the variable component of remuneration of Directors:

None of the Directors received any remuneration other than sitting fees during the financial year 2014-15.

- ix. Ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

Not applicable since none of the Directors received any remuneration.

- x. It is hereby affirmed that the remuneration paid during the year 2014-15 is as per the Remuneration Policy of the Company:



## Remuneration Policy

### For Directors, KMPs and other Employees

#### 1. Preamble

The Board of Directors of Eastern Treads Limited ("ETL" or "the Company") have adopted this Remuneration Policy for Directors, KMPs and other employees.

#### 2. Definitions

- a. "Committee" means "Nomination and Remuneration Committee" constituted by the Board of Directors of the Company.
- b. "Key Managerial Personnel" or "KMP" means key managerial personnel as defined under the Companies Act, 2013.
- c. "Policy" means this Remuneration Policy for Directors, KMPs and other employees of the Company

#### 3. Terms of the Policy

The Policy represents the approach of the Company to the remuneration of Directors, KMPs and other employees.

#### 4. Objectives

The Company's executive compensation program is designed to achieve the following objectives:

- a. To attract, recruit, motivate & retain world-class talent;
- b. To reward superior performance and business outcomes; and
- c. To reward behaviours and attitudes consistent with Company's core values and culture.

#### 5. Principles of compensation program

Guiding Principles of the executive compensation program are:

- a. Alignment with business strategy and level of responsibility

As employees progress to higher levels in the organisation, their performance has a greater direct impact on the strategic initiatives and business results and therefore an increasing proportion of their compensation is linked to the performance of the Company and tied to creation of shareholder value.

- b. Fixed/ base salary

Fixed salary shall be competitive and based upon the industry practice and benchmarks considering the skill & knowledge, experience and job responsibilities

- c. Pay for Performance

A portion of total compensation is linked to the achievement of Company and individual performance goals. Such variable compensation rewards performance and contributions to both short term and long-term financial performance of the Company.

- i. Production, Depot & Marketing Incentives

Production, Depot & Marketing Incentives is linked with short-term business outcomes of the employees as well as the performance of the Company, both on financial and non-financial parameters.

ii. Annual Performance Incentives

Annual Performance Incentives rewards contribution to the achievement of the Company's annual financial, strategic and operational goals. The Performance incentives drives high performance culture to achieve the organisation's objectives by differentiating rewards based on performance. The performance will be related to the fulfillment of various targets and attainment of business objectives, both at the Company and individual level.

d. Competition in market

In order to attract and retain a highly skilled and competitive workforce, we have to be competitive with other employers.

## 6. Components of Pay

a. Basic Salary

It provides competitive fixed salary based on industry standards to attract talented executives with skills, experience and knowledge.

b. Benefits & Perquisites

c. It is based on competitive market practices and contributes to the overall competitive level of total compensation. It is to provide welfare, security and reasonable standard of living to the Executives and their families.

d. Performance Incentives

It rewards the contribution to the achievement of ETL's annual financial, strategic and operational goals. It reinforces accountability for achieving annual business outcomes, inline with the long-term strategy of the Company.

e. Retirement Benefits

It provides for financial planning for retirement

## 7. Remuneration of non- executive / independent Directors

The non- executive / independent Directors may receive remuneration:

- a. by way of sitting fees for attending the Board and Committee meetings;
- b. by way of commission as a percentage of net profits of the Company, as decided from time to time by the Nomination and Remuneration Committee of the Company; and in any other permissible mode.

The remuneration payable shall be subject to the provisions of Companies Act, the applicable listing agreements and the approval of the Board and shareholder of the Company, as may be required.

## 8. Stock Options

The independent Directors shall not be entitled to any stock options of the Company.

## 9. Amendments

The Nomination & Remuneration Committee shall review the policy from time to time and make necessary recommendations to the Board. Any amendment to this Policy can be made only with the approval of the Board of Directors of the Company.

## INDEPENDENT AUDITOR'S REPORT

The Members of  
**EASTERN TREADS LIMITED**  
Kochi

### Report on the Financial Statements

We have audited the accompanying financial statements of **EASTERN TREADS LIMITED**, which comprise the Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2015;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to 'Short Term Loans & Advances' (Note no.20), which includes an amount of ₹ 57.65 lakhs receivable from a party, the recoverability of which is not fully certain in the absence of conclusive evidence for the same. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us.
  - d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) the Company has the following pending litigations which would impact its financial position:

Name of the Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending	Amount paid under Protest
The Central Sales Tax Act, 1956	CST Assessment	3,80,200.00	2008-2009	Deputy Commissioner(Appeals), Ernakulam	0.00
The Central Sales Tax Act, 1956	CST Assessment	5,05,616.00	2009-2010	Deputy Commissioner(Appeals), Ernakulam	1,51,685.00
The Kerala General Sales Tax Act, 1963	KGST Assessment	24,98,936.00	1996-2002 (7 years)	The Honourable Supreme Court of India	24,98,936.00
The Central Sales Tax Act, 1956	CST Assessment	19,04,578.00	1996-2002 (7 years)	The Honourable Supreme Court of India	19,04,578.00
The Central Sales Tax Act, 1956	CST Assessment	1,80,898.00	2002-2003	Deputy Commissioner(Appeals), Ernakulam	1,80,898.00
The Central Sales Tax Act, 1956	CST Assessment	1,75,940.00	2004-2005	Deputy Commissioner(Appeals), Ernakulam	1,75,940.00

ii) the Company does not have any long-term contracts requiring a provision for material foreseeable losses.

iii) the Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

**For JVR & Associates**  
 Chartered Accountants  
 (F. R. No. 0111215)

**Jomon K. George**  
 Partner  
 M.No.202144

Kochi-16  
 29/04/2015

**The Annexure referred to in paragraph 1 of our Report of even date to the members of Eastern Treads Limited on the accounts of the Company for the period ended 31<sup>st</sup> March, 2015.**

In terms of Companies (Auditor's Report) Order 2015, issued by Central Government of India, in terms of Section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said Order, that:

- 1) (i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, which however requires to be updated.
  - (ii) Fixed assets have not been physically verified by the management at regular intervals.
- 2) (i) Physical verification of inventory has been conducted at reasonable intervals by management.
  - i. Procedures of physical verification of inventory followed by management are reasonable and adequate in relation to size of company and nature of its business.
  - ii. The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under Section 189 of The Companies Act, 2013.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchases of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct weaknesses in internal controls.
- 5) The company has not accepted any deposits.
- 6) We have broadly reviewed the cost records maintained by the company as specified in subsection (1) of Section 148 of The Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- 7) i. The company is regular in depositing undisputed statutory dues with appropriate authorities.
  - ii. According to records of company, there are no statutory dues which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending	Amount paid under Protest
The Central Sales Tax Act, 1956	CST Assessment	3,80,200.00	2008-2009	Deputy Commissioner(Appeals), Ernakulam	0.00
The Central Sales Tax Act, 1956	CST Assessment	5,05,616.00	2009-2010	Deputy Commissioner(Appeals), Ernakulam	1,51,685.00

The Kerala General Sales Tax Act, 1963	KGST Assessment	24,98,936.00	1996-2002 (7 years)	The Honourable Supreme Court of India	24,98,936.00
The Central Sales Tax Act, 1956	CST Assessment	19,04,578.00	1996-2002 (7 years)	The Honourable Supreme Court of India	19,04,578.00
The Central Sales Tax Act, 1956	CST Assessment	1,80,898.00	2002-2003	Deputy Commissioner(Appeals), Ernakulam	1,80,898.00
The Central Sales Tax Act, 1956	CST Assessment	1,75,940.00	2004-2005	Deputy Commissioner(Appeals), Ernakulam	1,75,940.00

- iii. The Company does not have any amounts which are required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of The Companies Act, 1956 and rules made thereunder.
- 8) The accumulated loss of the Company is not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 9) The Company has not defaulted in any repayment of dues to any financial institution or bank or debenture holders.
- 10) The Company has not given any guarantee for loans taken by others from any bank or financial institution.
- 11) The term loans has been utilised for the purposes for which they were obtained.
- 12) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For JVR & Associates**  
 Chartered Accountants  
 (F. R. No. 0111215)

**Jomon K. George**  
 Partner  
 M.No.202144

Kochi-16  
 29/04/2015

**BALANCE SHEET AS AT 31/03/2015**

Amount in ₹

Particulars	Notes	Current Year	Previous Year
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	154,112,500	153,458,500
(b) Reserves and Surplus	4	9,745,852	(2,875,013)
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	5	23,740,577	12,990,816
(b) Deferred Tax Liability (Net)		5,451,851	1,315,019
(c) Long Term Liabilities	6	246,200	1,448,915
(d) Long Term Provisions	7	2,763,237	1,871,022
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	8	62,531,944	101,426,612
(b) Trade Payables	9	74,104,469	69,815,144
(c) Other Current Liabilities	10	20,527,880	15,143,200
(d) Short-Term Provisions	11	8,245,043	5,258,240
<b>Total</b>		<b>361,469,553</b>	<b>359,852,454</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	12	87,262,554	64,359,519
(ii) Intangible Assets	13	953,913	672,012
(iii) Capital work-in-progress	14	3,477,595	-
(b) Long-Term Loans and Advances	15	24,304,365	23,928,118
(c) Other Non-current Assets	16	50,000	523,000
<b>(2) Current Assets</b>			
(a) Inventories	17	83,192,769	74,005,425
(b) Trade Receivables	18	100,179,233	148,152,559
(c) Cash and Cash Equivalents	19	9,752,528	2,985,322
(d) Short Term Loans and Advances	20	42,154,807	33,706,162
(e) Other Current Assets	21	10,141,788	11,520,336
<b>Total</b>		<b>361,469,553</b>	<b>359,852,454</b>

The accompanying notes form integral part of the financial statements

As per our report of even date attached

**For JVR & Associates**  
 Chartered Accountants

**Navas M. Meeran**  
 Chairman

**Rajesh S.**  
 Chief Financial Officer

**Baiju T.**  
 Company Secretary

**Jomon K. George**  
 Partner

 Kochi-16  
 29/04/2015



## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

Amount in ₹

Particulars	Notes	Current Year	Previous Year
I. Revenue from Operations	22	876,126,982	892,472,180
II. Other Income	23	10,742,324	3,262,065
<b>III. Total Revenue</b>		<b>886,869,306</b>	<b>895,734,245</b>
IV. Expenses:			
Cost of materials consumed	24	386,616,522	487,656,468
Purchase of Stock-in-Trade		259,696,593	191,299,088
Changes in Inventories	25	(4,658,134)	(14,058,313)
Operating Expenses	26	58,846,651	54,070,672
Employee Benefits	27	62,333,528	53,418,758
Financial costs	28	15,446,196	8,259,049
Depreciation and amortization expense		9,457,053	7,909,426
Other expenses	29	85,363,119	82,410,760
<b>Total Expenses</b>		<b>873,101,528</b>	<b>870,965,908</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	13,767,778	24,768,337
VI. Exceptional/Extraordinary items -Excess Depreciation written back		(10,405,973)	-
<b>VII. Profit before tax</b>	(V - VI)	<b>24,173,751</b>	<b>24,768,337</b>
VIII. Tax expense:			
(1) Current Tax		5,106,600	8,054,700
(2) Deferred Tax		4,136,832	304,140
(3) MAT Credit Entitlement		(828,990)	-
<b>IX. Profit for the year from continuing operations</b>	(VII-VIII)	<b>15,759,308</b>	<b>16,409,497</b>
X. Earning Per Share : Basic & Diluted		3.01	3.07

The accompanying notes form integral part of the financial statements

As per our report of even date attached

**For JVR & Associates**  
Chartered Accountants

**Navas M.Meeran**  
Chairman

**Rajesh S.**  
Chief Financial Officer

**Baiju T.**  
Company Secretary

**Jomon K. George**  
Partner

Kochi-16  
29/04/2015

## NOTES TO FINANCIAL STATEMENTS

### 1. BACKGROUND

Eastern Treads Limited was incorporated on 02/07/1993. Its shares are listed in Bombay Stock Exchange. The company is primarily engaged in the business of manufacturing and dealing of tread rubber and rubber based adhesives.

### 2. ACCOUNTING POLICIES

#### Significant Accounting Policies

The significant Accounting Policies followed by the company are as stated below:

#### General

The financial statements are prepared under historical cost convention and in accordance with the applicable accounting standards in India.

#### Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principal (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amount of income and expenses during the period. Actual figures may differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Advances paid towards acquisition of fixed assets and contractors are disclosed under 'Capital Advances'

#### Depreciation

Depreciation on tangible assets has been provided under Straight Line Method over the useful life of the assets estimated by the management which is in line with the terms prescribed in Schedule II to The Companies Act, 2013. Depreciation for assets purchased/sold during the period is proportionately charged.

The management estimates the useful life of the fixed assets as follows:

Factory Building	:	30 years
Building –Godown	:	30 years
Roads - Non RCC	:	5 years
Plant & Equipment	:	15 years (Depreciation charged on double shift basis)
Electrification & Water Systems	:	10 years
Lab Equipments	:	10 years
Furniture & Fixtures	:	10 years
Office Equipments	:	5 years
Computer & Accessories	:	3 years
Vehicles	:	8 years

During the current year, the Company has reviewed the useful life of its assets as per the Companies Act, 2013 and has re-estimated the same accordingly. Consequently, an amount of Rs.104,05,973/- being the excess depreciation charged as per the earlier regime is written back during the year.

## Amortisation of Intangible Assets

Intangible assets, being Computer Software are written off over a period of five years under Straight Line Method.

## Revenue Recognition

Revenue from sale of goods is recognised at the point of despatch to the customers. Revenue from job work is recognised at the completion of the agreed services. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

## Inventories and Tools & Spares

Raw materials are valued at cost on FIFO basis. Finished Goods are valued at lower of cost or net realisable value. Cost includes indirect costs. 25% of Tools & Spares are written off to revenue.

## Employee Benefits

- (a) Short term employee benefits such as salaries, wages, bonus and incentives which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit and loss account.
- (b) Defined Contribution Plans - Contributions made to the Recognised Provident Fund & Employee State Insurance Corporation are expensed to the Profit & Loss Account. The Company's obligation is limited to the amount contributed by it.
- (c) Defined Benefit Plans - The Company is a member of Group Gratuity Scheme administered by LIC of India. The liability for gratuity is accounted on the basis of actuarial valuation done by LIC of India.

## Foreign Exchange Transactions

Revenue denominated in foreign currencies is translated into relevant functional currencies using the exchange rate in effect on the date of transaction. Transaction gain or loss realised upon the settlement of foreign currency transactions are included in determining net profit for the period in which transaction is settled.

The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognised over the period of the contract and is recognised in the statement of profit and loss.

The forward exchange contracts taken to hedge existing assets/liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset/liability.

## Borrowing Costs

Borrowing costs are expensed in the absence of outlay on qualifying assets.

## Segment Reporting

In the absence of more than one distinguishable business/ geographical segment, segment information is not given.

## Taxes on Income

Income tax expense comprises current tax and deferred tax charge or credit. The current tax is determined as the amount of tax payable in respect of the estimated taxable income of the period. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there are unabsorbed depreciation or carry forward losses, deferred tax asset are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets are reviewed at each Balance Sheet date based on the developments during the period.

MAT Credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

### Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing the value in use; the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

### Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

Amount in ₹

3.SHARE CAPITAL	Current Year	Previous Year
<b>A. Authorised</b>		
6000000 Equity shares of ₹ 10 each (Previous Year 6000000 equity shares of ₹ 10/- each) .	60,000,000	60,000,000
1000000 Preference Shares of ₹100 each (Previous Year - 1000000 Preference Shares of ₹100 each)	100,000,000	100,000,000
	<b>160,000,000</b>	<b>160,000,000</b>
<b>B. Issued, Subscribed and Paid-up Equity Shares</b>		
Balance at the beginning of the period (5591500 Equity shares of ₹10/- each) Balance at the end of the period (5231000 Equity shares of ₹10/- each) (Previous year 5591500 Equity shares of ₹10/- each)	52,310,000	55,915,000
Less: Call money in arrears	-	3,250,500
Paid up share capital at the beginning of the period		<b>52,664,500</b>
Add: Calls collected during the year	-	794,000
Shares Forfeited	1,802,500	
Paid up share capital at the end of the period	<b>54,112,500</b>	<b>53,458,500</b>

**Reconciliation of number of Equity shares**

Amount in ₹

Particulars	Current Year		Previous Year	
	Number	Amount	Number	Amount
Balance at the beginning of the year	5,591,500	55,915,000	5,591,500	55,915,000
Shares forfeited during the period	360,500	3,605,000	-	-
Balance at the end of the year	5,231,000	52,310,000	5,591,500	55,915,000

In terms of the company's Articles of Association, the company forfeited 363900 equity shares standing in the names of 212 allottees, who failed to pay the allotment money of Rs.5/- per share on 13.08.2014. The company has annulled the forfeiture of 3400 shares of 4 allottees.

Preference Shares	Current Year	Previous Year
1000000 Zero percent Redeemable Preference Shares of ₹100 each (Previous Year - 1000000 Zero percent Redeemable Preference Shares of ₹100 each)	100,000,000	100,000,000
(Redeemable after five years from the date of allotment subject to achieving net worth of ₹100 lacs without considering the said preference shares)		
	<b>154,112,500</b>	<b>153,458,500</b>

**Shares held by shareholders holding more than 5% shares****Equity Share Capital**

Particulars	Current Year		Previous Year	
	Number of shares	% of share holding	Number of shares	% of share holding
List of significant share holders (>5%)				
Meeran M E	1,401,900	26.80%	1,401,900	25.07%
Firoz Meeran	649,600	12.42%	649,600	11.62%
Navas Meeran	620,800	11.87%	620,800	11.10%
Kerala State Industrial Development Corporation	615,000	11.76%	615,000	11.00%

**Preference Share Capital**

Particulars	Current Year		Previous Year	
	Number of shares	% of share holding	Number of shares	% of share holding
Meeran M E	400,000	40%	400,000	40%
Navas Meeran	600,000	60%	600,000	60%

**4. RESERVES & SURPLUS**

Capital Reserve	2,000,000	2,000,000
Profit and Loss Account		
Opening Balance	(4,875,013)	(21,284,510)
Add : Profit for the year	15,759,308	16,409,497
	10,884,295	(4,875,013)
Proposed Dividend		
For Equity Share Holders	2,615,500	
Corporate Dividend Tax	522,943	
Reserves & Surplus	<b>9,745,852</b>	<b>(2,875,013)</b>

**5. LONG TERM BORROWINGS**

Amount in ₹

Term Loan from The Federal Bank Limited (Term loan from The Federal Bank Ltd is secured by way of first charge on the fixed assets and are further guaranteed by the Promoter Directors of the Company)	23,048,681	11,119,920
Long Term maturities of finance lease obligations - HP Loans for Vehicles	691,896	1,870,896
	<b>23,740,577</b>	<b>12,990,816</b>

Term Loan/HP Loans - These loans are repayable ranging from a period of 36 months to 60 months with equal monthly installments ranging from ₹18,140.00 to ₹3,00,000 at the rate of interest ranging from 11.51% to 13.20% p.a

**6. LONG TERM LIABILITIES**

Creditors-for Capital Goods	246,200	1,448,915
	<b>246,200</b>	<b>1,448,915</b>

**7. LONG TERM PROVISIONS**

Provision for Employee Benefits (Gratuity)	2,763,237	1,871,022
	<b>2,763,237</b>	<b>1,871,022</b>

**8.SHORT TERM BORROWINGS**

From Banks		
Cash Credit from The Federal Bank Limited (The Cash Credit from The Federal Bank Ltd is secured by way of first charge on the floating assets and second charge on the fixed assets of the company and are further guaranteed by the Promoter Directors of the Company)	60,414,766	101,428,139
Packing Credit from The Federal Bank Limited (PCFC is secured by way of first charge on the floating assets and second charge on the fixed assets of the company and are further guaranteed by the Promoter Directors of the Company)	2,117,178	(1,527)
	<b>62,531,944</b>	<b>101,426,612</b>

**9. TRADE PAYABLES**

Sundry Creditors:		
- For Purchases	58,022,429	53,645,167
- For Expenses	16,082,040	16,169,977
	<b>74,104,469</b>	<b>69,815,144</b>

**10. OTHER CURRENT LIABILITIES**

Current maturities of long term debt	5,900,000	3,300,000
Current maturities of finance lease obligations - HP Loans	1,179,000	1,179,000
Advances from Customers	10,066,901	4,699,127
Other Payables	3,381,979	5,965,073
	<b>20,527,880</b>	<b>15,143,200</b>

**11. SHORT TERM PROVISIONS**

Provision for Taxation	5,106,600	8,054,700
Less: MAT Credit Entitlement	-	(2,796,460)
Proposed Dividend	2,615,500	
Provision for Corporate Dividend Tax	522,943	
	<b>8,245,043</b>	<b>5,258,240</b>

**12. TANGIBLE ASSETS**

Amount in ₹

	Cost			Depreciation			Net Carrying Amount		
	As at 01/04/2014	Addition	Deletions	As at 31/03/2015	Upto 31/03/2014	For the year	Upto 31/03/2015	As at 31/03/2015	As at 31/03/2014
1. Land & Land Development	899,987	-		899,987	-	-	-	899,987	899,987
2. Factory Building	21,148,593	-		21,148,593	5,890,264	641,008	6,531,272	14,617,321	15,258,329
3. Building - Godown	6,816,771			6,816,771	19,337	215,220	234,557	6,582,214	6,797,434
4. Roads - Non RCC	-	1,091,410		1,091,410	-	182,400	182,400	909,010	-
5. Plant & Equipment	83,070,998	18,185,516	(921,745)	100,334,769	48,516,239 (887,529)	(2,467,098)	45,161,612	55,173,157	34,554,759
6. Electrification and water systems	5,622,241	592,599		6,214,840	4,048,556	(260,766)	3,787,790	2,427,050	1,573,685
7. Lab Equipments	897,158	-		897,158	639,838	103,474	743,312	153,845	257,320
8. Furniture & Fixtures	1,578,888	559,125		2,138,013	1,261,613	(44,690)	1,216,923	921,090	317,275
9. Office Equipments	1,260,300	391,668		1,651,968	917,157	240,956	1,158,113	493,855	343,143
10. Computer & Accessories	4,839,344	821,250	(173,880)	5,486,714	3,890,932 (12,587)	130,009	4,008,354	1,478,360	948,412
11. Vehicles	5,904,810	288,000	-	6,192,810	2,495,634	90,512	2,586,146	3,606,664	3,409,176
<b>Total</b>	<b>132,039,089</b>	<b>21,929,568</b>	<b>(1,095,625)</b>	<b>152,873,032</b>	<b>66,779,454</b>	<b>(1,168,976)</b>	<b>65,610,478</b>	<b>87,262,554</b>	<b>64,359,519</b>

**13. INTANGIBLE ASSETS**

	Cost			Depreciation			Net Carrying Amount		
	As at 01/04/2014	Addition	Deletions	As at 31/03/2015	Upto 31/03/2014	For the year	Upto 31/03/2015	As at 31/03/2015	As at 31/03/2014
Computer Software	941,907	501,956	-	1,443,863	269,895	220,055	489,950	953,913	672,012

**14. CAPITAL WORK IN PROGRESS**

	Cost			Depreciation			Net Carrying Amount		
	As at 01/04/2014	Addition	Deletions	As at 31/03/2015	Upto 31/03/2014	For the year	Upto 31/03/2015	As at 31/03/2015	As at 31/03/2014
Building work in Progress	-	3,477,595	-	3,477,595	-	-	-	3,477,595	-
<b>Total</b>	<b>-</b>	<b>3,477,595</b>	<b>-</b>	<b>3,477,595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,477,595</b>	<b>-</b>

**15. LONG TERM LOANS AND ADVANCES (Unsecured,considered good)**

Amount in ₹

Capital Advance - Related Party		
Advance for Land	7,575,000	7,575,000
Capital Advance - Others		
Advance for Machinery/Civil Works	4,457,252	5,875,087
Security Deposits	3,702,586	2,737,493
Other Advances	4,760,352	4,760,352
MAT Credit Entitlement	3,809,175	2,980,186
	<b>24,304,365</b>	<b>23,928,118</b>

**16. OTHER NON CURRENT ASSETS**

Other Bank balances - Margin Money	50,000	523,000
	50,000	523,000

**17. INVENTORIES : (As taken, valued and certified by the management)**

Raw Materials	11,223,561	12,333,688
Work in Progress	13,499,611	15,676,197
Finished Goods	43,242,317	35,184,119
Goods in Transit ( Finished Goods)	168,315	1,391,792
Packing Materials	981,634	1,026,471
Fuel & Oil	187,337	261,053
Tools & Spares	13,889,995	8,132,106
	<b>83,192,769</b>	<b>74,005,425</b>

**18. TRADE RECEIVABLES (unsecured considered good)**

Debtors		
Outstanding for a period exceding six months	9,665,690	7,146,593
Other Debts	90,513,542	141,005,967
	<b>100,179,233</b>	<b>148,152,559</b>

**19. CASH AND CASH EQUIVALENTS**

Balances with Banks in Current Accounts	7,756,918	1,310,508
Other Bank balances - Margin Money	1,686,130	1,358,148
Cash in Hand	309,480	316,665
	<b>9,752,528</b>	<b>2,985,322</b>

**20. SHORT TERM LOANS AND ADVANCES (unsecured considered good)**

Staff Advances	554,803	581,865
Advances to Suppliers - Related Parties	6,949,583	7,846,291
Advances to Suppliers - Others	26,779,202	22,555,384
Other Advances	12,695,405	2,722,621
Less: Provision for Doubtful Advances	(4,824,187)	-
	<b>42,154,807</b>	<b>33,706,162</b>

**21. OTHER CURRENT ASSETS**

Advance Tax - Income Tax	3,800,000	7,000,000
Vat/Service Tax Credit Recievable	1,891,436	2,230,270
Interest accrued on Margin Money	52,158	45,031
Other Current Assets	4,398,194	2,245,036
	<b>10,141,788</b>	<b>11,520,336</b>



**22. REVENUE FROM OPERATIONS**

Amount in ₹

SALES		
<u>a) Sale of Products :</u>		
-Domestic (Gross)	863,028,881	878,674,958
Less: Excise Duty Paid	65,282,618	72,118,649
	<b>797,746,262</b>	<b>806,556,309</b>
-Export Sales (Gross)	36,610,998	43,120,661
Less: Excise Duty Paid	212,041	-
	<b>36,398,957</b>	<b>43,120,661</b>
Sale of Compound mix	22,894,524	31,060,696
Less: Excise Duty Paid	15,098	-
	<b>22,879,426</b>	<b>31,060,696</b>
Sale of Raw Materials (Gross)	7,949,798	5,992,395
Less: Excise Duty Paid	693,856	236,002
	<b>7,255,942</b>	<b>5,756,393</b>
	<b>864,280,588</b>	<b>886,494,059</b>
<u>b) Sale of services</u>		
Job Work Receipts	8,184,817	3,915,758
<u>c) Other Operating Revenues</u>		
Sale of Scrap & Waste(Gross)	3,883,753	2,177,528
Less: Excise Duty Paid	222,176	115,165
	<b>3,661,577</b>	<b>2,062,363</b>
	<b>876,126,982</b>	<b>892,472,180</b>

**23. OTHER INCOME**

Interest Income	139,678	69,691
Other Income	9,648,374	-
Other non Operating Income	840,520	3,192,374
Profit on sale of asset	113,752	-
	<b>10,742,324</b>	<b>3,262,065</b>

**24. COST OF RAW MATERIAL CONSUMED**

Opening Stock	12,333,688	10,547,276
Add : Purchases	385,506,395	489,442,879
Less : Closing Stock	11,223,561	12,333,688
	<b>386,616,522</b>	<b>487,656,468</b>

**25. CHANGES IN INVENTORY**

Closing Stock - Finished Goods/Work in Progress	56,910,242	52,252,108
Opening Stock - Finished Goods/Work in Progress	52,252,108	38,193,795
	<b>4,658,134</b>	<b>14,058,313</b>

Amount in ₹

**26. OPERATING EXPENSES**

Tools & Spares consumed	4,629,819	2,710,702
Power & Fuel	23,275,683	17,441,859
Rates and taxes excluding taxes on income	12,290,175	13,608,261
Job Work Charges	3,292,204	6,272,015
Consumables	5,854,341	4,209,598
Packing Materials Consumed	9,504,429	9,828,238
	<b>58,846,651</b>	<b>54,070,672</b>

**27. EMPLOYEE BENEFIT EXPENSES**

Salaries and wages	53,685,967	46,500,041
Contribution to provident fund and other funds	2,775,885	1,733,200
Gratuity	941,935	17,322
Staff welfare expenses	4,929,741	5,168,195
	<b>62,333,528</b>	<b>53,418,758</b>

**28. FINANCIAL COSTS**

Interest on Term Loan	1,736,062	809,083
Interest on Cash Credit	10,991,285	5,906,500
Other Borrowing costs	2,718,849	1,543,466
	<b>15,446,196</b>	<b>8,259,049</b>

**29. OTHER EXPENSES**

Payments to the Auditor as		
(a) Auditor:	433,000	405,000
(b) For Taxation matters	33,000	30,500
(c) For Certification Services	61,247	60,750
Repairs to Building	1,293,346	622,790
Repairs to Machinery	585,050	1,095,414
Rent	2,548,336	1,885,125
Insurance	1,113,628	641,880
Professional Charges	839,363	3,047,485
Travelling Expenses	10,173,953	8,801,962
Business Promotion Expenses	17,988,073	20,618,457
Bad Debts	4,391	6,472,425
Provision for Doubtful Advances	4,824,187	-
Freight Outward	9,365,675	9,256,420
Miscellaneous expenses	36,099,869	29,472,552
	<b>85,363,119</b>	<b>82,410,760</b>

**30. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

<b>a. Claims against the company not acknowledged as debt</b>		
Demand by KVAT Authorities in appeal pending disposal	5,646,168	5,455,836
Bank Guarantees outstanding	12,021,943	14,469,543
Vendor Finance Facility with IDBI Bank	24,295,846	-
Foreign Bills Discounting	2,542,061	6,537,314
<b>b. Estimated amounts of contracts remaining to be executed on capital account and not provided for</b>	<b>31,577,300</b>	<b>34,198,950</b>

### 31. RELATED PARTY DISCLOSURES

Name of the related party and nature of relationship where control exists

List of the companies in which one of the director has significant influence	Key Management Personnel	Relative of Key Management Personnel
Eastern Condiments Pvt Ltd Eastern Mattresses Pvt Ltd Eastern Retreads Pvt Ltd Eastea Chai Pvt Ltd Feroz Treads Pvt Ltd Sheram Treads Pvt Ltd Sumo Treads Pvt Ltd Vazhakkulam Rubbers	M.E. Mohamed Rajesh S. Baiju T.	Nilima Treads Private Limited Soya Rubbers Private Limited Alfa Rubbers Rosekhan Industries Sahara Treads

Transactions with related parties as per the books of account during the year

Amount in ₹

	Current Year	Previous Year
<b>Eastern Condiments Pvt Ltd</b>		
Sharing of Expenses	700,892	702,806
<b>Eastern Mattresses Pvt Ltd</b>		
Purchase of Goods	-	16,800
Land Advance	7,575,000	7,575,000
<b>Eastern Retreads Pvt Ltd</b>		
Sale of Finished Goods	772,072	792,437
Sharing of Expenses	94,113	68,333
<b>Eastea Chai Pvt Ltd</b>		
Sharing of Expenses	24,000	24,000
<b>Feroz Treads Pvt Ltd</b>		
Purchase of Goods	14,576,637	14,212,129
Sale of Raw Materials	366,436	333,901
Job Work Payment	-	52,036
Job Work Receipt	861,174	278,908
<b>Sheram Treads Pvt Ltd</b>		
Purchase of Goods	-	43,831
<b>Sumo Treads Pvt Ltd</b>		
Purchase of Goods	-	160,890
<b>Vazhakulam Rubbers</b>		
Sharing of expenses	6,555	-
Purchase of Goods	12,566,212	313,666
Sale of Raw Materials	4,352	25,008
Sale of Finished Goods	31,089,216	-
Job Work Payment	153,439	245,210
Job Work Receipt	79,336	41,556

<b>Nilima Treads Pvt Ltd</b>		
Advance for Goods	103,000	586,906
<b>Soya Rubbers Pvt Ltd</b>		
Security Services provided	660,412	616,394
Advance for Goods	-	-
<b>Alfa Rubbers</b>		
Purchase of Goods	13,926,586	14,597,918
Sale of Raw Materials	50,183	64,995
Job Work Payment	-	4,543
Job Work Receipt	697,265	326,899
<b>Rosekhan Industries</b>		
Purchase of Goods	13,147,896	13,948,408
Sale of Raw Materials	-	2,613,570
Job Work Payment	195,463	-
Job Work Receipt	392,681	672,316
Sharing of Expenses	-	130,000
<b>Sahara Treads</b>		
Purchase of Goods	13,730,506	14,142,968
Sale of Raw Materials	1,493,718	1,018,495
Job Work Payment	1,153,365	2,366,594
Job Work Receipt	598,584	491,168
<b>Rajesh S</b>		
Reimbursement of Expenses	-	-
<b>Baiju T</b>		
Salary	750,960	708,000

Amount Outstanding as at 31<sup>st</sup> March 2015

Amount in ₹

List of the companies in which one of the director has significant influence	Current Year	Previous Year
Eastern Condiments (P) Ltd	Nil	Nil
Eastern Retreads (P) Ltd	46,285 Dr.	1,120 Cr
Sheram Treads (P) Ltd	Nil	Nil
Feroz Treads (P) Ltd	2,356,694 Dr.	4,880,221 Dr.
Eastern Mattresses (P) Ltd	7,575,000 Dr.	7,575,000 Dr.
Eastea Chai (P) Ltd	Nil	Nil
Sumo Treads (P) Ltd	1,487,695 Dr.	1,487,695 Dr.
Vazhakulam Rubbers	1,425,802 Dr.	Nil
<b>Relative of Key Management Personnel</b>		
Nilima Treads Private Limited	689,906.00 Dr	586,906 Dr
Soya Rubbers Private Limited	989,487.00 Dr	891,469 Dr
Alfa Rubbers	Nil	Nil
Sahara Treads	Nil	Nil
Rosekhan Industries	Nil	Nil

**32. DISCLOSURE IN ACCORDANCE WITH AS - 15 ON EMPLOYEE BENEFITS**

<b>a) Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year		1,976,191
Interest Cost		203,833
Service Cost		238,959
Benefits Paid		(78,677)
Actuarial Gain/(Loss) on obligations		505,144
Projected benefit obligation at the end of the year		<b>2,845,450</b>
<b>b) Change in plan assets</b>		
Fair value of plan assets at the beginning of the year		105,169
Expected return on plan assets		6,001
Contributions		49,720
Benefits paid		(78,677)
Actuarial Gain/(Loss) on plan assets		-
Fair value of plan assets at the end of the year		<b>82,213</b>
<b>c) Reconciliation of present value of obligation and the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year		2,845,450
Funded status of the plans		82,213
Funded status amount of liability recognised in the balance sheet		<b>2,763,237</b>
<b>d) The components of net gratuity costs are reflected below</b>		
Service Cost		238,959
Interest Cost		203,833
Expected return on plan assets		(6,001)
Net Actuarial Gain/(Loss) recognised in the year		505,144
Net gratuity costs		<b>941,935</b>
<b>e) Following are the Principal Actuarial Assumptions used at the balance sheet date:</b>		
<b>Particulars</b>		<b>Gratuity</b>
Discount Rate		8% p.a.
Salary Escalation Rate		7% p.a.

**33. Basic and Diluted Earning per Share (EPS), of face value ₹10/- has been calculated as under:**

<u>Numerator</u>	Current Year	Previous Year
Net Profit for the year	15,759,308	16,409,497
<u>Denominator</u>		
Weighted average number of equity shares outstanding during the year (Partly paid shares treated as a fraction of an equity share)	5,231,000	5,345,850
Earnings per Share	3.01	3.07

**34. Major Components of Deferred Tax Asset/Deferred Tax Liability are:**

Amount in ₹

Item	As on 01/04/2014	Current Year	As on 31/03/2015	
	Asset/(Liability)	Asset/(Liability)	Asset	Liability
Depreciation	-1,922,170	-4,426,311	-	(6,348,481)
Provision for Gratuity	607,151	289,479	896,630	-
Total	-1,315,019	-4,136,832	896,630	(6,348,481)
NET DTL/DTA	-1,315,019	-4,136,832		(5,451,851)

**35. The details of Provisions as per AS-29 are given below:**

Particulars	Opening Balance	Additions/Reversals	Closing Balance
Provision for Taxation	8,054,700	(2,948,100)	5,106,600
Provision for Corporate Dividend Tax	0	522,943	522,943
Provision for Gratuity	1,871,022	892,215	2,763,237

**36. ADDITIONAL INFORMATION****a. Details of Finished Goods**

Amount in ₹

Finished Goods purchased ( Traded Items)			
Particulars	Current Year	Previous Year	
PCTR	39,207,361	409,950	
Cushion Gum	52,273,378	51,760,407	
Vulcunising Solution	-	14,892	
CT	164,311,326	135,824,962	
Patches	2,521,363	3,076,333	
Others	1,383,165	212,545	
TOTAL	259,696,593	191,299,088	

Particulars	Sales Values		Closing Inventory	Opening Inventory
	Current Year	Previous Year		
<b>Manufactured Goods</b>				
PCTR	429,801,652	504,029,858	40,340,756	30,111,741
Cushion Gum	23,861,669	23,808,088	-	848,286
Vulcunising Solution	43,679,553	37,831,306	926,374	1,557,175
CT	23,796,797	61,700,675	232,431	48,462
Others	33,483,021	46,247,990	-	-
TOTAL	554,622,691	673,617,917	41,499,561	32,565,663
<b>Traded Goods</b>				
PCTR	43,944,370	450,495	-	-
Cushion Gum	66,099,335	63,150,221	521,821	648,503
Vulcunising Solution	-	14,750	-	-
CT	198,987,997	147,485,354	1,147,106	2,384,382
Others	4,387,770	3,837,685	242,143	319,634
TOTAL	313,419,473	214,938,505	1,911,070	3,352,520

\*\* Sale value is given exclusive of Excise Duty.

\*\* Sale of Raw Materials not considered

**b. Details of Work in Progress**

Particulars	Current Year	Previous Year
PCTR	9,221,280	11,045,807
Cushion Gum	1,345,538	1,473,863
Vulcunising Solution	439,368	440,002
CT	2,387,168	1,479,110
OTHERS	106,257	1,237,415
TOTAL	13,499,611	15,676,197

**c. Raw Materials Consumed**

Item	Current Year	Previous Year
Rubber	202,310,073	287,471,763
Carbon Black	100,094,684	103,040,526
Chemicals & Others	84,211,765	97,144,178
TOTAL **	386,616,522	487,656,468

**d) Break-up of Indigenous & Imported Raw Materials Consumed**

Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
Indigenous	370,228,985	95.76%	485,173,470	99%
Imported	16,387,537	4.24%	2,482,998	1%
Total	386,616,522	100%	487,656,468	100%

	Current Year	Previous Year
a) CIF Value of imports made during the year	16,387,537	2,482,998
b) Earnings in Foreign Exchange (Export of Goods)	36,398,957	43,120,661
c) Expenditure in Foreign Currency	111,267	145,257
d) Amount remitted during the year in foreign currency	Nil	Nil

37. The management has initiated the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. The company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
38. Previous year figures have been regrouped /reclassified wherever necessary to suit the current year's layout.

For JVR & Associates  
Chartered Accountants

Navas M. Meeran  
Chairman

Rajesh S.  
Chief Financial Officer

Baiju T.  
Company Secretary

Jomon K George  
Partner

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29/04/2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2015

(In terms of Listing Agreement)

Amount in ₹

		2014-15	2013-14
<b>A.</b>	<b>Cashflow from Operating Activities</b>		
	a. Net Profit before tax and extra ordinary items	13,767,778	24,768,337
	Adjustments for :-		
	Depreciation	9,457,053	7,909,426
	Interest Received	-	-
	Provision for Taxation	-	-
	Interest Paid	13,900,766	6,715,583
	Miscellaneous Expenditure written off	-	516,332
	Loss/(Profit) on sale of Fixed Assets	(113,752)	(479)
	<b>b. Operating Profit before Working Capital Changes</b>	<b>37,011,845</b>	<b>39,909,200</b>
	Adjustments for :-		
	Trade and Other Receivables	38,795,782	(77,298,085)
	Inventories	(9,187,344)	(21,878,491)
	Trade and other Payables	13,887,141	36,091,289
	<b>c. Cash Generation from Operations</b>	<b>80,507,424</b>	<b>(23,176,087)</b>
	d. Interest Paid	13,900,766	6,715,583
	e. Provision for Taxation	8,414,443	8,358,840
	e. Cashflow before Extraordinary Items	58,192,215	(38,250,510)
	f. Extraordinary Items	-	-
	<b>g. Net Cash from Operating Activities</b>	<b>58,192,215</b>	<b>(38,250,510)</b>
<b>B.</b>	<b>Cashflow from Investing Activities</b>		
	a. Purchase of Fixed Assets	(24,491,284)	(42,310,108)
	b. Preoperative Expenses	-	-
	c. Investments	-	-
	d. Interest Received	-	-
	e. Sale of Fixed Assets	1,095,625	8,001
	<b>f. Net Cash from Investing Activities</b>	<b>(23,395,659)</b>	<b>(42,302,107)</b>
<b>C.</b>	<b>Cashflow from Financing Activities</b>		
	a. Proceeds from Issue of Share Capital / Conversion	654,000	794,000
	b. Proceeds from Borrowings / Conversion	(25,544,907)	75,473,281
	c. Dividend Paid	(3,138,443)	-
	d. Share Re-listing Expenses	-	-
	<b>e. Net Cash from Financing Activities</b>	<b>(28,029,350)</b>	<b>76,267,281</b>
<b>D.</b>	<b>Net increase / decrease in cash or cash equivalents(A+B+C)</b>	<b>6,767,206</b>	<b>(4,285,336)</b>
	Cash & Cash equivalents as at 01/04/2014	2,985,322	7,270,658
	Cash & Cash equivalents as at 31/03/2015	9,752,528	2,985,322



Notes: 1) Comparative figures have been regrouped where ever necessary.

2) The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

For JVR & Associates  
Chartered Accountants

Navas M. Meeran  
Chairman

Rajesh S.  
Chief Financial Officer

Baiju T.  
Company Secretary

Jomon K George  
Partner

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29/04/2015

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## AUDITOR'S REPORT

The Members of  
**EASTERN TREADS LIMITED**  
Kochi

We have examined the attached Cash Flow Statement of **EASTERN TREADS LIMITED** for the year ended 31<sup>st</sup> March, 2015. The statement has been prepared by the company in accordance with the requirements of Listing Agreements executed with the stock exchanges where the shares of the company are listed and is based on and in agreement with the corresponding Profit and Loss Account and Balance sheet of the company covered by our report of 29/04/2015 to the members of the company.

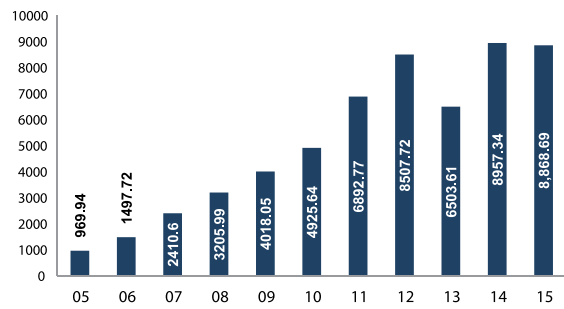
For JVR & Associates  
Chartered Accountants  
(F. R. No. 011121S)

Kochi-16  
29/04/2015

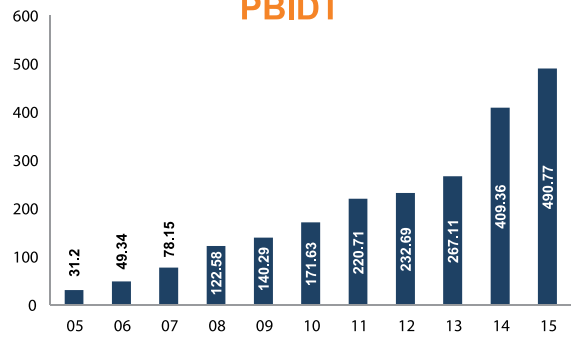
Jomon K. George  
Partner  
M.No.202144

# PERFORMANCE AT A GLANCE

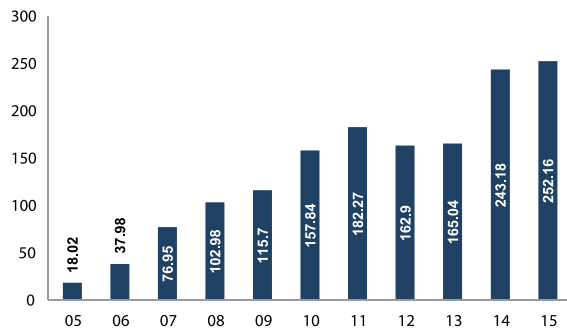
## TOTAL INCOME



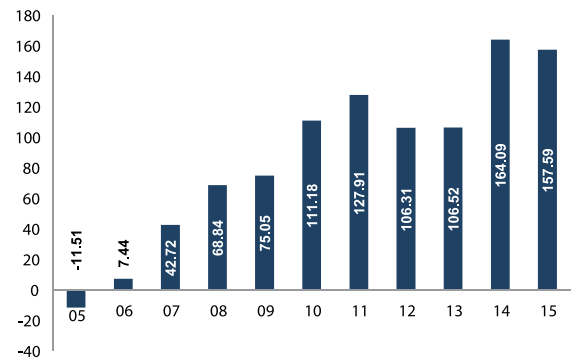
## PBIDT



## CASH PROFIT



## NET PROFIT



# EASTERN TREADS LTD.

Eastern Treads, a brand from the bouquet of the Eastern Group, focuses on manufacturing and marketing tyre - retreading materials like pre - cured tread rubber, bonding gum, vulcanizing solution and many other accessories. The company has a national presence along with presence in overseas markets like UAE, Middle East, Africa, Soth America, Bangladesh and Bhuttan to cater to the heightened demand in the world market for tread rubber.

- We Eat - Eastern Condiments**
- We Drink - Eastern Aqua Mineral**
- We Wear - Eastern Clothing (King Richard)**
- We Study - Eastern Newton Public School**
- We Travel- Eastern Treads Ltd.**
- We Sleep - Eastern Mattresses**



## EASTERN GROUP OF COMPANIES



# Eastern Tyre Retreading Materials

## Precured Tread Rubber

- Guaranteed high mileage performance
- Uniform tread wear providing good directional stability
- Superior mileage reducing operating cost
- Consistency in quality & Supply
- Product range from Auto to JCB
- Excellent grip for safety



## Hot Rubber-Slab & Camel Back Treads

- Both Slab & Camel back type are available
- Good shelf life
- Available in customized sizes
- Available in different grades according to the application



## Bonding Gum

- Made from 100% natural rubber
- Soft and superior tack
- High bonding strength
- Compatible for 99°C, 125°C & 150°C curing operations
- Sufficient shelf life
- Can be used for splicing & nail hole / injury repair



## Black Vulcanising Cement

- Ready to use solution
- Fast drying and excellent tack
- Specially formulated for both precured and conventional process
- Sufficient shelf life



## Repair Patches

- Made from nylon fabric
- Applications available for nylon and radial tyres
- Wide range of patches for minor to major tyre injury repair
- Economic measure with safety



Reg. Office: Eastern Treads Ltd., 3A, 3rd Floor, Eastern Corporate Office,  
34/137 E, N.H. By Pass, Edappally P.O, Kochi, Kerala - 682024, India.  
Ph: +91- 484 -3001100/423/430, Fax: +91- 484 -3001110,  
Mobile: +91 94977 15429, +91 94474 91003.  
Email: [treads@eastern.in](mailto:treads@eastern.in) | [www.easterntreads.com](http://www.easterntreads.com)  
CIN: L25119KL1993PLC007213



## ATTENDANCE SLIP

### 22<sup>nd</sup> ANNUAL GENERAL MEETING

--

I/We hereby record my/our presence at the 22<sup>nd</sup> Annual General Meeting of the Company at Broad Bean Hotels & Resorts, NH Bypass, Vyttila, Kochi, Ernakulam – 682019, Kerala on Tuesday, 28th July 2015, at 3.00 P.M

.....  
Member's Folio/  
DP ID-Client ID No.

.....  
Member's/Proxy's name  
in Block Letters

.....  
Member's/Proxy's  
Signature

### Voting through Electronic means

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

**Note:**

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is sent in the permitted mode to all members whose e mail is not registered or have requested for a hard copy.

3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala  
Ph: + 91 484 3001100, Fax: 300110 Email: treads@eastern.in www.easterntreads.com

**Form No. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) : .....

Registered address : .....

E-mail Id : .....

Folio No/ Client Id, DP ID : .....

I/We, being the member (s) of.....shares of the above named company, hereby appoint

1. Name:.....Address:.....

.....E-mail Id:.....

.....Signature:....., or failing him,

2. Name:.....Address:.....

.....E-mail Id:.....

.....Signature:....., or failing him,

3. Name:.....Address:.....

.....E-mail Id:.....

.....Signature:.....

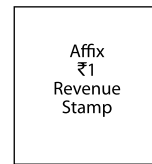
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Tuesday, 28<sup>th</sup> July 2015, at 3.00 P.M at Broad Bean Hotels & Resorts, NH Bypass, Vyttila, Kochi, Ernakulam – 682019, Kerala and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of the Financial Statement for the year ended 31/03/2015		
2	Declaration of dividend on equity shares		
3	Reappointment of Mr. Naiju Joseph, as Director		
4	Ratification of the appointment of Auditors & fixing of remuneration		
<b>Special Business</b>			
5	Ordinary resolution to appoint Mrs. Shereen Navaz as Director		
6	Ordinary resolution to confirm the appointment of Mr. M.S Ranganathan as an independent Director		
7	Ordinary resolution to confirm the appointment of Mr. M.S Sebastian as an independent Director		
8	Ordinary resolution to confirm the appointment of Mr. K.S. Neelacanta Iyer as an independent Director		
9	Ordinary resolution to fix sitting fee to Directors		
10	Special resolution to approve the continuation of Mr. M.E Mohamed as the Managing Director & KMP		
11	Special resolution under Section 188 of the Companies Act, 2013		
12	Special resolution under Section 94 of the Companies Act, 2013		
13	Special resolution for alteration of Articles of Association		

Signed this..... day of.....2015

Signature of shareholder

Signature of Proxy holder(s)



**Note:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to put a "X" in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details of member(s) in the above box before submission