

Date: 07.09.2023
Ref: ETL/BSE/INT/041/23-24

To,
The Corporate Relationship Department,
BSE Limited,
Floor 25, PJ Towers, Dalal Street,
Mumbai – 400001.

Scrip Code : 531346 **Scrip ID**: EASTRED

Sub: AGM Notice and Annual Report of 30th Annual General Meeting for the year 2022-23.

Sir/Madam,

The Thirtieth Annual General Meeting (30th AGM) of the Company is scheduled to be held on Friday, September 29, 2023 at 11:00 A.M. (IST) through Video Conference (VC) / Other Audio Visual Means (OAVM).

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, we submit herewith the copy of Annual Report for the Financial Year 2022-2023. Further the same is also available on the website of the Company in the web link <https://www.easterntreads.com/reports/Annual+Reports> .

Thanking You

For **EASTERN TREADS LIMITED**



Abil Anil
Company Secretary

Eastern Treads Ltd.

CIN : L25119KL1993PLC007213

Reg. Office: 3 A, 3rd Floor, Eastern
Corporate Office, 34/137 E, N H Bye-Pass,
Edappally P. O., Kochi, Kerala - 682 024, India.

Factory : Oonnukal P.O, Kothamangalam
Ernakulam, Kerala - 686 693.

Phone : +91 484 7161100

E-mail : treads@easterntreads.com

Web : www.easterntreads.com

Phone : +91 485 2855 448



ANNUAL REPORT

2022-2023



TYRES NEVER RETIRE



EASTERN TREADS LIMITED

CIN: L25119KL1993PLC007213

COMPANY INFORMATION***BOARD OF DIRECTORS**

| | |
|--------------------------|--|
| Mr. Navas M Meeran | Chairman |
| Mr. M.E. Mohamed | Managing Director |
| Mr. M.S. Ranganathan | Director |
| Mr. Najju Joseph | Director |
| Mr. K.S. Neelakanta Iyer | Director |
| Mrs. Shereen Navas | Director |
| Mrs. Rani Joseph | Director |
| Mr. Devarajan Krishnan | Chief Financial Officer |
| Mr. Abil Anil | Company Secretary & Compliance Officer |

REGISTERED & CORPORATE OFFICE

3A, 3rd Floor, Eastern Corporate Office,
34/137 E, NH Bypass, Edappally, Kochi,
Ernakulam - 682024, Kerala

WEBSITE & E MAIL

www.easterntreads.com, treads@easterntreads.com

WORKS

Oonnukal, Kothamangalam, Ernakulam, Kerala

STATUTORY AUDITOR

G Joseph & Associates, Chartered Accountants,
37/2038, First Floor, Muttathil Lane,
Kadavanthra, Cochin – 682020, Kerala

REGISTRAR & SHARE TRANSFER AGENT

Integrated Registry Management Services Private Limited,
2nd Floor, 'Kences Towers' No.1,
Ramakrishna Street, North Usman Road,
T. Nagar, Chennai – 600017

INVESTOR CORRESPONDENCE

The Company Secretary, Eastern Treads Limited
3A, 3rd Floor, Eastern Corporate Office, NH Bypass,
Edappally, Kochi, Ernakulam - 682024, Kerala

BANKERS

The Federal Bank Limited,
ICICI Bank Limited,
HDFC Bank Limited,
State Bank of India

INTERNAL AUDITOR

KPMG Assurance and Consulting Services LLP
30/1366c, 3rd Floor, Syama Business Centre,
NH 47 – Bypass Road, Vyttila, Kochi, KL-682019

SECRETARIAL AUDITOR

BVR & Associates Company Secretaries LLP,
Swastika, First Floor, Chitteth House,
PC Road, Vyttila P.O.,
Cochin - 682 019

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**Information as on the date of the report*

CHAIRMAN'S MESSAGE

*"If you want to walk fast walk alone,
But if you want to walk far, walk together."
... Ratan Tata*



Dear Shareholders,

I am pleased to present the Annual Report of Eastern Treads Limited (ETL) for the financial year 2022-23 reflecting on yet another successful year that we have journeyed together. Our Annual Report serves as a testament to the dedication, hard work, and innovation of our entire team.

Over the past year, we have faced both challenges and opportunities. The global economic landscape has been dynamic, but we have adapted and thrived. Our commitment to delivering quality products and exceptional services has enabled us to maintain our competitive edge.

I would like to highlight some of our achievements. Revenue has reduced by 17% when compared to previous year. However we were able to reduce the loss (PAT) by 21% in FY 22-23 by efficient management of cost. We are confident that the company would achieve the pre-covid levels of revenue trends in the coming years due to stabilized economic conditions, high growth rate in automotive industry and infrastructure development.

As we move forward, we remain dedicated to maintaining the highest standards of corporate governance and ethical practices. We are also excited about the opportunities that lie before us. We are committed to pushing the boundaries of innovation, improving our processes, and setting new benchmarks in the tyre retreading industry.

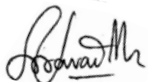
At this outset, I want to reaffirm our commitment to excellence, integrity, and sustainability. Our journey is marked by a shared vision of a better, greener, and more efficient future. With your continued support, I am confident that our Company will continue to thrive and make a lasting impact.

We acknowledge the role played by our employees, customers, shareholders, Central and State Governments, Lenders and Suppliers in our journey, and we are grateful for your continued trust and support during these trying times.

I also thank all my colleagues on the board for their continued support and valuable guidance extended to the company.

Looking ahead, we remain optimistic about the future, and we are poised to embrace new challenges and opportunities with the same spirit that has brought us this far.

With Warm regards,

A handwritten signature in black ink, appearing to read 'Navas Meeran', written in a cursive style.

Mr. Navas Meeran
Chairman

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the members of Eastern Treads Limited will be held on Friday, 29 September 2023 at 11:00 AM through Video Conferencing (VC) /Other Audio Visual Means (OAVM) to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31 March 2023 together with the Reports of the Board of Directors and the Auditors.
2. To appoint a Director in place of Mr. Naiju Joseph, having DIN: 00419362, who retires by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, seeks reappointment.

Special Business

3. Approval of Related Party Transaction.

To consider and if thought fit to pass, with or without modifications, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of the Section 188 and other applicable provisions 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, and subject to such other approvals as may be necessary, approval of the Members be and is hereby accorded to the Board of Directors of the Company to enter into contracts/arrangements for sale, purchase or supply of any goods and materials whether directly or through appointed authorized agents or for availing or rendering of any services, on such terms and conditions as may be decided by Board of Directors of the Company, as appropriate, as per the rules and regulations governing such transactions under the applicable provisions of the Act for a period of 5 Years, for an aggregate amount not exceeding Rupees Ten Crores per financial year, over and above the exemption limits under Section 188, with M/s. Fleetaid Professional Private Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are 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”.

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

**Place: Ernakulam
Date : 04th September 2023**

**Sd/-
Abil Anil
Company Secretary**

Notes

1. In accordance with the provisions of the Companies Act, 2013 (“Act”), read with the Rules made thereunder and General Circular dated 8th April, 2020, 13th April, 2020, 5th May, 2020, 13th January, 2021, 14th December, 2021 and 5th May, 2022, 28th December, 2022 issued by the Ministry of Corporate Affairs (“MCA”) read with circulars issued by the Securities and Exchange Board of India (“SEBI”) dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023 (hereinafter collectively referred to as (“the Circulars”), companies are allowed to hold Annual General Meeting (AGM) through VC or OAVM upto 30th September, 2023, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
2. The facility to attend the AGM through VC/OAVM will be provided through Central Depository Services (India) Limited (CDSL). The detailed instructions pertaining to remote e-voting, joining the AGM through VC/OAVM and Voting at the AGM are given separately hereunder.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and shall not be closed till expiry of 30 minutes after scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Since this AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with and pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Hence, Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. As per the relaxation provided by the aforementioned MCA and SEBI circulars the Company will not be sending physical copies of AGM Notice and Annual Report to the shareholders. Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Notice and Audited Financial Statements for 2022-23 along with Directors’ Report and Auditors’ Report is also be available on the website of the Company at <https://www.easterntreads.com> under ‘Investor Zone’ section. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. <https://www.evotingindia.com>
7. The required material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the item under Special Business is annexed herewith and forming part of this Notice
8. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/re-appointment/change in terms of appointment at this AGM are annexed to this notice.

9. The Company has fixed Friday, 22 September 2023 as the 'Cut-off Date' for the purpose of AGM and reckoning the entitlement of the shareholders to cast their voting through remote e-voting/ e-voting during the AGM. The remote e-voting /voting rights of the Members shall be reckoned on the Equity Shares held by them as on the Cut-off Date only. Any person who is not a member on the cut-off date should treat this notice for information purposes only.
10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
11. The Company has also sent individual communication letter to the concerned shareholders whose dividend remains unpaid or unclaimed for period of Seven (7) consecutive years since 2016, at their registered address and shares are liable to be transferred to IEPF account under the aforesaid Rules, for taking appropriate action(s) by the shareholder concerned and the company has transferred the unclaimed dividend and shares against which no communication was received by the company.
12. In terms of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the amount of dividends that remain unclaimed/unpaid for a period of seven years from the date on which they were declared, is required to be transferred to the Investor Education and Protection Fund (IEPF) and if the dividends have been unpaid or unclaimed for seven consecutive years or more, the underlying shares shall be transferred to the IEPF Demat Account maintained with depositories. Upon transfer of such shares to IEPF account, all benefits if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. After such transfer, the Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The Complete details of unpaid or unclaimed dividends and shares transferred to IEPF are available on the website of the Company, www.eastertreads.com.
13. All documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days between 10.00 AM and 5.00 PM up to the date of the Annual General Meeting.
14. The Shareholders are requested to update the 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. Members who are holding shares in the same name or in the same order of names, under different folios, are requested to notify the same to the Registrar and Share Transfer Agent for consolidation of their shareholding into a single folio.
15. SEBI vide its Circular No. SEBI/ HO/ MIRSD/ MIRSD_RTAMB/ P/ CIR/ 2021/ 655 dated November 03, 2021 and with subsequent clarifications and in reference to Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, had mandated investors holding securities in physical mode of listed companies to furnish following documents / details to the RTA
 - a) PAN and KYC details,
 - b) Nomination (Either, Nomination through Form SH-13 as provided in the Rules 19 (1) of Companies (Shares capital and debenture) Rules, 2014 or 'Declaration to Opt-out', as per Form ISR-3, in case change in nominee through Form SH-14),
 - c) Contact details Postal address with PIN, Mobile number, E-mail address
 - d) Bank account details (bank name and branch, bank account number, IFS code)
 - e) Specimen signature.

Shareholders may kindly note that the folios wherein any one of the cited document / details are not available on or after October 01, 2023, shall be frozen by the RTA. The securities in the frozen folios shall be

- a) eligible to lodge grievance or avail service request from the RTA only after furnishing the complete documents / details as aforesaid
- b) eligible for any payment including dividend, interest or redemption payment only through electronic mode and an intimation from the RTA to the holder that the aforesaid such payment is due and will be made electronically upon complying with the requirements mentioned above.
- c) referred by the RTA / listed company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

The RTA will be reverting the frozen folios to normal status only upon

- a) receipt of all the aforesaid documents / details mentioned above or
- b) dematerialization of all the securities in such folios.

The Company has sent an intimation in this regard to all physical shareholders on 24th May 2023. Request the Shareholders to furnish PAN, KYC details, Nomination, Contact details, Bank account details and specimen signature if the same is not updated in specified form.

16. Members holding shares in physical form are requested to address all their correspondence pertaining to change in their name, postal address, email address, telephone / mobile numbers, Permanent Account Number, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc. to the Registrar and Transfer Agents viz. Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No: 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600017. E-mail: yuvraj@integratedindia.in. Members whose shareholdings are in electronic mode are requested to approach their respective depository participants for the same.
17. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant provisions of Companies (Management and Administration) Rules, 2014, companies can serve annual reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the depository. Hence, request the members to provide their email address, mobile numbers and other KYC Details to the Registrar and Transfer Agent or update the same with their depositories to enable the Company to send the documents in electronic form.
18. Transfer of securities of listed companies in physical mode has been discontinued with effect from, April 01, 2019, except in case of request received for transmission of securities. Hence the shares of the Company are traded compulsorily in demat mode. To eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.
19. 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. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Any member desirous to dematerialize his holding may do so through any of the depository participants. The ISIN of the equity shares of the Company is INE500D01015. Members can also contact the Company or its Registrars and Transfer Agents for assistance in this regard.
20. Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 5 days in advance, so as to enable the Company to keep the information ready.
21. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations, and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020 and 05 May 2022 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM.

Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes (the "Remote e-voting") by a member using remote e-Voting system as well as e-voting system on the date of AGM will be provided by CDSL to the members of the Company holding share in physical or dematerialized form, as on the cut-off date, being Friday, 22 September 2023, to exercise their right to vote by electronic means on any or all of the business specified in the accompanying Notice.

22. THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (1) The voting period begins on 26 September 2023 at 9.00 AM and ends on 28 September 2023 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22 September 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (2) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (3) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (4) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are : https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with NSDL Depository | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful |

| | |
|--|--|
| | authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

| Login type | Helpdesk details |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(5) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

| | For Physical shareholders and other than individual shareholders holding shares in Demat. |
|-----|--|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) |

| | |
|--|--|
| | <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by RTA or contact RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field. |

- (6) After entering these details appropriately, click on "SUBMIT" tab.
- (7) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (8) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (9) Click on the EVSN **230831033** Relevant for Eastern Treads Limited on which you choose to vote.
- (10) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (11) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (12) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (13) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (14) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (15) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (16) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (17) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; treads@easterntreads.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at treads@easterntreads.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at treads@easterntreads.com. These queries will be replied to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) by email to **Company**, treads@easterntreads.com or to **RTA email id**, yuvraj@integratedindia.in.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP), which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

23. The Board of Directors has appointed CS. Puzhankara Sivakumar, Company Secretary (Membership No. FCS: 3050), Partner M/s. SEP & Associates, Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
24. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of 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 authorised by him in writing, who shall countersign the same.
25. 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 CDSL www.evotingindia.com 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, where the shares of the Company are listed.

STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013
Item No.03 – Approval of Related Party Transaction

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 the 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.

Further, your Company cannot enter into any contract or arrangement with its Related Party, M/s. Fleetaid Professional Private Limited for any transactions which are not in the ordinary course of business and which are not on an arm's length basis unless prior approval from its Members has been obtained. Your Company may enter into business transactions with M/s. Fleetaid Professional Private Limited in the ordinary course of business for sale, purchase or supply of any goods or materials or rendering of any services or guaranteeing any borrowings by/providing any loans. In view of the growing operations, the Company requires to trade, avail and render services with aforesaid Related Party, M/s. Fleetaid Professional Private Limited.

The transactions will be entered in the ordinary course of business of the Company either at arm's length basis or not but in the best interest of the company. To remain fully compliant beyond any reason for doubt as well as for good Corporate Governance the consent of the shareholders 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 of goods and availing and rendering services with the above Related Party for a period of 5 Years for an amount not exceeding Rupees Ten Crores per financial year.

Mr. Navas M Meeran and Mrs. Shereen Navas are concerned or interested in the proposed resolution as Mr. Zubin Nazeel Navas and Ms. Ayisha Tanya Iqbal, their son and daughter being directors of Fleetaid Professional Private Limited. No other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution except to the extent that they are Directors of the Company (ETL).

The following disclosure(s) for any transaction with related party is made in accordance with the provisions of Section 188 of the Companies Act, 2013 and the Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014:

| | | |
|-------|---|---|
| (i) | Name of related Party | Fleetaid Professional Private Limited <i>(formerly known as Sapientia Education And Research Private Limited)</i> |
| (ii) | Nature of relationship | A private company in which a director or his relative is a director; |
| (iii) | Nature, duration of the contract and particulars of the contract or arrangement; | Purchase/sale/job work/services or any marketing, tie up agreements/arrangements for tyre retreading and retreading products. Duration : 5 Years |
| (iv) | Material terms of the contract or arrangement including the value, if any; | Rupees Ten Crores per annum |
| (v) | Any advance paid or received for the contract or arrangement, if any; | NIL |
| (vi) | The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract; | The pricing and other commercial terms are in the ordinary course of business and will be in the best interest of the company. |

| | | |
|--------|--|------------------------|
| (viii) | Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; | All factors considered |
| (ix) | Any other information relevant or important for the members to take a decision on the proposed transaction. | NIL |

The Board of Directors believe that the above mentioned transactions are in the best interest of the company and its members.

The board of Directors, therefore, recommends the resolutions for your approval.

Place: Ernakulam
Date: 04th September 2023

By order of the Board of Directors
For Eastern Treads Limited

Sd/-
Abil Anil
Company Secretary

DETAILS IN TERMS OF REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD ON GENERAL MEETINGS ('SS-2') ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI).

Item No. 2 – Information on Director seeking re-appointment, Mr. Naiju Joseph who retires by rotation

| | |
|---|--|
| 1) Name of Director | : Mr. Naiju Joseph |
| 2) DIN | : 00419362 |
| 3) Date of Birth | : 26 th May 1966 |
| 4) Date of appointment | : 1 st September 1998 |
| 5) Qualifications | : Graduate in Economics |
| 6) 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. |
| 7) Details of other Directorship in Companies | : Eastern Retreads (P) Ltd |
| 8) Membership/ Chairmanship of committees of other Listed companies | : Nil |
| 9) Number of shares held in the Company | : 3100 Equity Shares |

Mr. Naiju Joseph (DIN: 00419362), aged 57 years, holds a Graduate degree in Economics.

He joined the Board of Directors of the Company in the year 1998. He is the Chairman of Stakeholder Relationship Committee of the Company. He does not hold any Directorship and Membership/ Chairmanship in Committees of other listed companies. He has not resigned from any listed entity during the past three years.

He is holding 3100 Equity Shares of the Company. He has attended four Board Meetings during FY2022-23.

He does not have inter-se relationship with any other Director and Key Managerial Personnel (KMPs) of the Company. He shall be entitled for the sitting fees for attending the Board/ Committee Meetings as per the applicable provisions of Companies Act, 2013 including rules related thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, in accordance with the criteria for payment to Non-Executive Directors as approved by the Board.

None of the Directors or KMPs of the Company or their relatives except Mr. Naiju Joseph is concerned or interested (financial or otherwise) in the resolution.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services and the Board recommends his reappointment.

Place: Ernakulam
Date: 04th September 2023

By order of the Board of Directors
For Eastern Treads Limited

Sd/-
Abil Anil
Company Secretary

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the 30th Annual Report on the business operations of the Company and the audited Ind AS financial statements for the financial year ended 31st March, 2023 along with comparatives.

Financial Summary and Highlights

The following table shows the operational results of the Company for the year 2022-23 as compared to that of the previous year.

| | (₹in lakhs) | |
|---|-------------|----------|
| | Year ended | |
| | 31/03/23 | 31/03/22 |
| Revenue from Operations | 5,984 | 7,227 |
| Other Income | 8 | 34 |
| Total Revenue | 5,992 | 7,261 |
| Expenditure | 6,272 | 7,747 |
| (Loss) / Profit before Interest, Depreciation and Tax | (280) | (486) |
| Depreciation/Amortisation/ Impairment | 165 | 183 |
| Profit before Finance Costs and Tax | (445) | (669) |
| Finance Costs | 323 | 320 |
| Profit (Loss) before Tax | (767) | (989) |
| Tax Expense | (45) | (21) |
| Profit (Loss) for the year | (723) | (968) |
| Other comprehensive income/ (loss) | 19 | 388 |
| Total comprehensive loss for the year | (742) | (580) |

Performance

During this financial year ended 31st March 2023, your company's total income was Rs. 5,984 lakhs as against Rs. 7,227 Lakhs in the previous year. The profit/(loss) before tax stood at Rs.(767) lakhs for the year as against Rs. (989) Lakhs for the previous financial year. The profit/(loss) after Tax for the year ended 31st March, 2023 is Rs.(723) as against Rs. (968) lakhs for the previous financial year. Though the revenue has dropped by 17%, your company has managed to reduce the loss by 21%. Your company expects to further reduce the loss and reach to earn positive figures in the upcoming financial years.

Reserves

In view of the loss incurred during the year, the Board of Directors of your Company has decided not to transfer any amount to the reserves for the year under review.

Dividend

In view of loss incurred during the year under review and losses of earlier years, your Directors do not recommend any dividend during the year under review.

Change in nature of business, if any

There are no change in the nature of business of the company during the period under review.

Material Changes and Commitments

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

Capital and Debt Structure

About 34.33% of the paid up equity share capital held by large number of public shareholders. Your Company neither issued any shares with differential voting rights nor granted any stock options or sweat equity and instruments convertible into equity shares. Your Company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees during the year under review.

As per the terms of issue (as varied), the outstanding Zero Coupon Redeemable Preference Shares are liable to be redeemed at the rate of rupees One Crore every year in a phased manner. The Company has the option to stretch the redemption until 9th February 2029, being the date of expiry of twenty years from the date of the original allotment. While the first tranche of redemption of rupees One Crore was made in FY 2016-17, no redemption was made in subsequent financial years including FY 2022-23.

Directors and Key Managerial Personnel

The composition of the Board of Directors of the company is duly constituted and the Directors and Key Managerial Personnel ("KMP") of the Company as on the date of this report is as follows:

| SI No | Name of the Director/KMP | DIN/PAN | Designation |
|-------|--------------------------|------------|-------------------------|
| 1 | Navas M Meeran | 00128692 | Chairman |
| 2 | M E Mohamed | 00129005 | Managing Director (KMP) |
| 3 | M S Ranganathan | 00254692 | Independent Director |
| 4 | K S Neelakanta Iyer | 00328870 | Independent Director |
| 5 | Rani Joseph | 07423144 | Independent Director |
| 6 | Naiju Joseph | 00419362 | Director |
| 7 | Shereen Navas | 00328770 | Director |
| 8 | Devarajan Krishnan* | AFMPK6587P | Chief Financial Officer |
| 9 | Abil Anil* | CPKPA5304J | Company Secretary |

*Mr. Abil Anil was appointed as the Company Secretary with effect from 05th April 2023 and Mr. Devarajan Krishnan was appointed as Chief Financial Officer with effect from 14th August 2023.

During the year under review, following changes occurred in the composition of the Board of Directors and KMP:

| SI No | Name of the Director/KMP | DIN | Designation | Effective Date | Nature of Change |
|-------|--------------------------|-----|-------------------------|----------------------------|------------------|
| 1 | Mr. Mohammed Sherif Shah | NA | Chief Financial Officer | 01 st June 2022 | Retirement |

| | | | | | |
|---|-------------------|----------|--------------------------|--------------------------------|-------------|
| 2 | Mr. Bijo Joseph | NA | Chief Financial Officer | 01 st June 2022 | Appointment |
| 3 | Mr. Bijo Joseph | NA | Chief Financial Officer | 13 th August 2022 | Resignation |
| 4 | Mr. Suresh S.* | NA | Chief Financial Officer | 13 th August 2022 | Appointment |
| 5 | Mr. Sachin Saxena | NA | Chief Executive Officer | 31 st October 2022 | Resignation |
| 6 | Mr. Baiju T | NA | Company Secretary | 16 th December 2022 | Resignation |
| 7 | Mr. Rajesh Jacob | 06443594 | Nominee Director (KSIDC) | 19th January 2023 | Resignation |

**Mr. Suresh S. has resigned from the post of Chief Financial Officer with effect from 04th August 2023 and Mr. Devarajan Krishnan was appointed as Chief Financial Officer with effect from 14th August 2023.*

During the period under review, Mr. M.E. Mohamed was opined to continue to hold the office of Managing Director for a period of 3 years with effect from 11 February, 2022 by the members at the AGM held on 29th September 2022.

Mr. Naiju Joseph, having DIN: 00419362, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his reappointment.

The Board has considered the declarations given by independent directors under Section 149(7) and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to meeting the criteria of independence and compliance with the Code for Independent Directors. Independent directors further declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and are independent of the management.

The Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. The Directors are compliant with the applicable provisions of Companies (Appointment and Qualification of Directors) Rules, 2014.

Board Meetings

Five Board meetings held during the year. Details of Board meetings are included in Corporate Governance Report.

Committees of the Board

The Company has five Board Committees, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Share Transfer Committee. Details of all the committees along with their main terms, composition and meetings held during the year under review are provided in the report on Corporate Governance, forming part of this Annual Report. The Board has accepted all recommendations of the Audit Committee during the year under review.

Board Evaluation

The Board has annually evaluated the performance of the Board, its committees and individual directors. The Board evaluated the performance of Non-Executive and Independent Directors and their core skills, expertise and competencies. 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. Further details of Board evaluation are provided in the Report on Corporate Governance.

Remuneration of Directors and Employees

The Board has considered the Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes and independence of a director. 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 are annexed as **Annexure -1** and forms part of this Report.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134 (3) and (5) 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 period.
- (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) Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (f) Had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Internal Financial Controls

Internal financial control and their adequacy are included in the Management Discussion and Analysis, forming part of this report.

Frauds reported by the Auditor, if any.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso to Section 143(12) of the Act.

Subsidiaries, associates and joint ventures

The company has no Subsidiaries, associates and joint ventures during the period under review.

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.

Unsecured Loan

The Company has accepted unsecured Loan from Director, Mr. Navas Meeran for an amount of Rs. 125 Lakhs during the period under review and the outstanding balance amount as on the period ended 31st March 2023 is Rs. 366 Lakhs

Corporate Social Responsibility

Company has generally taken corporate social responsibility (CSR) initiatives. However, the present financial position of the Company does not mandate the implementation of CSR activities pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013.

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. The company had invested in Shipnext Solutions Private Limited and holds 1441550 equity shares aggregating to 9.69% holding in the shares. The company has also provided Guarantee on behalf of Shipnext Solutions private Limited for the Loan taken from Federal Bank to the extent of Rs. 100 Lakhs.

Contracts or Arrangements with Related Parties

There were no materially significant related party transactions which could have had a 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 - 2**. Disclosures of related party transactions are as given in notes to the Financial Statement.

The Board of Directors, as recommended by 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. The policy on Related Party Transactions is available on the website of the Company. The details of the transactions with related parties during the financial year are provided in the financial statements.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company continues its efforts to improve energy conservation and utilization most efficiently to nurture and preserve the environment and to exploit all its avenues to adopt latest technology in its operations. 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 - 3** to this report.

Risk Management

Company has developed and implemented a risk management policy, and formed a Risk Management Committee 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.

Vigil Mechanism

A Vigil Mechanism for directors and employees to report genuine concerns has been established as required under the provisions of Section 177 of the Companies Act, 2013 and has established mechanism for employees to express to the management, their concerns and suggestions about the deficiencies in the systems and procedures or violation of any code of conduct or general rules. The Vigil Mechanism Policy has been uploaded on the website of the Company. No person has been denied the access to the Audit Committee.

Material Orders of Judicial Bodies / Regulators

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

Statutory Auditors and Auditors' Report

In accordance with Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. G Joseph & Associates, Chartered Accountants, Kochi were appointed as the Statutory Auditors of the Company at the 29th Annual General Meeting for a tenure of five years, from the conclusion the 29th Annual General Meeting till conclusion of 34th Annual General Meeting. Necessary certificate has been obtained from the Auditors as per Section 139(1) of the Companies Act, 2013. The Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report on the financial statement of the Company forms part of this Annual Report.

With respect to the emphasis of matter in the Auditor's reports on the uncertainties associated with recovery of market operations post COVID-19 and its impact on the company's operations, the Board perceived that the Company has initiated steps and activities to improve its performance, as well as to align its efforts to adapt to the changing business environment to focus on more profitable areas. Further the Company has received letter of support from its Chairman and Promoter Director, wherein he has confirmed to provide financial support to the Company to meet the shortfall in its working capital requirements, if required. In view of the above letter of support and various performance improvement measures undertaken, the Management believes that the Company will be able to meet its commitments.

Secretarial Audit Report

The secretarial audit report on the compliance of the applicable Acts, Laws, Rules, Regulations, Guidelines, Listing Agreement, Standards etc. as stipulated by Section 204 of the Companies Act 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 forms part of this report as **Annexure - 4**. There were no qualifications, reservation or adverse remarks given in the Secretarial Audit Report.

Cost Records and Cost Audit

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, hence, no such audit has been carried out during the year. The Cost accounts and records as required to be maintained under Section 148 (1) of Act are duly made and maintained by the Company.

Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

Corporate Insolvency Resolution Process

No application filed for corporate insolvency resolution process, by financial or operational creditor or by the Company under The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal during the year.

Corporate Action

The Board of Directors at its meeting held on 14 February 2019 approved the proposal to convert 9,00,000 outstanding Redeemable Preference Shares into Equity Shares by issue of equity shares through Preferential Allotment route to the Preference Shareholders. Company was in the process of getting required approvals to take further steps for the proposed conversion of Preference Shares. Currently this preference shares continues to be Zero Coupon Redeemable Preference Shares.

Annual Return

In compliance with Section 92 and Section 134 of the Companies Act, 2013 the Annual Return in the prescribed format is available at <https://www.eastertreads.com/reports/Annual+Reports>

Listing and Dematerialization

The equity shares of the Company are listed on the BSE Limited. Shareholders are requested to convert their holdings to dematerialized form to derive its benefits by availing the demat facility provided by NSDL and CDSL.

Corporate Governance Report

Your Company has been complying with the principles of good Corporate Governance over the years and is committed to the highest standards of compliance. Pursuant to Regulation 15(2) of the SEBI (LODR) Regulations 2015, the compliance with the corporate governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para - C, D and E of Schedule V shall not apply to the Company. However, as a good Corporate Governance practice the Company has generally complied with the Corporate Governance requirements and a report on Corporate Governance is annexed as **Annexure - 5** and forms part of this Report.

Management Discussion and Analysis Report

As required under SEBI (LODR) Regulations 2015 the Management Discussion and Analysis Report is annexed as **Annexure - 6** and forms part of this Report.

Employee Wellbeing and Safety

Your Company has implemented policies and procedures with the objective of ensuring employee safety, security and wellbeing at the workplace. As stated in our Code of Conduct, we are committed to provide a gender friendly workplace, equal opportunities for men and women, prevent/redress sexual harassment and institute good employment practices. The Company has adopted policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the year:

- | | | |
|--|---|-----|
| a) Number of complaints pending at the beginning of the year | : | Nil |
| b) Number of complaints received during the year | : | Nil |
| c) Number of complaints disposed off during the year | : | Nil |
| d) Number of cases pending at the end of the year | : | Nil |

Acknowledgement

Your Directors wish to place on record their gratitude to Bankers, Share Transfer Agents, Auditors, Customers, Suppliers and Regulatory Authorities for their timely and valuable assistance and support. The Board values and appreciates the professionalism, commitment and dedication displayed by employees at all levels. Your Directors are thankful to the shareholders for their continued support and confidence.

For and on behalf of the Board

Sd/-

Place: Ernakulam
Date: 04 September 2023

Navas M Meeran
Chairman
DIN: 00128692

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]

- 1) 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 2022-23 are as follows:

| Name of Director / KMP | M.E Mohamed | Sachin Saxena* | Mohammed Sherif Shah* | Bijo Joseph* | Suresh S* | Baiju T* |
|---|-------------|----------------|-----------------------|--------------|-----------|----------|
| Designation | MD | CEO | CFO | CFO | CFO | CS |
| Ratio of remuneration of each Director / to median remuneration of employees [^] | 13.44 | 38.42 | 3.59 | 4.88 | 23.72 | 8.79 |
| % increase/(decrease) in remuneration of Directors & KMP in the FY 2022-23 | 0.00% | -34.98% | -82.66% | 0.00% | 0.00% | -28.22% |

- 2) The percentage increase in the median remuneration of employees in the financial year was 7.5%.
- 3) There were 157 permanent employees on the rolls of Company as on 31st March, 2023.
- 4) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2023-24 was 6.24%, whereas the percentile increase in the managerial remuneration (including remuneration to KMPs) for the same financial year was 11.01%. The increase in remuneration was in line with the performance of the Company, industrial standards and individual employee's performance.
- 5) It is hereby affirmed that the remuneration paid during the year 2023-24 is as per the Remuneration Policy of the Company.
- 6) 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.

Note: -

- None of the Directors except Mr. M.E Mohamed, Managing Director received any remuneration other than sitting fees during the financial year 2022-23.
- [^]Median remuneration of the employees is calculated on the basis of remuneration details of employees including the Managing Director.
- * Marked KMPs resigned from their respective office during the period under review and was not part of the organisation throughout the year under review. The details of change in KMPs is explained in the CG report.

For and on behalf of the Board

Place: Ernakulam
Date: 04 September 2023

Sd/-
Navas M Meeran
Chairman
DIN: 00128692

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)

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 arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts, arrangements, or transactions entered into during the year ended March 31, 2023, which were not at arm's length basis.

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

There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2023, as required to be reported under Section 134 of the Companies Act, 2013 Rule 8(2) of the Companies (Accounts) Rules, 2014 and SEBI (LODR) Regulations read with policy for determination of materiality of events/ information of the Company.

For and on behalf of the Board of Directors

Place: Ernakulam
Date: 04 September 2023

Sd/-
Navas M Meeran
Chairman
DIN: 00128692

**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). Steps taken or impact on conservation of energy | Towards conservation of energy, Company has been focusing on continual improvement for efficient utilization of all kinds of energy sources. With innovative methods in manufacturing process, maintenance and distribution systems, we have reduced the energy utilization. As a measure towards optimum use of natural resources, the company ensures 100% recycling of the leftover rubber and other materials generated during various stages of manufacturing process. |
| (ii). Steps taken by the Company for utilising alternate sources of energy | The Company continue using fire wood/rubber wood, as the fuel for thermic fluid heater saving fossil fuels. Company is planning to utilize alternate sources of energy like liquefied gas in its operations. |
| (iii). Capital investment on energy conservation equipment. | Most of the projects related to energy conservation were done without much capital investment. |

B. Technology Absorption

As an integral part of our continual efforts for implementing innovative technology for enhancing customer satisfaction we have successfully invented new retreading rubber matching with original new tyre performance. Utilizing high performance retread rubber helps to extend life of tyre twice or thrice depends on casing strength of the original tyre.

To illustrate the safety and durability of retreaded tyres we have undertaken a project of performance certification of retreaded tyres vs New tyres in its all range applications in collaboration with Rubber Board, Government of India. Its interim performance report is highly promising for Tyre retreading industry. The R&D department is further working on new materials, compounds, processing methodologies and product designs to meet both national as well as international requirements at optimum costs.

The Company would undertake appropriate R&D activities depending up on the future requirements too. The Company use latest technology and operates at international 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 | 371.08 |
| Foreign exchange outflows | 226.51 |

For and on behalf of the Board of Directors
Sd/-

Place: Ernakulam
Date: 04 September 2023

Navas M Meeran
Chairman
DIN: 00128692

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2023
[Pursuant to section 204(1) of the Companies Act, 2013 and
RuleNo.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
EASTERN TREADS LIMITED
CIN: L25119KL1993PLC007213.

We, BVR & Associates Company Secretaries LLP, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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 **Eastern Treads Limited's** books, papers, minutes book, forms and returns filed and other records produced to us and according to the 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 31/03/2023 complied with the provisions of the Companies Act, 2013 (Act) and the Rules made there under, 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 **Eastern Treads Limited** ("the Company") for the financial year ended on 31/03/2023 according to the provisions of:

1. The Companies Act, 2013 and the Rules made there under.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under.
3. The Depositories Act, 2018 and the Regulations and Bye-laws framed there under.
4. Foreign Exchange Management Act, 1999 and the applicable rules and regulations made there under.
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, 2015.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - e) The Securities and Exchange Board of India (Depositories And Participants) Regulations, 2018

- f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
6. The Listing Agreement has been entered into by the Company with BSE Limited.
7. As informed to us the following other Laws specifically applicable to the Company as under:
- 1) The Factories Act, 1948.
 - 2) The Competition Act, 2002.
 - 3) The Kerala Panchayat Raj Act, 1994.
 - 4) Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013.
 - 5) The Petroleum Act, 1934
 - 6) The Rubber Act 1947

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

- 1) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations noted against each legislation.

In respect of other laws specifically applicable to the Company, we have relied on information/ records produced by the Company during the course of our audit and the reporting is limited to that extent.

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 no Subsidiaries, associates and joint ventures during the period under review.
- 3) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Woman Director. Adequate notice is given to all directors to schedule the Board Meetings, and agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- 4) The Company has during the period reappointed Mr.M E Mohamed as the Managing Director of the Company for a period of 3 years with effect from 11 February, 2022 by the members at the AGM held on 29th September 2022.
- 5) 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.

- 6) 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.
- 7) 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.
- 8) The company had invested in Shipnext Solutions Private Limited and holds 1441550 equity shares aggregating to 9.69% holding in the shares.
- 9) 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.
- 10) The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s)/financial institution(s) or non-banking financial companies. The Company has not issued Debentures / collected Public Deposits.
- 11) The Company has created /modified or satisfied charges on the assets of the Company and complied with the applicable provisions of Companies Act 2013 and other Laws.
- 12) All registrations under the various States and Local Laws as applicable to the Company are valid.
- 13) The Company has not issued and allotted the securities during the period under scrutiny.
- 14) The Company has not declared and paid dividends to its shareholders during the period under scrutiny.
- 15) The Company has not issued debentures and not accepted fixed deposits.
- 16) The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.
- 17) The Company being a listed entity has complied with the provisions of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 18) 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 followed the Secretarial Standards issued by the Institute of Company Secretaries of India.
2. The Listing Agreement has been entered into by the Company with BSE Limited. The Company has complied with the provisions of Equity listing Agreements and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

4. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
5. The provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable for the company during the period under scrutiny.
6. 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.
7. 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.
8. 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.
9. 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.
10. The Company has complied with the provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
11. 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.
12. The Company has not received any Investor Complaints under Regulation 13 of Securities Exchange Board of India ((Listing Obligations and Disclosure Requirements) Regulations, 2015, during the period under scrutiny.
13. The Company is not required to submit the Corporate Governance Report as required under the Regulation 27(2) of Securities Exchange Board Of India ((Listing Obligations and Disclosure Requirements) Regulations, 2015 as the Company's paid up equity share capital not exceeding Rupees Ten Crores and net worth not exceeding Rupees Twenty Five Crores as on the last day of Previous Financial Year.

We further report that:

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

1. The Factories Act, 1948
 - a. Factory license is valid up to 31/12/2023.
 - b. Statutory registers as per Factories Act has been maintained.
2. The Competition Act 2002
Overall Compliance under the Act complied by the Company.
3. The Kerala Panchayat Raj Act 1994.
 - a) The Panchayati Raj License is valid upto 31/03/2024
 - b) The License to Dangerous and Offensive Trades is valid as on date and the Company has complied with the provisions of this Act. Necessary steps were taken by the Company for renewing all the Licenses during the period under review.

4. 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 and the policy has been published in the website of the company.
 - b. As per the information and records available from the Company there were no complaints during the financial year in this regard and the Company ensures protection to the women employees.
5. The Petroleum Act, 1934
 - a. Overall Compliance under the Act complied by the Company.
 - b. The Company has obtained a valid license from the Petroleum & explosives safety organization and the license is valid up to 31/12/2025.
6. The Rubber Act 1947
 - a. Overall Compliance under the Act complied by the Company.
 - b. The License from Rubber Board for acquisition and sale is valid till 31/03/2028.
7. The Company has obtained integrated consent to operate license from Kerala State Pollution Control Board and the same is valid up to 30/06/2023.

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.

Sd/-
CS YOGINDUNATH S
DESIGNATED PARTNER
BVR & ASSOCIATES COMPANY SECRETARIES LLP
MEMBERSHIP NUMBER: F7865
CERTIFICATE OF PRACTICE NO: 9137
UDIN: F007865E000797555
PEER REVIEW NUMBER: P2010KE020500

Place: Ernakulam
Date: 14.08.2023

'ANNEXURE'

To

The Members

EASTERN TREADS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ernakulam

Date: 14.08.2023

Sd/-

CS YOGINDUNATH S
DESIGNATED PARTNER
BVR & ASSOCIATES COMPANY SECRETARIES LLP
MEMBERSHIP NUMBER: F7865
CERTIFICATE OF PRACTICE NO: 9137
UDIN: F007865E000797555
PEER REVIEW NUMBER: P2010KE020500

CORPORATE GOVERNANCE REPORT

Your Company is generally complying with the requirements of the Corporate Governance practices. Pursuant to the Listing Agreement read with Regulation 15(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the requirement of compliance with the corporate governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V is not mandatory to the Company. Accordingly, the Board at its meeting held on 13 September 2021 decided to opt this exemption. However, as a good Corporate Governance practice a report on the voluntary implementation of the Corporate Governance provisions by your Company is furnished below:

Company's Philosophy on Corporate Governance

The Company has established a reputation for honesty and integrity. While focusing on Corporate Governance, we practice the highest standards of ethical and responsible business culture and thereby enhance the value of all 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 consist up of one Executive Director and Six Non-Executive Directors (as Mr. Rajesh Joseph has resigned from the Board effective from 19th January 2023) that includes Woman Directors and Independent Directors. Non-Executive Director has been appointed as Chairman of the Company. 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 are 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 | 15 | 1 | None | None |
| Mr. M.E. Mohamed | MD & ED | 5 | Yes | 4 | None | None | None |
| Mrs. Shereen Navas | P&NE | 3 | Yes | 5 | None | None | None |
| Mr. M.S. Ranganathan | NE & I | 4 | Yes | 1 | None | None | None |
| Mr. K.S. Neelakanta Iyer | NE & I | 5 | Yes | 2 | None | None | None |
| Mr. Naiju Joseph | NE | 4 | Yes | 1 | None | None | None |
| Mr. Rajesh Jacob* | NE & N | 1 | No | 2 | None | None | None |
| Mrs. Rani Joseph | NE & I | 4 | Yes | 2 | None | None | None |

C: Chairman; P: Promoter/promoter group; E: Executive Director;

N: Nominee Director (Nominee of KSIDC)

I: Independent Director; NE: Non-Executive Director; MD: Managing Director;

Includes directorships in Public and Private Ltd companies.

**Mr. Rajesh Jacob resigned from the office of Nominee Director with effect from 19th January 2023*

Mrs. Shereen Navas, wife of Mr. Navas M Meeran, Chairman occupy the position of woman director in the Board. No other director of the Company is relative of any other director of the Company. Mr. Navas M Meeran, Chairman hold 1322250 (25.27%) Equity Shares and 80% (720000 shares of ₹100 each), zero coupon redeemable preference shares of the Company. Regarding the details of number of shares held by non-executive directors, please refer the Annual Return, available at the website of the company, www.easterntreads.com. None of the Directors of the Company holds any convertible instruments in the Company. None of the above directors are holding directorship in other listed companies.

Knowledge in the industry in which the Company operates, its business, policies and culture, attributes and competencies to use their knowledge and skills, Strategic thinking and decision making, Financial skills, Technical or Professional skills and knowledge to direct the business of the Company are the core skills, expertise and competencies identified by the Board of Directors, as required in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The information about the director as required to be provided pursuant to the Listing Agreement read with SEBI (LODR) Regulations, 2015, furnished in the notice to Annual General Meeting.

Number and date of Board Meetings

Five Board meetings were held during the year. The Board meets at least once in a quarter with a gap of not more than 120 days between any two meetings. The details of the Board meetings are as under.

| Sl. No. | Date | Board Strength | Directors present | Sl. No. | Date | Board Strength | Directors present |
|---------|-------------------|----------------|-------------------|---------|------------------|----------------|-------------------|
| 1 | 30 June 2022 | 8 | 5 | 4 | 09 November 2022 | 8 | 7 |
| 2 | 12 August 2022 | 8 | 6 | 5 | 11 February 2023 | 8 | 5 |
| 3 | 02 September 2022 | 8 | 7 | | | | |

Independent Directors

The Company has complied with applicable provisions of Listing Agreement read with SEBI (LODR) Regulations 2015 and the provisions of Section 149(6) Companies Act, 2013 with respect to the appointment of Independent Directors. The Company 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 and familiarization programmes imparted to independent directors were disclosed in the Company's website: www.easterntreads.com. 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 31 March 2023 without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting. The Independent Directors reviewed the performance of non-independent directors, the Board and the Chairman as well as the information flow structure of the Company.

Audit Committee

The Audit Committee is duly constituted in accordance with the Listing Agreement read with SEBI (LODR) Regulations 2015 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 adheres to the terms of reference, prepared in compliance with Section 177 of the Companies Act, 2013, and SEBI (LODR) Regulations 2015. The Members of the Committee are:

| <u>Name</u> | <u>Category</u> | <u>Position</u> |
|--------------------------|------------------------------------|-----------------|
| Mr. K.S. Neelakanta 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 fixing audit fee as well as payment for other services etc.

Five Audit Committee meetings held during the year 2022-23 at the Registered Office of the Company on 30 May 2022, 12 August 2022, 02 September 2022, 09 November 2022 and 10 February 2023. The Chairman and other members of the Committee, representatives of Internal and Statutory Auditors and Chief Financial Officer, attended all the meetings. The Company Secretary acts as Secretary to the Audit Committee and no personnel has been denied access to the audit committee. The internal auditor is reporting directly to the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting held on 29 September 2022 to answer the shareholders' queries.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Listing Agreement read with SEBI (LODR) Regulations 2015 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 Committee Members are:

| <u>Name</u> | <u>Category</u> | <u>Position</u> |
|--------------------------|------------------------------------|-----------------|
| Mr. M.S. Ranganathan | Non-Executive Independent Director | Chairman |
| Mr. K.S. Neelakanta Iyer | Non-Executive Independent Director | Member |
| Mr. Naiju Joseph | Non-Executive Director | Member |

The Company Secretary acts as the Secretary to the Committee. 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 Nomination and Remuneration Committee held meeting on 30 May 2022, 12 August 2022 and 10 February 2023 with required quorum. The Chairman of the committee was present at the Annual General Meeting held on 29 September 2022 to answer the shareholders' queries.

Performance evaluation criteria for Independent Directors

The performance evaluation of Independent Directors was completed. The Board of Directors have expressed their satisfaction with outcome of the evaluation process. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

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, Key Managerial Personnel 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 available on the website of the company, www.easterntreads.com.

Remuneration paid to Directors

The company has paid remuneration to Mr. M E Mohamed, Managing Director during the period under review and the details are as follows:

| | (₹ in Lakhs) |
|----------------------|--------------|
| Basic salary | 8.28 |
| HRA | 4.14 |
| Conveyance Allowance | 0.19 |
| Special Allowance | 1.19 |
| Total | 13.80 |

The details of remuneration/sitting fee paid to Directors during the financial year are as given in the Annual Return available at www.easterntreads.com. Other than sitting fee the Company has not paid any remuneration such as salary, benefits, bonuses, stock options, pension, performance linked incentives etc. to other directors and there is no other pecuniary relationship or transactions between the Company and the non-executive directors, other than the related party transactions as reported in the noted to Financial statements.

Share Transfer Committee

The Share Transfer Committee constituted on 25 June 1996 in compliance with the requirements of Listing Agreement. The Company Secretary acts as the Secretary to the Committee. The members of the Committee are:

| <u>Name</u> | <u>Category</u> | <u>Position</u> |
|---------------------|--|-----------------|
| Mr. Navas M Meeran | Promoter / Non-Executive Director | Chairman |
| Mr. M.E. Mohamed | Managing Director / Executive Director | Member |
| Mr. M.S Ranganathan | Non-Executive Independent Director | Member |

Three Share Transfer Committee meetings held during the financial year and reviewed the transmission of shares, issue duplicate share certificates and matters connected with the transfer of shares.

Stakeholders Relationship Committee

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

| <u>Name</u> | <u>Category</u> | <u>Position</u> |
|--------------------------|------------------------------------|-----------------|
| Mr. Najju Joseph | Non-Executive Director | Chairman |
| Mr. M.S. Ranganathan | Non-Executive Independent Director | Member |
| Mr. K.S. Neelakanta Iyer | Non-Executive Independent Director | Member |

The Stakeholders Relationship Committee looks into shareholders' complaints relates to 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 Agent, and recommends measures for overall improvement in the quality of investor services.

The Company complied with the requirements of SCORES, initiated by SEBI for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders' complaints. No complaints from the shareholders received during the financial year and there were no outstanding complaints as on 31 March 2023.

| | |
|------------------------------------|---|
| <u>Compliance Officer Details:</u> | Mr. Abil Anil Company Secretary Eastern Treads Limited 3A, 3 rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally Phone: 0484-7161247 Email: treads@easterntreads.com |
|------------------------------------|---|

Risk Management Committee

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

| <u>Name</u> | <u>Category</u> | <u>Position</u> |
|----------------------|--|-----------------|
| Mr. M.S. Ranganathan | Non-Executive Independent Director | Chairman |
| Mr. M.E. Mohamed | Managing Director / Executive Director | Member |
| Mrs. Rani Joseph | 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 | Venue | Date | Day | Time | Special Resolution passed |
|-------|--|------------|----------|---------|---------------------------|
| 21-22 | Registered Office, through (VC) / (OAVM) | 29/09/2022 | Thursday | 4:00 PM | Yes |
| 20-21 | Registered Office, through (VC) / (OAVM) | 10/08/2021 | Tuesday | 3.00 PM | Yes |
| 19-20 | Registered Office, through (VC) / (OAVM) | 15/09/2020 | Tuesday | 3.00 PM | No |

No Extraordinary General Meeting was held during the financial year and no special resolutions were put through postal ballot last year and at present no proposal to pass any special resolution through postal ballot.

Financial Calendar (Tentative)

| | |
|---|---|
| Annual General Meeting | : Friday, 29 September 2023 |
| Quarterly Financial Results | : Within 45 days of the end of each quarter |
| Audited yearly results - year ended 31 March 2024 | : Within 60 days of the end of financial year |

Means of Communication

The quarterly financial results, after their approval by the Board of Directors, promptly issued to the Stock Exchange (BSE). These Quarterly Financial Results normally published in "Business Line", "Deepika" and posted on the Company's website: www.easterntreads.com. The Company's website also displays all official news releases, if any

and the presentations made to institutional investors or to the analysts. All material information about the Company promptly sent to the Stock Exchanges.

| Annual General Meeting | Book Closure & Record Date |
|---|---|
| Date : 29 September 2023 Time : 11.00 A.M Mode : VC /OAVM Venue : Registered Office (<i>Deemed</i>) Eastern Corporate Office, NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala | Book Closure : Nil Cut-off Date : Friday, 22 September 2023 (for entitlement to e-voting) |

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 with related parties were in the ordinary course of business and at arm's length. The Board regularly reviewed the Register of Contracts containing transactions, in which Directors are interested. Disclosures of related party transactions as required has given in notes to the Financial Statements as well as in Form AOC-2 in Annexure – 3 of Director's report. Policy on dealing with related party transactions are available on the Company's website: www.easterntreads.com

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 or 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.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all applicable mandatory requirements in terms of Regulations of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Company has also adopted the non-mandatory Requirements to the extent and in the manner as stated elsewhere in the report.

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 made available in 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 annexed to this report.

Listing on Stock Exchange

The equity shares of the Company are listed on the BSE Ltd. The Company has paid the annual listing fees for the year 2022-23 to BSE Ltd and the annual custodial fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within due dates. The securities listed are not suspended from trading for any reason during the period under review.

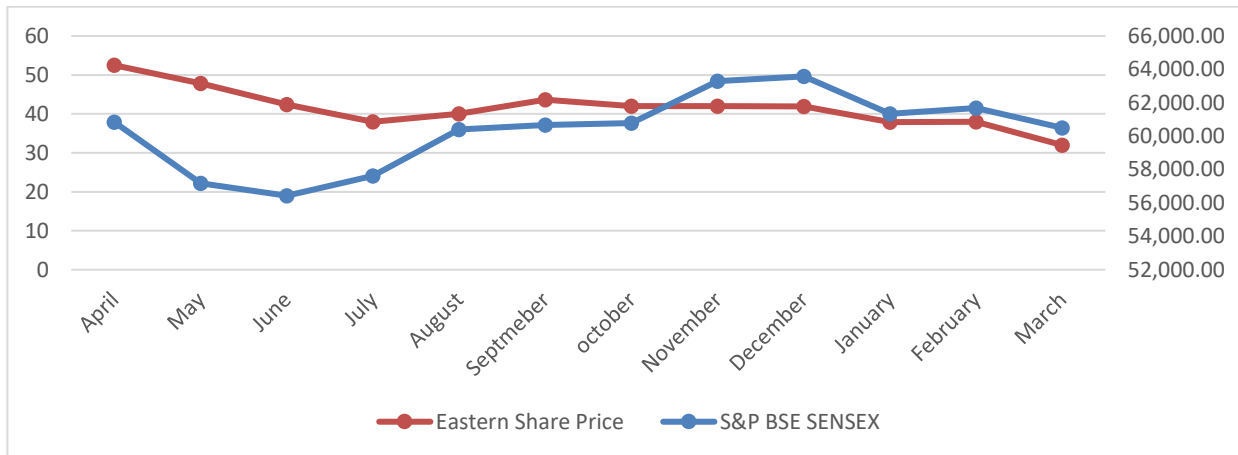
| Stock Code & Demat ISIN Number | Registrar and Share Transfer Agent |
|---|---|
| Scrip Code No. : 531346 Trading Symbol : EASTRED Demat ISIN Number : INE500D01015 | Integrated Registry Management Services (P) Ltd 2 nd Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-600017 |

Phone: 044 28140801, 28140803,
 Fax: 044 – 28143378, 28142479
 E-mail: corpserv@integratedindia.in

Market Price Data: High, Low during Each Month in Last Financial Year

Amount in ₹

| Month | BSE | | Month | BSE | |
|-----------------|------------|-----------|----------------|------------|-----------|
| | High Price | Low Price | | High Price | Low Price |
| April, 2022 | 52.00 | 36.00 | October, 2022 | 42.00 | 32.30 |
| May, 2022 | 47.85 | 34.95 | November, 2022 | 42.00 | 33.20 |
| June, 2022 | 42.45 | 25.70 | December, 2022 | 41.90 | 33.20 |
| July, 2022 | 38.00 | 26.30 | January, 2023 | 37.90 | 32.05 |
| August, 2022 | 40.00 | 30.05 | February, 2023 | 38.00 | 28.00 |
| September, 2022 | 43.65 | 31.40 | March, 2023 | 31.98 | 25.05 |

Performance in Comparison to Broad-based Indices such as BSE Sensex

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. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form. Hence, the Company has stopped accepting any fresh lodgement of transfer of shares in physical form.

The share transmission/transposition 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 transmission/transposition was pending as on 31/03/2023. Shares held in dematerialized form are electronically traded and the Registrars and Share Transfer Agent of the Company periodically receive from the Depository, the beneficiary holdings to update their records.

Company obtained half-yearly certificate in compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulations 2015 from a Company Secretary in practice and submitted the certificate with the Stock Exchanges within the prescribed time limit.

Distribution of Shareholding as on 31 March 2023

| Category | No. of shareholders | % of shareholders | No. of shares holding | % Shares |
|-------------------|---------------------|-------------------|-----------------------|---------------|
| Equity | | | | |
| Up to 500 | 1606 | 81.81 | 241469 | 4.62 |
| 501 – 1000 | 204 | 10.39 | 171816 | 3.28 |
| 1001 – 2000 | 56 | 2.85 | 86172 | 1.65 |
| 2001 – 3000 | 32 | 1.63 | 83632 | 1.60 |
| 3001 – 4000 | 11 | 0.56 | 40237 | 0.77 |
| 4001 – 5000 | 12 | 0.61 | 56937 | 1.09 |
| 5001 – 10000 | 19 | 0.97 | 147991 | 2.83 |
| Above 10000 | 23 | 1.17 | 4403746 | 84.17 |
| Total | 1963 | 100.00 | 5232000 | 100.00 |
| Preference | | | | |
| Above 10000 | 2 | 100.00 | 900000 | 100.00 |
| Total | 2 | 100.00 | 900000 | 100.00 |

Shareholding Pattern as on 31 March 2023

| Category | Equity | | | | Preference | | |
|--------------------------|----------------|---------------|----------------|---------------|----------------|---------------|------------|
| | No. of holders | % | No. of shares | % | No. of holders | No of shares | % |
| Promoters | 09 | 0.48 | 3435700 | 65.67 | 2 | 900000 | 100 |
| Body Corporate | 13 | 0.69 | 68439 | 1.31 | -- | --- | --- |
| NRI / OCB | 35 | 1.87 | 13059 | 0.25 | -- | --- | --- |
| Public | 1818 | 96.91 | 1714801 | 32.77 | -- | --- | --- |
| Others (Clearing Member) | 1 | 0.05 | 1 | 0.00 | -- | --- | --- |
| Total : | 1876 | 100.00 | 5232000 | 100.00 | 2 | 900000 | 100 |

Dematerialization of Shares and Liquidity

As on 31 March 2023, 93.37% of the Company's total paid up equity capital representing 4885000 equity shares as in dematerialized form. The balance 6.63% equity representing 347000 shares are held in physical form.

Convertible Instruments

Outstanding GDRs, ADRs, Warrants, Convertible instruments, conversion date and likely impact on equity are not applicable.

Plant Location

Oonnukal P.O, Kothamangalam, Ernakulam District, Kerala

Credit Rating

The credit ratings obtained by the Company during financial year 2022-23 from CRISIL are as follows:

| | | |
|----------------------------------|---|---|
| Total Bank Loan Facilities rated | : | ₹3050 Lakhs |
| Long term ratings | : | CRISIL B/Stable (Downgraded from 'CRISIL BB- / Stable') |
| Short term ratings | : | CRISIL A4 (Downgraded from 'CRISIL A4+') |
| Date of the credit rating report | : | 31 st October 2022 |

Commodity price risk or foreign exchange risk

Commodity prices of natural rubber will affect the Company due to its disparity in demand and supply, weather conditions, market expectations etc. that will affect the price fluctuations. The Company manages these price fluctuations by actively managing the sourcing and private purchases. With continuous monitoring and market intelligence the purchase department, take appropriate strategy to deal with the market volatility. The export and import operations of the Company is exposed to foreign exchange risk, which can influence the profitability. Presently the Company has not executed foreign currency hedging to manage this risk.

Investor Education and Protection Fund

Pursuant to Section 124(5) of the Companies Act, 2013 the amount of dividends that remain unclaimed/unpaid for a period of seven years from the date on which they were declared, the unclaimed amount shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, pursuant to Section 124(6) read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 members whose dividend amount has not been paid or claimed for seven consecutive years or more, the shares held by them shall be credited to the DEMAT Account of the Investor Education and Protection Fund Authority (IEPFA).

During the year, the Company had transferred to IEPF unclaimed final dividend of `Rs. 1,89,599/-for the financial year ended March 31, 2015 and unclaimed interim dividend of Rs.1,82,190/- for the financial year ended March 31, 2016 to IEPF, in the month October, 2022 and February, 2023 respectively. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. The details of unclaimed dividends are available on the Company's website, www.easterntreads.com. The information relating to outstanding dividend accounts and the dates when due for transfer to IEPF are as follows:

| Financial year ended | Date of declaration of dividend | Last date for claiming Unpaid | Dividend Transfer to IEPF |
|----------------------|---------------------------------|-------------------------------|---------------------------|
| 31 March 2016 | 04 June 2016 | 10 July 2023 | August 2023 |
| 31 March 2017 | 06 July 2017 | 11 August 2024 | September 2024 |

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed Dividend amounts as on March 31, 2022 in accordance with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The above details are also available in the investor information section of the website of the Company at www.easterntreads.com/investors

Transfer of shares to IEPF Authority

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refunds) Rules, 2016, as amended from time to time, ("the Rules" / "IEPF Rules") the Company is required to transfer the equity shares in respect of which dividends are not claimed for the last 7 years by any shareholder to the IEPF Authority. During the year under review, the Company has transferred to IEPF the following shares:

| Year from which dividend has remained unclaimed / unpaid for seven consecutive years | No of shares |
|--|--------------|
| 2014-15 | 255598 |

The Company has remitted / transferred the dividends declared on the shares already transferred to the IEPF Authority and the details are available at the investor section of the website of the Company at www.easterntreads.com. The other benefits, if any, arising out of shares already transferred to IEPF Authority will also be received by the IEPF

Authority unless those shares are claimed by the shareholders. No claim shall lie against the Company in respect of any dividend or shares transferred to the IEPF Authority. However, the shareholders may claim their shares / dividend by filing the electronic request for the same by following the procedure available on the website of IEPF at www.iepf.gov.in. The shares relating to unclaimed Dividend for FY 2015-16 (Final) are liable to be transferred to IEPF Authority during the current FY 2023-24. In this regard, the company has already intimated and published notice to the concerned shareholders and requisite details are made available on the Investors section of the Company's website at www.easterntreads.com and the dividend unclaimed as on due date will be transferred to IEPF as per the prescribed procedure under the rules.

The Company has intimated this to the concerned shareholders whose dividend amount for FY 2014-15 as well as subsequent dividend warrants issued up to FY 2016-17 remains unpaid or unclaimed indicating the timeline to claim the outstanding dividend amounts. The Company had also released advertisement in National Daily and Regional language daily for transferring unpaid/ unclaimed dividend and unclaimed shares of the Company to Investor Education and Protection Fund (IEPF) Account as per Section 124(6) of the Companies Act, 2013. The details of the unpaid Dividend remaining and shares to IEPF and the details of such transfer is available in the website of the Company. Shareholders may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.

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, the members may contact in the following addresses:

| | |
|---|---|
| Integrated Registry Management Services (P) Ltd 2 nd 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 | The Company Secretary Eastern Treads Limited, 3A, 3 rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam - 682 024, Kerala. Phone: 0484 7161247 Email : cs@easterntreads.com treads@easterntreads.com |
|---|---|

Demat Suspense Account/ Unclaimed Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

Trading window closure

The trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

Audit report

The explanations and comments by the Board on the qualifications made by the auditor in their report are given in the Director's report.

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 dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

Utilization of Funds

The company has not raised funds through preferential allotment or qualified institutions placement, hence the disclosure of Regulation 32(7A) is not applicable during the period under review.

Disclosure requirements under Regulation 30 A

In pursuance of Regulation 30A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby disclose that the Company has an agreement with Shipnext Solutions Private Limited (erstwhile subsidiary company) to extend corporate guarantee against a term loan amounting to Rs. 100 Lakhs taken from Federal bank Limited. The details are available under the investor tab in the website of the company at <https://www.eastertreads.com/en/investor-Zone>

Material Subsidiary

The Company has no material subsidiary or subsidiary company during the period under review.

Fees paid to statutory Auditor

During the period under review the company has paid an amount of Rs. 5.57 Lakhs as fees to auditors including the audit fee and re-imbusement of expenses.

For and on behalf of the Board of Directors

Place: Ernakulam
Date: 04 September 2023

Sd/-
Navas M Meeran
Chairman
DIN: 00128692

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 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 been approved by the Board of Directors 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

Place: Ernakulam
Date: 04 September 2023

Sd/-
M.E. Mohamed
Managing Director
Din: 00129005

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
EASTERN TREADS LIMITED
3A, 3rd Floor, Eastern Corporate Office
34/137 E, NH Bye-Pass,
Edappally Kochi- 682024

We, SEP & Associates, Company Secretaries, Kochi have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. **EASTERN TREADS LIMITED** having **CIN: L25119KL1993PLC007213** having registered office at 3A, 3rd Floor, Eastern Corporate Office 34/137 E, NH Bye-Pass, Edappally Kochi KL 682024 (hereinafter referred to as “the Company”), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| SI No | Name of the Director | DIN | Initial Date of Appointment in the Company |
|-------|---|----------|--|
| 1 | Navas Manalumparayil Meeran | 00128692 | 26/08/1997 |
| 2 | Manalumparayil Ebrahim Mohamed | 00129005 | 26/08/2005 |
| 3 | Mathur Seshaiyer Ranganathan | 00254692 | 09/05/2019 |
| 4 | Neelakanta Iyer Kaitharam Subramony Iyer | 00328870 | 09/05/2019 |
| 5 | Rani Joseph | 07423144 | 09/05/2019 |
| 6 | Naiju Joseph | 00419362 | 01/09/1998 |
| 7 | Shereen Navas | 00328770 | 31/03/2015 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on this, based on our verification. While forming opinion on issuance of this certificate we have also taken into consideration independent legal opinion wherever there was a scope for multiple interpretations. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SEP & Associates,
Company Secretaries
(Peer Review Certificate no. 3693/2023)

UDIN: F003050E000898857

Sd/-
CS Puzhankara Sivakumar
Managing Partner
COP: 2210 FCS: 3050
Date: 31.08.2023
Place: Kochi

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

Market and Emerging Trends: In FY 22-23, India witnessed major challenges due to Ukraine war started in Feb 2022 at a time when they were gradually looking to rise above the pandemic distress. GDP growth rate slowed down in the first two quarters of 22-23 due to higher commodity prices (mainly Oil & Energy), rise in inflation trends globally, recession fears, supply chain constraints, trade imbalances etc. This has led to the breakdown of a number of key infrastructure projects in India. However, India has bounced back well in the later part of 22-23 and has reinforced the country's belief in its economic resilience as it has withstood the internal and external challenges alike. Even though, India pace of growth is likely to slow down, it is still considered as a fastest growing economy in the coming years.

Indian logistics industry: Accounts for 14.4 per cent of the GDP. The sector is growing rapidly with an aim to achieve \$380 billion by 2025. The surge in hyperlocal logistics along with the e-commerce industry are the major factors driving the industry's growth. Additionally, technological advancements and the government promoting local manufacturing through the 'Make in India campaign' are also contributing to the industry's progress. The recent launch of the National Logistics Policy which will help speed up the industry's growth and ensure the seamless movement of cargo and people across transportation modes. To sum up, the logistics sector is walking on the growth path and seems to have a progressive future. The NLP initiative will bring a paradigm shift in multimodal transport and position India as a global player in the digital and paperless logistics system.

India Retread Tyre Market: India retread tyre market size is projected to grow at a CAGR of 3.21% during the forecast period between 2023 and 2029. The commercial vehicle sector is one of the major drivers of the India retread tyre market. The expanding automobile industry is creating new opportunities in the market place. Also, consumers are more likely to prefer sustainable solutions. Leading retread tyre manufacturers are implementing advanced manufacturing processes and strategies to eliminate operational issues and deliver high-quality retread tyres to end users. The expansion of the logistics industry and rising freight demand have created an advantageous environment for the sale of retreaded tyres. The demand for tyre retreading is increasing rapidly due to increased wear and tear of tyres.

Sales channel: India retread tyre market is divided into State transport and Independent Service Provider segments. The independent service provider segment is a higher contributor to the India retread tyre market. Major vehicle fleet owners prefer to retread tyres from independent service providers, cementing their dominance as the preferred sales channel in the market. The strategies used by the major market leaders of tyre Industry are new product launches, mergers & acquisitions, and alliances. To grow their market share, these companies are also focusing on investing in innovations, collaborations, and expansions.

Opportunities: Expansion of National Highway network, Collaboration between State Transport/Fleets/Retreading Organizations, Product innovations, Regulatory standards, Consolidation of Tread rubber manufacturers (Organized v/s Unorganized at 50% each) etc bring more focus into this Industry. As in most parts of the world, tyre retreading in India is done extensively for commercial vehicles such as trucks and busses. The primary reason for retreading tyres is to save operational costs as applying a new tread can be done at less than half the cost of a new tyre. With further growth of the economy, there will be an increased numbers of vehicles in transport as well as passenger vehicles and hence more tyres will be required. Hence, there is a very wide scope for retread tyres as an original replacement. The Government is working towards expanding the National Highway network to two-lakh kilometer by 2025. Apart from the National Highways, the Government has also taken measures to address village-level road network through the Gram Sadak Yojana. India's vast geography with this improving networks and connectivity will further improve the road transportation and is important for tyre and related industries to grow further.

Threats: Supply chain constraints, Chinese products, and Regulatory compliances pose threats. Further the prediction of low monsoon can affect the rural demand and any extreme weather events can impact agriculture and other activities which can indirectly impact the industry.

Growth Drivers: Rising demand for cost effective and economical tires, Increasing Logistics market, Environmental friendly and availability of retreaded tires

Government support: The new Extended Producer Responsibility (EPR) for waste tyre Policy, released on July 23 by India's Ministry of Environment, Forests and Climate Change, has given the country's retreading industry a huge boost by recognizing retreading companies as a necessary element of the waste tyre management system and by including retreading as an integral part of the Policy. On production of retreading certificates, the extended producer responsibility obligation will get deferred by one year for the corresponding quantity of waste tyre.

Segment-wise or product-wise Performance of our Company in FY 22-23:

ETL manufactures quality tread rubber, rubber compounds, cushion/bonding gum and black vulcanizing cement.

- Production of tread rubber in FY 22-23 was 2,638 tons v/s 3,518 tons in FY 21-22 shows a reduction of 880 tons. Others include Compounds, Cushion/bonding gum etc. lower by 268 tons in FY 22-23.
- Sales in FY 22-23 was 3313 tons v/s 4563 tons in FY 21-22 shows a reduction of 1250 tons. Tread rubber products constitute 83% and the rest 17% are others.

Business strategy and actions undertaken:

Our Company, ETL focused on the following areas in FY 22-23 which intends to have a long standing effect on the Companies profitable performance in the coming years:

- Product innovations: Worked on new product solutions (particularly radial tyre retreading), product mix combinations to make long life/high comfort products.
- Regional Transport Corporation (RTC) Sales: Brought down the business due to outstanding debts and delayed receipts of funds. This has strengthened the balance sheet. Sales in FY 21-22 was 1164 tons v/s 226 tons in FY 22-23. Reduction of 938 tons.
- Procurement strategy: Natural rubber prices were consistently on the rise. Evaluated different markets for products as a substitute for the natural rubber. Import of synthetic rubber was one such strategy. Raw material costs constitute almost 70% of the total sales value.
- Unprofitable branches/depots: Closed down 2 branches and worked on Zones which has high potential of growth.
- Credit limits reset: Due to high receivables in FY 21-22, we had implemented revised credit limits with the Customers (Cash & carry, advance payments, bank guarantee etc.). This has impacted sales but improved the Balance sheet Asset quality. The cash generated from operations in FY 22-23 was Rs. 480 Lakhs compared to Rs. 139 Lakhs in FY 21-22 which shows a significant improvement. This is mainly on account of reduction in inventory levels and outstanding receivables- Rs. 2,749 Lakhs in FY 21-22 reduced to Rs. 2,032 Lakhs in FY 22-23. Also the bank liability levels have come down from Rs. 2,220 Lakhs in FY 21-22 to Rs. 1,829 Lakhs in FY 22-23.
- Revamped Production/Marketing team: Brought in professionals who has wider experience in the Industry and better networking capabilities to work on targeted performance of the Company.
- Fleet management services: Company is aggressively started working with fleets in starting complete tyre management services, which will help the fleet and the Company to develop long term partnership and insulate the fleet from fluctuating costs.
- Extended Producer Responsibility: Evaluated various opportunities as part of this clause to grow business profitably.

ETL being the pioneer in manufacturing and marketing of tyre retreading materials. The Company is confident of maintaining a strong position in the market due to the above steps in the coming years. It has developed several distinct strengths such as robust brand image, best-in-class service capability and wide portfolio of quality products. We are on the path to build comprehensive and industry leading capabilities that would generate long term opportunities in India and worldwide. With an increasing distribution presence and high quality products and services, ETL is hopeful of enhancing its share of the various markets it addresses. Our main objective is to become a one-stop shop for our customers' requirements and deliver substantial economic returns to their businesses.

Risks management:

The Company's Risk Management Committee, periodically reviews the risks in the organization, identifies new risk areas, develops action plans and monitors and reports the compliance and effectiveness of the policy and procedure to the Audit Committee and Board. The Company's performance primarily depends on the performance of the tyre replacement market. This market has several growth levers like growth of the economy, development of infrastructure, commercial vehicle sales and other trends relating to the transportation sector. The Company's Board of Directors perceives the following risks as current high risks areas:

Financial Risk: In the course of our business activities, financial risks may arise from changes in interest rates, exchange rates, raw material prices, or share and fund prices and ETL is exposed to certain financial risks namely interest risk, currency risk and liquidity risk. The financial risks are managed in accordance with the risk management policy/practices. We use cash and carry, advance payments and bank guarantees to mitigate credit risk on account of material supplied to customers and payments received. There is an ongoing follow-up, which arrests any delay of payments from customers.

Fluctuation in Raw Material Price and Other Input Costs: Risks can arise due to unexpected changes in commodity prices, which are following the global move can impact margins. We purchase a variety of raw materials and products, which we use in our production. Major risks could arise from a few raw materials, which we use such as Natural Rubber, Synthetic Rubber and Carbon Black. The Company manages this by actively managing the sourcing and private purchases. As we import many categories of products, we are also exposed to foreign currency fluctuation, which could lead to a significant fluctuation in these raw material costs. We have maintained raw material inventories to mitigate this risk, which adversely impacted working capital and put pressure on interest costs. We generally factor in normal variations of raw material prices and input costs when fixing product prices with customer but any exceptional fluctuations in input costs combined with market pricing patterns may have an adverse impact on profitability.

Changes in Governments' Policies: Unanticipated changes in Government policies may affect the company's financial position.

Operational Risk: Preventive maintenance is carried out periodically to achieve increased machine availability. Adequate inventory of stocks at each stage of operation is maintained to run production schedules uninterrupted.

Product Risk: Research and development efforts are undertaken to continuously develop new products categories and expand the portfolio, along with improved service and value to our customers.

Internal Control System and their Adequacy

ETL has implemented suitable controls to ensure the achievement of its operational, compliance and reporting objectives. The Company has adequate policies and procedures in place for its current size as well as the future growing needs. The Company has a well-defined and structured internal control mechanism, commensurate with the size and nature of the business and complexity of its operations. Internal audit is conducted periodically to provide comprehensive risk-based combined assurance plan.

These policies and procedures play a pivotal role in the deployment of the internal controls. They are regularly reviewed to ensure both relevance and comprehensiveness, and compliance is ingrained into the management review process. ETL follows stringent procedures to ensure accuracy in financial information recording, asset safeguarding from unauthorized use, and compliance with statutes and laws. All employees adhere to high standards of ethical conduct inspired by formally stated and regularly communicated policies.

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. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. During the year, the Company has taken steps to review and document the adequacy and operating effectiveness of internal controls.

Nonetheless, your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis. The statutory auditors, as part of their audit process, carry out a systems and process audit to ensure that the ERP and other IT systems used for transaction processing have adequate internal controls embedded to ensure preventive and detective controls.

During the period, external agencies were appointed as internal auditors. The internal audit reports were reviewed quarterly by Audit Committee as well as by the Board. Internal audit supports in assessment of Internal Control Systems and identification of other important issues as a powerful tool for risk control and governance. The system has 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. Further, the Board reviews the effectiveness of the Company's internal control system. Further Secretarial Audit is applicable for the company and the auditors evaluates legal and compliance issues.

The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company, evaluations and reinforcement actions were taken for better controls. 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. A report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

Financial & Operational Performance: As mentioned in note earlier, in FY 22-23 the Company has taken all steps to clean up the balance sheet and improve operational performance more profitably. The impact of these actions will be fully seen in the coming financial years as well.

Key highlights of financial performance are as follows:

- Total Revenue reported ₹5,992 lakhs compared to the previous year's figure of ₹7,261 lakhs. However, 2022-23 EBIDTA was ₹ (-) 280 lakhs when compared to the previous year's figure of ₹ (-) 486 lakhs due to better implementation of business performance measures. The company expects to register profitable growth in coming years.
- Profit before Tax (PBT) – Loss stood at ₹ 723 Lakhs compared to ₹ 968 Lakhs in previous.
- Earnings per share – Loss per share has come down to ₹ 13.82 in FY 2022-23 compared with ₹ 18.50 in 2021-22
- The cash generated from operations in FY 22-23 was Rs. 480 Lakhs compared to Rs. 139 Lakhs in FY 21-22 which shows a significant improvement.
- Reduction in inventory levels and outstanding receivables- Rs. 2,749 Lakhs in FY 21-22 reduced to Rs. 2,032 Lakhs in FY 22-23.
- Bank liabilities levels have come down from Rs. 2,220 Lakhs in FY 21-22 to Rs. 1,829 Lakhs in FY 22-23.

Key Financial Ratios:

Key financial ratios, are as given in Note No 2.40 of the Financial Statement.

Impact of COVID-19:

The spread of COVID-19 has affected the normal operations of the Company during the period. Covid impact on the operations of the company are disclosed in Note No 2.37 of the Financial Statement.

Human Resource Development and Industrial Relations:

ETL recognizes that a committed, empowered and thinking team is the most important asset to maintain the company's progress and to retain its leadership position in the industry. Development and retention of talent, providing employees with cross functional experiences, extending enriched learning, an array of awards and recognition programme, and supporting personal and professional aspirations are some leading HR practices being followed at the Company. Hiring of apt talent and ensuring role optimization to improve efficiencies has been a key focus area. The Company recognizes the need for change management and talent management throughout the business and their criticality to its future growth and success as any other element of its commercial strategy.

We pursue management practices designed to enrich the quality of life of our employees, developing their potential and maximizing their productivity. Cordial and harmonious relationship is maintained between the management and employees at every location. We continue to organize various training programs with experts engaged to interact with our employees at various levels. A significant emphasis is placed on training personnel, increasing their skill levels, and fostering ongoing employee engagement and recognition with a holistic development perspective. In addition to casual workers, ETL had 157 permanent employees as on 31st March 2023.

Cautionary Statement

Statements in this Annual Report, particularly those that relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

Important factors that could influence the Company's operations include economic developments within the country, global and domestic demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation 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.

For and on behalf of the Board of Directors

Sd/-

Navas M Meeran

Chairman

DIN: 00128692

Place: Ernakulam

Date: 04 September 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Eastern Treads Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of Eastern Treads Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standard of Auditing (SAs) specified under section 143(10) of the Act. Our responsibility under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

We draw attention to Note No.2.37 of the accompanying Statement which describes uncertainties associated with recovery of the market post COVID-19 and the management's evaluation of its probable impact on the Company's operations as at the reporting date, the extent of which is dependent on ongoing as well as future developments which are uncertain. Further, the Company has received a letter of financial support from the Chairman and promoter Director of the Company to mitigate the impact on the Company and provide funds to cover working capital shortfalls. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matter is a matter that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matter to be communicated in our report.

| Key Audit Matter | Auditor's Response |
|--|--|
| <p>Valuation of Inventory The net carrying value of inventory held by the Company as on 31 March 2023 amounts to ₹725.49 lakhs as disclosed in note 2.8 to accompanying standalone financial statements, which is 19.31% of total assets of the company as on that date. Further, refer to note 1.15 for accounting policies relating to valuation of inventory adopted by the management in accordance with Ind AS 2, Inventories ('Ind AS 2').</p> <p>Inventories are valued at the lower of cost and net realisable value item wise. Cost includes costs incurred in bringing the inventory to its present location and condition as further detailed below:</p> <p>i) Raw Materials</p> <p>Cost includes cost of purchase net of duties, taxes that are recoverable from the government and other costs incurred in bringing the inventories to their present location and condition. Cost is determined basis using first-in, first-out ('FIFO') method of computation.</p> <p>ii) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads determined based on the normal operating capacity. Cost is determined using weighted average method of computation</p> | <p>Our audit procedures in relation to valuation of inventory included, but were not limited to, the following:</p> <p>1) Evaluated the design and implementation, and tested the operating effectiveness of key internal controls over measurement of inventory balances as at year end.</p> <p>2) Assessed the appropriateness of the principles used in the valuation of inventory in accordance with the requirements of Ind AS 2.</p> <p>3) Tested, on a sample basis, the accuracy of cost computed for raw material inventory by verifying the actual costs of latest purchase of raw materials applying the principle of FIFO method, by inspection of supporting documents</p> <p>4) Tested, on a sample basis, the accuracy of cost computed for work-in-progress and finished goods inventory by recomputing the weighted average cost computation. Further, in the process, tested the cost of direct materials used as per bills-of-material (BOM), and allocation of labour and manufacturing overheads to such finished goods;</p> <p>5) Obtained management working of valuation of inventory and reconciled the quantities with the stock verification reports to ensure completeness of the underlying data on which valuation is performed by the management and tested the mathematical accuracy of such workings.</p> |
| <p>Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>The management also identifies slow-moving, obsolete and damaged inventory on a periodical basis and makes an appropriate provision for obsolescence for such items as at reporting date.</p> | <p>Recomputed the overall allocation computation of overheads on inventory and ensured consistency of assumptions used therein by the management with prior periods.</p> <p>Tested, on sample basis, the inventory aging report and net realisable value of inventories basis the latest market prices of the products.</p> |
| <p>The aforesaid inventory valuation and estimation of provision for obsolescence is manually performed by the management on the reporting date and involve significant estimates and judgements. Considering the size, the assumptions used in the valuation and the complexities involved significant auditor attention is required to test accuracy of inventory valuation, and thus, we have identified valuation of inventory as a key audit matter in the current year audit.</p> | <p>Evaluated the process followed by the management for identification of slow-moving, obsolete and damaged inventory items and accordingly assessed reasonableness of provision for obsolescence estimated by the Company.</p> <p>Evaluated the appropriateness and adequacy of disclosures presented by the management relating to inventory balances in the financial statements in accordance with applicable financial reporting framework</p> |

- The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the management report, if we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other 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 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, and cash flows and changes in equity of the Company in accordance with the IND AS and other accounting principles generally accepted in India. 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.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the company to express an opinion on the financial statements.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of at most significance in the audit of financial statements of the current year and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- B. As required by Section 143 (3) of the Act, based on our audit we report that:
1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 2. 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.
 3. The company does not have any branches and so the provisions of section 143(8) are not applicable to the company.
 4. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash flows dealt with by this Report are in agreement with the books of account.
 5. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 6. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 7. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure B**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 8. With respect to the 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 explanation given to us:
 - i. The Company, as detailed in note 2.30 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. Unpaid dividends of FY 2014-15 and 2015-16 which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023 were transferred to IEPF
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under the sub-clause (a) and (b) contain any material misstatement.

- v. Since the Company has not declared or paid any dividend during the year, the question of commenting on whether dividend declared or paid is in accordance with Section 123 of the Companies Act, 2013 does not arise.

C. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For G Joseph & Associates
Chartered Accountants
(FRN 006310S)

Allen Joseph
Partner
M No. 228498

Kochi
25-05-2023

UDIN: 23228498BGXQZW5445

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT IN TERMS OF SECTION 143(11)
OF THE COMPANIES ACT, 2013**

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment. The Company has maintained proper records showing full particulars of intangible assets.
- b) As explained to us, the Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. However, for title deeds of immovable properties in the nature of land situated at Kuttamangalam, Ernakulam with gross carrying values of ₹720.61 lakhs, which have been pledged as security for loans taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective lenders.
- d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year
- e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed
- b) The Company has a working capital limit in excess of ₹5 crore sanctioned by banks or financial institutions based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks or financial institutions and such statements are in agreement with the books of account of the Company for the respective periods which were subject to review.
- iii. The company has not provided loans or advances in the nature of loans, or guarantee to others during the year.
- iv. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not provided any loans, guarantees, securities to parties covered under section 185. The company has complied with the provisions of Section 186 as applicable.
- v. To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any other Tribunals with regards to the Company

- vi. The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
- vii. a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Goods and Service Tax, income tax, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the informations and explanations given to us there were no statutory dues on the last day of the financial year outstanding for a period of more than six months from the date they became payable.

| Name of statute | Nature of dues | Gross Amount (In Lakhs) | Period to which amount relates | Date of payment |
|---|------------------|-------------------------|--------------------------------|-----------------|
| State Tax on Professions, Trades, Callings and Employment Act, 1996 | Professional Tax | 1.50 | 2021-22 | Not Paid |

- b) There were no dues of Income tax, Goods and Service Tax, cess and other material statutory dues in arrears as at 31 March 2023 on account of disputes, except for the following

| Name of statute | Nature of dues | Gross Amount (In Lakhs) | Period to which amount relates | Forum where dispute is pending |
|----------------------|----------------|---|--------------------------------|--------------------------------|
| Income Tax Act, 1961 | Income Tax | 20.97 (Amount paid under protest - Nil) | AY 2012-13 | Assessing Officer, Income Tax |

- viii. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, there are no unrecorded income
- ix. a) According to the information and explanations given to us and on the basis of our examination of records of the company, the company has not defaulted in repayment of loans or other borrowings or in payment of interest to financial institutions, banks, government and dues to debenture holders.
- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender
- c) In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

- d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or associate
- f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary or associate company
- x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company
- xi. a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year
- xii. The Company is not a Nidhi Company, therefore the provisions of clause 3 (xii) of the Order is not applicable to the Company.
- xiii. All transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of such related party transactions have been suitably disclosed in the financial statements as required under the applicable Ind-AS.
- xiv. a) In our opinion and according to the information and explanation given to us, the company has an internal audit system commensurate with the size and nature of its business;
- b) The reports of the Internal Auditors for the period under audit were considered by the statutory auditor
- xv. Based on the audit procedures performed and the information and explanation given to us, we report that the company has not entered into any non-cash transactions with its directors/director of the company or associate company/a person connected with the directors during the year. Accordingly paragraph 3 (xv) of the order is not applicable to the company. hence provisions of section 192 of the act 2013 are not applicable to the company.

- xvi. a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) The Company has not conducted any Non- Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) is not applicable to the Company
- d) According to the information and explanations provided by the management of the Company, the Company does not have any CICs as part of the Group. We have not, however, separately evaluated whether the information provided to us is accurate and complete.
- xvii. The Company has incurred cash losses amounting to ₹563.30 lakhs in the current financial year and had incurred cash losses in the immediately preceding financial year amounting to ₹403.28 . For the purpose of reporting under this clause, while arriving at the amount of cash losses, the possible effects of the qualification as described in 'Basis for Qualified Opinion' section of the audit report on the financial statements for the previous year, in respect of which we are unable to determine the effect thereof on the cash losses reported under this clause due to lack of necessary information, have not been taken into consideration.
- xviii. There has been resignation of the statutory auditors during the year and the incoming auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx. Based on the audit procedures performed and the information and explanation given to us, we report that the company has no liability maintain fund according to the provisions of section 135 of Companies Act , 2013

For G Joseph & Associates
Chartered Accountants
(FRN 006310S)

Allen Joseph
Partner
M No. 228498
UDIN: 23228498BGXQZW5445

Kochi
25-05-2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF EASTERN TREADS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Eastern Treads Limited ("the Company") as of 31st March, 2023 in conjunction with our audit of the Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "guidance note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G Joseph & Associates
Chartered Accountants
(FRN 006310S)

Allen Joseph
Partner
M No. 228498

Kochi
25-05-2023

UDIN: 23228498BGXQZW5445

Standalone Balance Sheet as at 31st March 2023

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | Note | As at March 31, 2023 | As at March 31, 2022 |
|--|------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 2.1 | 1,427.88 | 1,599.34 |
| (b) Capital work-in-progress | 2.1 | - | 16.61 |
| (c) Intangible assets | 2.2 | 1.07 | 3.29 |
| (d) Financial assets | | | |
| (i) Investments | 2.3 | - | - |
| (ii) Trade receivables | 2.4 | 0.35 | 0.35 |
| (iii) Loans | 2.5 | - | - |
| (iv) Other financial assets | 2.6 | 0.22 | 24.32 |
| (e) Other non-current assets | 2.7 | 46.09 | 3.83 |
| Total non-current assets (I) | | 1,475.61 | 1,647.74 |
| Current assets | | | |
| (a) Inventories | 2.8 | 725.49 | 749.30 |
| (b) Financial assets | | | |
| (i) Trade receivables | 2.4 | 1,306.38 | 1,999.25 |
| (ii) Cash and cash equivalents | 2.9 | 48.07 | 80.43 |
| (iii) Bank balances other than (ii) above | 2.10 | 80.07 | 78.26 |
| (iv) Loans | 2.5 | 0.50 | 0.50 |
| (v) Other financial assets | 2.6 | 43.94 | 45.89 |
| (c) Current tax assets (net) | | 37.83 | 37.81 |
| (d) Other current assets | 2.7 | 39.18 | 64.76 |
| Total current assets (II) | | 2,281.46 | 3,056.21 |
| Total assets (I)+(II) | | 3,757.07 | 4,703.94 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 2.11 | 541.18 | 541.18 |
| (b) Other equity | 2.12 | (1,227.16) | (492.80) |
| Total equity (I) | | (685.98) | 48.38 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 2.13 | 1,064.68 | 1,557.25 |
| (ii) Other financial liabilities | 2.14 | - | - |
| (b) Provisions | 2.15 | 88.94 | 164.40 |
| (c) Deferred tax liabilities (net) | 2.16 | 165.49 | 210.22 |
| Total non-current liabilities (II) | | 1,319.11 | 1,931.86 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 2.13 | 2,025.47 | 1,712.69 |
| (ii) Trade payables | 2.18 | | |
| (A) total outstanding dues of micro and small enterprises; and | | 28.17 | 14.48 |
| (B) total outstanding dues of creditors other than micro and small enterprises | | 587.89 | 737.85 |
| (iii) Other financial liabilities | 2.14 | 360.13 | 140.90 |
| (b) Provisions | 2.15 | 62.41 | 48.69 |
| (c) Other current liabilities | 2.17 | 59.87 | 69.09 |
| Total current Liabilities (III) | | 3,123.94 | 2,723.70 |
| Total equity and liabilities (I)+(II)+(III) | | 3,757.07 | 4,703.94 |

See accompanying notes forming part of these standalone financial statements.

"This is the Balance Sheet referred to in our report of even date."

For G. Joseph & Associates
Chartered Accountants
 (Reg No: 006310S)

Allen Joseph
 Partner
 M No 228498

 25.05.2023
 Kochi

Suresh S
 Chief Financial Officer

M.E Mohamed
 Managing Director
 DIN: 00129005

For and on behalf of the Board of Directors of
Eastern Treads Limited
Abil Anil
 Company Secretary

Navas M. Meeran
 Chairman
 DIN: 00128692

Standalone Statement of Profit and Loss for the year ended 31st March 2023

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | Note | Year ended 31st March 2023 | Year ended 31st March 2022 |
|---|------|-------------------------------|-------------------------------|
| I Income | | | |
| Revenue from operations | 2.19 | 5,984.14 | 7,227.54 |
| Other income | 2.20 | 8.43 | 33.96 |
| Total income (I) | | 5,992.57 | 7,261.50 |
| II Expenses | | | |
| Cost of materials consumed | 2.21 | 3,980.85 | 4,966.83 |
| Purchases of stock-in-trade | | 2.14 | 60.94 |
| Changes in stock of finished goods, work-in-progress and stock-in-trade | 2.22 | 133.08 | 238.32 |
| Employee benefits expense | 2.23 | 997.31 | 971.62 |
| Finance costs | 2.24 | 323.04 | 320.48 |
| Depreciation and amortisation expense | 2.25 | 165.01 | 183.23 |
| Other expenses | 2.26 | 1,158.75 | 1,509.40 |
| Total expenses (II) | | 6,760.18 | 8,250.81 |
| III Loss before tax (I-II) | | (767.61) | (989.31) |
| IV Tax expense | | | |
| Current tax | | - | - |
| Deferred tax | 2.34 | (44.72) | (21.19) |
| Prior period taxes | | - | - |
| Total tax expense (IV) | | (44.72) | (21.19) |
| V Loss for the year (III-IV) | | (722.89) | (968.12) |
| VI Other comprehensive loss | | | |
| (i) Items that will not be reclassified to profit or loss: | | | |
| (a) Re-measurement loss in defined benefit plans | | (18.85) | (56.86) |
| Income tax relating to items that will not be reclassified to profit and loss | | - | 14.31 |
| Other comprehensive loss, net of tax (VI) | | (18.85) | (42.55) |
| (b) Changes in revaluation surplus | | - | 574.98 |
| Income tax relating to items that will not be reclassified to profit and loss | | - | (144.72) |
| | | - | 430.26 |
| Net of items that will not be reclassified subsequently to profit or loss: | | (18.85) | 387.71 |
| VII Total comprehensive loss for the year (V+VI) | | (741.73) | (580.41) |
| Loss per equity share | | | |
| Basic and Diluted | 2.27 | (13.82) | (18.50) |

See accompanying notes forming part of these standalone financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For G. Joseph & Associates
Chartered Accountants
(Reg No: 006310S)

Allen Joseph
Partner
M No 228498

25.05.2023
Kochi

Suresh S
Chief Financial Officer

M.E Mohamed
Managing Director
DIN: 00129005

**For and on behalf of the Board of Directors of
Eastern Treads Limited**

Abil Anil
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Standalone Statement of Cash flows for the Period ended March 31, 2023

(All amounts are in ₹ lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March 2023 | Year ended 31 st March 2022 |
|---|---|---|
| A Cash flow from operating activities | | |
| Loss before tax | (767.61) | (989.31) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 165.01 | 183.23 |
| Finance costs | 323.04 | 320.48 |
| Provision for inventory | | 2.46 |
| Asset - Written Off | 0.44 | |
| Provision for doubtful debts | 39.30 | 318.96 |
| Loss /(Profit) on sale of Property, plant and equipment | 1.33 | 2.11 |
| Provision on employee benefits | 22.93 | 28.10 |
| Interest income | (5.77) | (26.16) |
| Provision for impairment | - | 2.59 |
| Operating profit before working capital changes | (221.32) | (157.55) |
| Adjustments for working capital changes: | | |
| Decrease / (Increase) in inventories | 23.81 | 290.76 |
| (Increase) / Decrease in trade receivables | 653.57 | 247.56 |
| Decrease in other receivables | 53.37 | (64.55) |
| (Increase)/Decrease in trade and other payables | (29.78) | (172.29) |
| | - | |
| Cash generated from operations | 479.66 | 143.92 |
| Net income tax paid | (0.02) | (4.37) |
| Net cash (used in)/generated from operating activities (A) | 479.64 | 139.55 |
| B Cash flow from investing activities | | |
| Payments for purchase of Property, plant and equipment (including capital advances) | (60.69) | (27.71) |
| Proceeds from sale of Property, plant and equipment | 40.19 | 20.16 |
| Movement in other bank balances | (1.81) | 12.85 |
| Loan given to subsidiary | - | 230.12 |
| Repayment of loan given to others | - | - |
| Interest received | 5.77 | 26.16 |
| Net cash used in investing activities (B) | (16.54) | 261.58 |
| C Cash flow from financing activities | | |
| Proceeds from long term borrowings | 125.00 | 1,001.00 |
| Repayment of long term borrowings | (610.19) | (170.15) |
| Short-term borrowings (net of repayments) | 312.78 | (926.43) |
| Interest paid | (323.04) | (269.36) |
| Dividend paid including dividend distribution tax | | |
| Net cash generated from/ (used in) financing activities (C) | (495.46) | (364.94) |
| Net increase in cash and cash equivalents (A+B+C) | (32.36) | 36.20 |
| Cash and cash equivalents at the beginning of the year | 80.43 | 44.23 |
| Cash and cash equivalents at the end of the year | 48.07 | 80.43 |
| Components of cash and cash equivalents | | |
| | As at | As at |
| | 31 March 2023 | March 31, 2022 |
| Cash in hand | 1.20 | 1.61 |
| Balances with banks- in current accounts | 46.87 | 78.82 |
| Total | 48.07 | 80.43 |

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

| Particulars | As at 01 April 2022 | Financing cash flows | Non-cash changes | As at 31 March 2023 |
|--|------------------------|-------------------------|---------------------|------------------------|
| Current Borrowings | 1,712.69 | 312.78 | 0.00 | 2,025.47 |
| Non-Current Borrowings (including current maturities) | 1,557.25 | (485.19) | (7.38) | 1,064.68 |
| Total | 3,269.94 | (172.41) | (7.38) | 3,090.15 |

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

| Particulars | As at 01 April 2021 | Financing cash flows | Non-cash changes | As at 31 March 2022 |
|--|------------------------|-------------------------|---------------------|------------------------|
| Current Borrowings | 1,947.49 | (926.43) | | 1,021.06 |
| Non-Current Borrowings (including current maturities) | 1,370.23 | 830.85 | 47.80 | 2,248.88 |
| Total | 3,317.72 | (95.58) | 47.80 | 3,269.94 |

See accompanying notes forming part of these standalone financial statements.

This is the Cash Flow Statement referred to in our report of even date.

For G. Joseph & Associates
Chartered Accountants
(Reg No: 006310S)

Allen Joseph
Partner
M No 228498

25.05.2023
Kochi

Suresh S
Chief Financial Officer

M.E Mohamed
Managing Director
DIN: 00129005

**For and on behalf of the Board of Directors of
Eastern Treads Limited**

Abil Anil
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Statement of Changes in Equity for the year ended 31st March 2023

(All amounts are in ₹ lakhs, unless otherwise stated)

a) Equity share capital

| Particulars | Number (in lakhs) | Amount* |
|--|----------------------|---------|
| Equity shares of ₹ 10 each, fully paid-up | | |
| Balance as at 01 April 2021 | 52.32 | 541.18 |
| Changes in equity share capital during the year | - - | |
| Balance as at 31 March 2022 | 52.32 | 541.18 |
| Changes in equity share capital during the year | | |
| Balance as at 31 March 2023 | 52.32 | 541.18 |
| <i>* including forfeited shares balance ₹17.98 lakhs</i> | | |

b) Other equity

| Particulars | Reserves and surplus | | | | Items of other comprehensive income | | Total |
|---|----------------------|--------------|------------------|-------------------|-------------------------------------|--|------------|
| | Capital reserve | Other equity | General reserves | Retained earnings | Changes in revaluation surplus | Re-measurements of the defined benefit plans | |
| Balance as at 31 March 2020 | 100.00 | 744.41 | 97.46 | (769.62) | - | (32.12) | 140.13 |
| Loss for the year | - | - | - | (57.41) | - | - | (57.41) |
| Other comprehensive loss, net of tax | - | - | - | - | - | 2.78 | 2.78 |
| Balance as at 31 March 2021 | 100.00 | 744.41 | 97.46 | (827.03) | - | (29.34) | 85.50 |
| Loss for the year | - | - | - | (968.13) | - | - | (968.13) |
| Equity Contribution of Director Loan | - | 2.12 | - | - | - | - | 2.12 |
| Other comprehensive income/(loss), net of tax | - | - | - | - | 430.26 | (42.55) | 387.71 |
| Balance as at 31st March 2022 | 100.00 | 746.53 | 97.46 | (1,795.16) | 430.26 | (71.89) | (492.80) |
| Loss for the year | - | - | - | (722.89) | - | - | (722.89) |
| Equity Contribution of Director Loan | - | 7.37 | - | - | - | - | 7.37 |
| Other comprehensive income/(loss), net of tax | - | - | - | - | - | (18.85) | (18.85) |
| Balance as at 31st March 2023 | 100.00 | 753.91 | 97.46 | (2,518.05) | 430.26 | (90.73) | (1,227.16) |

See accompanying notes forming part of these standalone financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For G. Joseph & Associates
Chartered Accountants
(Reg No: 006310S)

Allen Joseph
Partner
M No 228498

25.05.2023
Kochi

Suresh S
Chief Financial Officer

M.E Mohamed
Managing Director
DIN: 00129005

For and on behalf of the Board of Directors of
Eastern Treads Limited

Abil Anil
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2023

(All amounts are in ₹ lakhs, unless otherwise stated)

General Information:

Eastern Treads Limited (the 'Company'/'ETL') was incorporated with its registered office at 3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam - 682 024, Kerala. The Company's shares are listed in Bombay Stock Exchange. The Company is primarily engaged in the business of manufacturing and dealing of tread rubber, rubber based adhesives, tyre retreading accessories and retreading services.

1 Summary of significant accounting policies

1.1A Basis of preparation

"These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013 (the 'Act'), read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended)."

These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below

The accounting policies have been applied consistently over all the periods presented in these financial statements except as mentioned below: Previous year figures have been re-grouped/reclassified where necessary, to confirm with the current year presentation for the purpose of comparability.

1.1B Application of new accounting pronouncements

"The Company has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect is described below :-

i. Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases", as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019 using modified retrospective method. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The application of Ind AS 116 did not have material impact on the Financial Statements.

ii. The Company has adopted Ind AS 12 "Income Taxes" as per Appendix C to Ind AS 12. The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. The application of the amended provision to Ind AS 12 did not have material impact on the Financial Statements.

iii. The Company has adopted Ind AS 23 "Borrowing Costs" as amended, which requires the entity to calculate and apply the capitalisation rate on general borrowings, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale and that borrowing becomes part of the funds that entity borrows generally. This amendment is also did not have a material impact on the Financial Statements."

1.2 Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.3 Revenue recognition

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflect the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a Performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that Performance obligation.

a) Sale of goods

Revenue from sale of goods is recognised when the control on the goods have been transferred to the customers. The Performance obligation in case of sale of goods is satisfied at a point of time, i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

b) Rendering of Services

Revenue from job work and retreading services are recognised at the completion of the agreed services.

c) Interest and other income

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

d) Lease Income

Lease income arising from operating leases is accounted for over the lease terms and is included in other operating revenue in the statement of profit or loss.

e) Export Incentives

Income from export incentives are recognised when the right to receive credit as per the terms of the Scheme is established and when there is certainty of realisation.

1.4 Leases

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

i. As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.”

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company’s incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company’s estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for shortterm leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17

Finance Lease

In the comparative period, leases are classified as Finance Lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lease. All other leases are classified as Operating lease.

Operating Lease

In the comparative period, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

a) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(b) Defined contribution plan

The Company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

(c) Defined benefit plans

The Company has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Presently the Company's gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit and loss.

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service and interest cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

1.6 Foreign currency transactions

The functional currency of the Company is the Indian Rupee (INR). These financial statements are presented in INR (₹). In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

1.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.8 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

1.9 Taxation

(a) Income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.10 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/ other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Audit Committee and the Board of Directors of the Company at their respective meetings held on 31 March 2022 approved adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company. Fair valuation of the land was carried out by a registered valuer and the fair value of land was estimated at Rs. 720.61 lakhs and consequent revaluation gain of Rs. 430.26 lakhs (net of tax) has been recognized in other comprehensive income, during the current quarter.

1.11 Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

1.12 Depreciation

Assets in the course of development or construction and freehold land are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation on tangible assets has been provided under Straight Line Method over the useful life of the assets estimated by the management (determined based on technical estimates), which is in line with the terms prescribed in Schedule II to the Companies Act, 2013. Depreciation for assets purchased/sold during the year is proportionately charged.

The management estimates the useful life of the Property, Plant and Equipment as follows:

| Asset Category | Useful Life |
|--|--------------------|
| a) Buildings | 30 Years |
| b) Roads - Non RCC | 5 Years |
| c) Plant and machinery at Factory | 8-15 Years |
| d) Plant and machinery at Branches | 15 Years |
| e) Plant and machinery given for Lease | 3-5 Years |
| f) Manufacturing tools | 7 Years |
| g) Furniture and fixtures | 10 Years |
| h) Computers | 3 Years |
| i) Vehicles | 8 Years |
| j) Office equipment | 5 Years |

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013. The management has not identified any significant component having different useful lives as the company's assets are not capable of being accounted separately as components. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

Note: The useful life of Plant and machinery given under lease is taken as 3 years to 5 years based on the lease agreements. The residual value of the same has been considered as the amount guaranteed by the lessees as per the lease agreements at the end of the lease period. Hence the useful lives and residual values for these assets are different from the useful lives/residual value as prescribed under Part C of Schedule II of the Companies Act 2013. The useful life of vehicles given to employees as per the car policy scheme approved by the Company is taken as 3 years to 5 years based on the tenure of scheme availed by the employee.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

1.13 Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

The Company amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

| Asset Category | Useful lives (in years) |
|-----------------------|--------------------------------|
| Computer software | 5 |

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.14 Impairment of non - financial 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.

1.15 Inventories

Inventories are valued at the lower of cost and net realisable value item wise. Cost includes indirect costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

(i) Raw materials: cost includes cost of purchase net of duties, taxes that are recoverable from the government and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis using weighted average rate.

(ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.16 Provisions and Contingent Liabilities

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

1.17 Financial instruments

A) Financial assets

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

Subsequent measurement of financial assets is described below -

(i) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

(ii) Debt instrument at fair value through other comprehensive income (FVTOCI)

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

(iii) Debt instrument at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated its investments in debt instruments as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

c) Financial Assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1) The rights to receive cash flows from the asset have expired, or

2) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

a. the Company has transferred substantially all the risks and rewards of the asset, or b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(d) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

1) Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

2) Debt instruments measured at FVTPL: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the statement of Profit and Loss.

3) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B) Financial liabilities –
a) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

1) Financial liabilities at fair value through statement of profit and loss - Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind

AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2) Gains or losses on liabilities held for trading are recognised in the statement of profit and loss - Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

3) Liabilities designated as FVTPL- fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through statement of profit and loss.

b) Financial liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit and loss.

C) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

a) Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, futures and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- 1) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- 2) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

D) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

1.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
 - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels

- a) Level 1- Quoted prices (unadjusted) is the active market price for identical assets or liabilities
- b) Level 2 -Inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly
- c) Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above.

1.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Company is engaged in the business of manufacture and sale of tread rubber (pre-cured tread rubber, conventional tread), Rubber compounds, cushion/ bonding gum and black vulcanizing cement, which form broadly part of one product group and hence constitute a single business segment.

1.21 Earnings/ (Loss) per equity share (EPS)

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

1.22 Investments in subsidiaries

An offer of rights issue was made to the Company by Shipnext Solutions Private Limited ("Subsidiary") on 4 September 2021 which was renounced by the Company in its board of directors meeting held on 13 September 2021. Subsequently, the capital base of the Subsidiary was increased by way of private placement of equity shares to other investors on 30 November 2021. Consequently, the shareholding of the Company has reduced to 14.53% resulting in loss of control in Subsidiary and Shipnext Solutions Private Limited became an associate as per Ind AS 28 "Investments in Associates and Joint Ventures" with effect from 1 December 2021. Further, due to various actions taken by the management of the Company including amendment in shareholders' agreement, Shipnext Solutions Private Limited ceased to be an associate of the Company with effect from 15 February 2022.

Summary of significant accounting policies and other explanatory information for the Period ended 31st March 2023

(All amounts are in ₹ lakhs, unless otherwise stated)

2.1 Property, plant and equipment and Capital work-in progress

Gross carrying amount:

| Particulars | Land freehold | Buildings | Plant and machinery | Plant and machinery under lease | Furniture and fixtures | Office equipments | Computers | Vehicles | Manufacturing tools | Leased Assets | Total | Capital work in progress |
|--------------------------------------|---------------|---------------|---------------------|---------------------------------|------------------------|-------------------|--------------|--------------|---------------------|---------------|-----------------|--------------------------|
| Balance as at 31 March 2021 | 145.63 | 342.06 | 1,173.88 | 185.30 | 22.20 | 4.96 | 32.66 | 79.26 | 221.70 | | 2,207.57 | 23.91 |
| Additions | - | - | - | - | 0.30 | 0.16 | 2.38 | 13.00 | 8.57 | | 24.41 | 0.63 |
| Capitalised during the year | - | - | 7.92 | - | - | - | - | - | - | | 7.92 | |
| Revaluation surplus | 574.98 | - | - | - | - | - | - | - | - | | 574.98 | |
| Disposals | - | - | - | (24.75) | - | - | (3.00) | (56.75) | - | | (84.50) | (7.92) |
| Balance as at 31st March 2022 | 720.61 | 342.06 | 1,181.80 | 160.55 | 22.50 | 5.12 | 32.04 | 35.51 | 230.27 | | 2,730.39 | 16.61 |
| Additions | | | 18.52 | | 0.20 | 0.26 | 2.98 | | 5.77 | | 27.73 | |
| Capitalised during the year | | | (61.26) | (28.36) | | | (0.28) | (17.39) | | 5.59 | (107.29) | (16.61) |
| Disposals | | | | | | | | | | | | |
| Balance as at 31st March 2023 | 720.61 | 342.06 | 1,139.06 | 132.19 | 22.70 | 5.38 | 34.74 | 18.12 | 236.04 | 5.59 | 2,656.42 | 0.00 |

Accumulated depreciation

| Particulars | Land freehold | Buildings | Plant and machinery | Plant and machinery under lease | Furniture and fixtures | Office equipments | Computers | Vehicles | Manufacturing tools | Leased Assets | Total | Capital work in progress |
|--------------------------------------|---------------|--------------|---------------------|---------------------------------|------------------------|-------------------|--------------|--------------|---------------------|---------------|-----------------|--------------------------|
| Balance as at 31 March 2021 | - | 68.35 | 602.41 | 68.47 | 11.65 | 4.31 | 26.93 | 63.71 | 166.93 | | 1,012.76 | - |
| Depreciation charge for the year | - | 14.34 | 127.51 | 4.06 | 2.11 | 0.09 | 2.80 | 6.35 | 23.38 | | 180.52 | |
| Disposals | - | - | - | -8.56 | - | - | -2.85 | -50.82 | - | | -62.23 | |
| Balance as at 31st March 2022 | - | 82.69 | 729.92 | 63.97 | 13.76 | 4.40 | 26.88 | 19.24 | 190.31 | 2.67 | 1,131.05 | - |
| Depreciation charge for the year | | 14.32 | 122.32 | 2.03 | 2.14 | 0.15 | 2.02 | 1.83 | 15.30 | | 162.78 | |
| writeoff to match with ledger | | (0.02) | (0.17) | 0.16 | 0.01 | | 0.02 | (15.54) | | | (65.33) | |
| Disposals | | | (36.79) | (12.74) | | | (0.26) | | | | | |
| Balance as at 31st March 2023 | - | 96.99 | 815.28 | 53.42 | 15.91 | 4.55 | 28.66 | 5.53 | 205.61 | 2.67 | 1,228.50 | - |

Net block

| Particulars | Land freehold | Buildings | Plant and machinery | Plant and machinery under lease | Furniture and fixtures | Office equipments | Computers | Vehicles | Manufacturing tools | Leased Assets | Total | Capital work in progress |
|--------------------------------------|---------------|---------------|---------------------|---------------------------------|------------------------|-------------------|-------------|--------------|---------------------|---------------|-----------------|--------------------------|
| Balance as at 31st March 2021 | 145.63 | 273.71 | 571.47 | 116.83 | 10.55 | 0.65 | 5.73 | 15.55 | 54.77 | | 1,194.89 | 23.91 |
| Balance as at 31st March 2022 | 720.61 | 259.37 | 451.88 | 96.58 | 8.74 | 0.72 | 5.16 | 16.27 | 39.96 | | 1,599.34 | 16.61 |
| Balance as at 31st March 2023 | 720.61 | 245.07 | 323.78 | 78.77 | 6.79 | 0.83 | 6.08 | 12.59 | 30.43 | 2.92 | 1,427.88 | 0.00 |

Notes:
a) Contractual obligations

Refer note 2.30

b) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2023 (31 March 2022: Nil).

c) Property, plant and equipment pledged as security

Refer note 2.13 and 2.28

d) Useful life and method of depreciation

Refer note 1.12

e) Capital Working progress Ageing
Ageing as on 31 March 2022

| Particulars | Unbilled payables | Not due | Amount in CWIP for a period | | | | Total |
|--------------------------------|-------------------|----------|-----------------------------|-----------|-----------|-------------------|--------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 0.61 | - | - | - | - | 16.00 | 16.61 |
| Projects temporarily suspended | - | - | - | - | - | - | - |
| Total | 0.61 | - | - | - | - | 16.00 | 16.61 |

Notes:

Ageing for the year ended 31 March 2023 is not prepared since it has no balance.

There are no capital work in progress which are overdue or has exceeded the costs compared to its original costs.

2.2 Intangible assets
Software

| Particulars | Software | Total |
|--------------------------------------|----------|-------|
| Gross carrying amount: | | |
| Balance as at 31st March 2021 | 27.46 | 27.46 |
| Additions | 0.41 | 0.41 |
| Disposals | - | - |
| Balance as at 31st March 2022 | 27.87 | 27.87 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at March 31st 2023 | 27.87 | 27.87 |
| Accumulated amortisation | | |
| Balance as at 31st March 2021 | 22.00 | 22.00 |
| Amortisation for the year | 2.58 | 2.58 |
| Balance as at 31st March 2022 | 24.58 | 24.58 |
| Amortisation for the year | 2.22 | 2.22 |
| Balance as at March 31st 2023 | 26.80 | 26.80 |
| Net Block | | |
| Balance as at 31st March 2021 | 5.46 | 5.46 |
| Balance as at 31st March 2022 | 3.29 | 3.29 |
| Balance as at March 31st 2023 | 1.07 | 1.07 |

a. Contractual obligations

Refer note 2.30- There are no contractual commitments for the acquisition of intangible assets

2.3 Investments

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------------|----------------------------|
| Valued at cost, unquoted | | |
| In subsidiary company (1,441,550 equity shares of ₹ 0.18 each in Shipnext Solutions Private Limited) | - | 2.59 |
| Less: Loss allowance | | (2.59) |
| | - | - |

2.4 Trade receivables

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------------|----------------------------|
| Non-current | | |
| Trade Receivables considered good - Unsecured | 0.35 | 0.35 |
| | 0.35 | 0.35 |
| Current | | |
| (a) Trade Receivables considered good - Secured | - | - |
| (b) Trade Receivables considered good - Unsecured | 1,203.23 | 1,834.32 |
| (c) Trade Receivables considered good - Related party (Refer note 2.29) | 103.15 | 164.93 |
| (d) Trade Receivables which have significant increase in credit risk | 380.23 | 423.28 |
| | 1,686.61 | 2,422.53 |
| Less: Allowances for expected credit loss | (380.23) | (423.28) |
| | 1,306.38 | 1,999.25 |

Accounts Receivables Ageing Schedule as at 31st March 2023

| Particulars | Not due | Outstanding from periods from due date of payment | | | | | Total |
|--|---------------|---|---------------|---------------|--------------|--------------|-----------------|
| | | <6 months | 6 months-1yr | 1-2 year | 2-3 year | > 3 yrs | |
| Undisputed trade receivables - considered good | 562.82 | 350.25 | 427.88 | 109.56 | 8.21 | 6.02 | 1,464.74 |
| Undisputed trade receivables - considered doubtful | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | 2.08 | 6.91 | 106.15 | 55.48 | 51.25 | 221.87 |
| Disputed trade receivables - considered doubtful | - | - | - | - | - | - | - |
| Less: Allowance for Expected credit Loss | | | | | | | (380.23) |
| Total | 562.82 | 352.33 | 434.79 | 215.72 | 63.69 | 57.27 | 1,306.38 |

Accounts Receivables Ageing Schedule as at 31st March 2022

| Particulars | Not due | Outstanding from periods from due date of payment | | | | | Total |
|--|---------|---|---------------|---------------|---------------|--------------|-----------------|
| | | <6 months | 6 months-1yr | 1-2 year | 2-3 year | > 3 yrs | |
| Undisputed trade receivables - considered good | - | 1,841.48 | 174.35 | 54.01 | 38.28 | 4.26 | 2,112.38 |
| Undisputed trade receivables - considered doubtful | - | 34.73 | 53.68 | 106.81 | 34.17 | 5.97 | 235.36 |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - considered doubtful | - | 4.14 | 7.23 | 6.98 | 41.60 | 15.20 | 75.15 |
| Less: Allowance for Expected credit Loss | | | | | | | (423.28) |
| Total | - | 1,880.35 | 235.26 | 167.80 | 114.05 | 25.43 | 1,999.61 |

Trade receivables as on 31 March 2022 includes certain overdue debts amounting to ₹1,085.13 lakhs (net of expected credit loss allowance of ₹90.64 lakhs). As directed by the Board of Directors in their meeting dated 31 March 2022, the management has made a detailed assessment of carrying value of all receivables and an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including allowance for certain specific debts, has been made in the financial statement during the year ended 31 March 2022.

2.5 Loans

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------|----------------------|----------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Loans and advances | - | - |
| | - | - |
| Current | | |
| (Unsecured, considered good) | | |
| Loans and advances | | |
| (a) to others | 0.50 | 0.50 |
| | 0.50 | 0.50 |

2.6 Other financial assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Non-current | | |
| Security deposits | 0.22 | 24.32 |
| Balances with bank- Deposit account (Refer note (a)) | | |
| | 0.22 | 24.32 |

(a) The amount classified under balances with bank- Deposit account, consists of amount deposited with banks towards margin money for Bank Guarantee, Letter of Credit and Vendor bill discounting facilities.

| | | |
|----------------------|--------------|--------------|
| Current | | |
| Security deposits | 38.63 | 17.77 |
| Interest receivables | - | - |
| Others | 5.31 | 28.12 |
| | 43.94 | 45.89 |

2.7 Other assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------------|----------------------------|----------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Prepaid expenses | 0.82 | 2.56 |
| Balances with statutory authority | - | - |
| Capital advance | 45.27 | 1.27 |
| | 46.09 | 3.83 |
| Current | | |
| (Unsecured, considered good) | | |
| Advance Income Tax | | - |
| Prepaid expenses | 17.50 | 13.70 |
| Balances with statutory authority | - | 0.09 |
| Advance for expenses | 0.56 | 0.17 |
| Other current assets | 21.12 | 50.80 |
| | 39.18 | 64.76 |

2.8 Inventories

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------------|----------------------------|
| Raw materials | 157.67 | 118.79 |
| Work-in-progress | 30.81 | 77.98 |
| Finished goods (Refer note (a) and (b)) | 434.24 | 514.46 |
| Goods in transit (Finished goods) | - | 8.41 |
| Packing materials | 14.22 | 17.42 |
| Retreaded Tyre- Vehicle Management | 76.57 | - |
| Fuel and oil | 1.30 | 1.96 |
| Tools and spares | 10.41 | 13.40 |
| Retreaded Tyre | 1.74 | - |
| Retreading Accessories | 0.98 | - |
| Less: Provision for obsolescence | (2.46) | (3.12) |
| | 725.49 | 749.30 |

Notes:

- (a) The value of finished goods includes stock in trade worth ₹ 41.08 lakhs for the current year and ₹ 46.62 lakhs for the previous year.
 (b) Provision for inventory for ₹ 2.46 Lakhs (PY - ₹ 3.12 lakhs) is created on slow moving inventory in finished goods.
 (c) Inventory pledged as security- Refer note 2.28
 (d) Method of inventory Valuation- Refer note 1.15

2.9 Cash and cash equivalents

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| Cash in hand | 1.20 | 1.61 |
| Balances with banks - in current accounts | 46.87 | 78.82 |
| | 48.07 | 80.43 |
| 2.10 Bank balances other than Cash and Cash equivalents | | |
| Particulars | As at March 31, 2023 | As at March 31, 2022 |
| Unpaid dividend accounts | 3.82 | 8.04 |
| Balances with bank- Deposit account (Refer note (a)) | 76.25 | 70.22 |
| | 80.07 | 78.26 |

(a) The amount classified under Balances with bank- Deposit account, consists of amount deposited with banks towards margin money for Bank Guarantee, Letter of Credit and Vendor bill discounting facilities.

2.11 Share capital

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| | Amount | Amount |
| (a) Authorised share capital | | |
| Equity shares | 600.00 | 600.00 |
| 60,00,000 equity shares of Rs 10 each (Previous year - 60,00,000 equity shares of Rs. 10 each) | | |
| Preference shares | 1,000.00 | 1,000.00 |
| 10,00,000 preference shares of Rs 100 each (Previous year - 10,00,000 preference shares of Rs. 100 each) | | |
| Total | 1,600.00 | 1,600.00 |
| (b) Issued, subscribed and paid-up equity capital | | |
| Equity shares | 541.18 | 541.18 |
| 52,32,000 equity shares of Rs 10 each (Previous year - 52,32,000 equity shares of Rs. 10 each) | | |
| | 541.18 | 541.18 |

(c) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity shares

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|-----------------------------|---------------|--------------------------------|---------------|
| | No. of Shares (in lakhs) | Amount | No. of Shares (in lakhs) | Amount |
| Balances as at the beginning of the year | 52.32 | 523.20 | 52.32 | 523.20 |
| Add: Issued and subscribed during the year | - | - | - | - |
| Shares forfeited during the year | - | 17.98 | - | 17.98 |
| Balance at the end of the year | 52.32 | 541.18 | 52.32 | 541.18 |

(d) Details of shareholders holding more than 5% shares:

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|-----------------------------|---------------|--------------------------------|---------------|
| | No. of Shares (in lakhs) | Percentage | No. of Shares (in lakhs) | Percentage |
| Equity shares of ₹ 10 each, par value | | | | |
| Feroz Meeran | 13.51 | 25.81% | 13.51 | 25.81% |
| Navas M Meeran | 13.22 | 25.26% | 13.22 | 25.26% |
| Kerala State Industrial Development Corporation Limited | 6.15 | 11.75% | 6.15 | 11.75% |
| Total | 32.87 | 62.83% | 32.87 | 62.83% |

(e) **Terms/Rights attached to equity shares:**

The Company has only one class of shares referred to as equity shares with a face value of ₹10 each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

Redemption of preference shares

(i) The Board Meeting held on 22.07.2016 has approved the redemption plan of the Preference Shares. Ten Lakhs Redeemable Preference Shares of Rs.100/- each shall be redeemed out of the profits of the company in not more than 10 annual installments of a minimum of 1,00,000 Preference Shares of Rs.100/- each aggregating to Rs. 1 crore per year. Pursuant to the above approval by the board the company has redeemed 100000 Zero percent Redeemable Preference Shares of Rs. 100/- each at a value of Rs. 1 Crore, during the FY 2016-17.

(ii) The company has not redeemed any preference shares during the financial year 2022-23 and previous year 2021-22

(f) **Issue of bonus shares**

There has been no issuance of bonus shares or share buy back during five years immediately preceding 31 March 2023.

(g) Details of forfeited shares

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|-----------------------------|-------------------|--------------------------------|-------------------|
| | No. of Shares (in lakhs) | Amount paid up | No. of Shares (in lakhs) | Amount paid up |
| Equity shares with voting rights* | 3.60 | 17.98 | 3.60 | 17.98 |
| *These shares were forfeited on 13 August 2014 | | | | |

Details of shares held by promoters

| Promoter's name | No. of shares | % of total shares | % change in sharehold- ing during the year |
|---|------------------|----------------------|--|
| Feroz Meeran | 13.51 | 25.81% | |
| Navas M Meeran | 13.22 | 25.27% | |
| Kerala State Industrial Development Corporation Limited | 6.15 | 11.75% | |
| Niza Zakir | 0.49 | 0.93% | |
| Soyamol Anwar Sajith | 0.4 | 0.76% | |
| Riya Mohamed | 0.01 | 0.01% | |
| Shameena Mohamed | 0.01 | 0.02% | |
| Nabeesa Meeran | 0.34 | 0.65% | |
| M E Mohamed | 0.24 | 0.46% | |

2.12 Other equity

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| Capital Redemption Reserve | 100.00 | 100.00 |
| Other equity | 753.91 | 746.53 |
| General reserves | 97.46 | 97.46 |
| Retained earnings | (2,536.89) | (1,795.16) |
| Other comprehensive loss -Changes in revaluation surplus | 430.26 | 430.26 |
| Other comprehensive loss | (71.89) | (71.89) |
| | (1,227.15) | (492.79) |

Nature and purpose of each reserve
Capital Redemption Reserve:

The Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100 each amounting to ₹1 crore during the FY 2016-17 and the amount equal to the face value of such number of shares has been transferred to Capital Redemption Reserve.

Other Equity :

The balance in the Other equity represents the owners equity component of the Preference shares reclassified in accordance with Ind AS 32.

General Reserve :

General reserve was created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Retained Earnings :

Retained earnings are the profits or losses that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Other Comprehensive Income:

Remeasurements of net defined benefit plans: Difference between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

Revaluation Surplus: Gain on revaluation of Property, Plant and Equipment consequent to adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company is accumulated under Revaluation surplus.

2.13 Borrowings

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| Non-current | | |
| Secured, from banks | | |
| Term loan (Refer note (i)) | 707.85 | 1,198.82 |
| Loans from related parties | 387.33 | 246.33 |
| Unsecured | | |
| Liability component of Cumulative Redeemable Preference Shares (Refer note (ii)) | 240.18 | 303.73 |
| | 1,335.36 | 1,748.88 |
| Amount disclosed under "Other current financial liabilities" (refer note 2.14) | (270.68) | (191.63) |
| Less: Current maturities of Secured Term Loan | (270.68) | (191.63) |
| | - | - |
| | 1,064.68 | 1,557.25 |
| Current | | |
| Secured, from banks | | |
| Cash credit (Refer note (iii)) | 754.70 | 1,021.06 |
| Current maturities of Secured Term Loan | 270.68 | 191.63 |
| Demand Loan | 400.09 | - |
| | 1,425.47 | 1,212.69 |
| Unsecured | | |
| Liability component of Cumulative Redeemable Preference Shares (Refer note (ii)) | 600.00 | 500.00 |
| | 600.00 | 500.00 |
| | 2,025.47 | 1,712.69 |

Notes:
(i) Term loans

(a) Term loan from The Federal Bank Ltd is secured by way of first charge on the movable fixed assets and are further guaranteed by the Promoter Directors of the Company. The above loans are further secured by Collateral security by deposit of title deeds of the land and building of the Company.

(b) These loans are repayable within a period of 60 months with equal monthly installments ranging from 1.75 lakhs to 14.36 lakhs. The rate of interest ranges from 8.95% p.a. to 10.75% p.a.

(ii) Liability component of Cumulative Redeemable Preference Shares

(a) The Company had issued 10 lakhs Zero Coupon Cumulative redeemable preference shares of ₹100 each to the promoters, which are redeemable after 5 years from the date of allotment subject to achieving net worth of ₹100 lakhs (without considering the said Preference Shares).

(b) The Board Meeting held on 22 July 2016 had approved the redemption plan of the Preference Shares. Ten Lakhs Redeemable Preference Shares of ₹100 each shall be redeemed out of the profits of the Company in not more than 10 annual installments of a minimum of 100,000 Preference Shares of ₹100 each aggregating to ₹1 crore per year. During the FY 16-17, the Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100 each valued at ₹1 crore. In accordance with Ind AS 32, these preference shares are classified as amortised cost liability as the preference shares provides for redemption on specific date or at the option of the holder.

(iii) Cash Credit

(a) 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. The above loans are further secured by collateral security by deposit of title deeds of the land and building of the Company.

(b) The rate of interest for the cash credit facility with Federal Bank Limited is 8.90% p.a.

(iv) Loans from related parties

(a) Loan from related party is unsecured

(b) Loan is repayable at the end of 3 years and the rate of interest applicable is 7.95% p.a

2.14 Other financial liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| Current | | |
| Current maturities of long term borrowings | 270.68 | 0.00 |
| Security deposit / retention money payable | 51.11 | 66.11 |
| Dues to employees | 25.73 | 62.15 |
| Creditors for capital goods | 0.04 | 0.20 |
| Other financial liabilities | 8.75 | 4.40 |
| Unpaid dividends | 3.82 | 8.04 |
| | 360.13 | 140.90 |

2.15 Provisions

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------------|----------------------------|
| Non-current | | |
| Provision for employee benefits (Refer note 2.23) | 88.94 | 164.40 |
| | 88.94 | 164.40 |
| Current | | |
| Provision for employee benefits (Refer note 2.23) | 62.41 | 48.69 |
| | 62.41 | 48.69 |

2.16 Deferred tax liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| Deferred tax liability | | |
| On excess of net book value over Income tax written down value of fixed assets | 125.94 | 30.17 |
| Deferred tax impact on fair value changes | 39.55 | 180.05 |
| | 165.49 | 210.22 |
| Deferred tax assets | | |
| On provisions | | |
| Deferred tax liabilities, net | 165.49 | 210.22 |

Movement in deferred tax liabilities (Refer note 2.34)

On a prudent basis, the management is not recognizing deferred tax asset on losses and provisions as there is no certainty of sustainable taxable profit in the future

2.17 Other liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------|----------------------------|----------------------------|
| Current | | |
| Advance lease rent | 0.94 | 0.94 |
| Advances from customers | 3.58 | 6.85 |
| Statutory dues | 55.35 | 61.30 |
| Others | 0.00 | - |
| | 59.87 | 69.09 |

2.18 Trade payables

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------------|----------------------------|
| Dues to micro enterprises and small enterprises (refer note (a) below) | 28.17 | 14.48 |
| Dues to others | | |
| a) related parties (Refer note 2.29) | 17.63 | 18.91 |
| b) others | 570.26 | 718.94 |
| | 616.06 | 752.33 |

Trade payables includes provision for accrued and other claims for which bills are yet to be received and pending settlement.

(a) Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

| | | | |
|------|--|--------------|--------------|
| i) | Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006) | 28.17 | 14.48 |
| ii) | Interest due thereon remaining unpaid | | |
| iii) | Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period. | - | - |
| iv) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - |
| v) | Interest accrued and remaining unpaid | - | - |
| vi) | Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - |
| | | 28.17 | 14.48 |

Accounts Payables Aging Schedule as on 31st March 2023

| Particulars | Unbilled payables | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|-------------------|---------------|--|-------------|-----------|-------------------|---------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| <u>(i) Dues to Micro, Small and Medium Enterprises (MSME)</u> | | | | | | | |
| - Disputed dues | | 21.71 | 6.46 | | | | 28.17 |
| - Undisputed dues | | | | | | | |
| <u>(ii) Dues to Others</u> | | | | | | | |
| - Disputed dues | | 306.02 | 281.28 | 0.59 | | | 587.89 |
| - Undisputed dues | | | | | | | |
| Total (i + ii) | | 327.73 | 287.74 | 0.59 | - | - | 616.06 |

Accounts Payables Aging Schedule as on 31st March 2022

| Particulars | Unbilled payables | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|-------------------|---------|--|-------------|-------------|-------------------|---------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| <u>(i) Dues to Micro, Small and Medium Enterprises (MSME)</u> | | | | | | | |
| - Disputed dues | | | 14.48 | | | | 14.48 |
| - Undisputed dues | | | | | | | |
| <u>(ii) Dues to Others</u> | | | | | | | |
| - Disputed dues | | | 677.63 | 1.24 | 0.16 | | 679.03 |
| - Undisputed dues | | | | | | | |
| Total (i + ii) | - | - | 692.11 | 1.24 | 0.16 | 0 | 693.51 |

Accrued expenses (others)
Grand Total
58.82
752.33

2.19 Revenue from operations

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|--------------------------------|-----------------------------|-----------------------------|
| Gross sales | 6,317.91 | 7,542.65 |
| Discount | (482.90) | (383.45) |
| Sale of products | 5,835.01 | 7,159.20 |
| Retreading charges | 146.50 | 62.72 |
| Lease rent received | 2.63 | 5.62 |
| Sale of scrap and waste | - | - |
| Job work receipts | - | - |
| Other operating revenue | 149.13 | 68.34 |
| Total | 5,984.14 | 7,227.54 |

The management determines that the segment information reported under Note 2.36 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from Contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported. The Company's performance obligation are satisfied upon shipment and payment is generally due by 30 to 60 days.

2.19.1 Reconciliation of revenue from sale of goods with the contracted price

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Contracted price | 6,317.91 | 7,542.65 |
| Less : Trade discount, rebates etc | (482.90) | (383.45) |
| Net revenue recognised from contracts with customers | 5,835.01 | 7,159.20 |

2.20 Other income

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|-----------------|-----------------------------|-----------------------------|
| Interest income | 5.77 | 26.16 |
| Other income | 2.66 | 7.80 |
| | 8.43 | 33.96 |

2.21 Cost of materials consumed

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|-------------------------|-----------------------------|-----------------------------|
| Opening inventory | 118.79 | 171.45 |
| Add: Purchases | 4,019.73 | 4,914.17 |
| Less: Closing inventory | (157.67) | (118.79) |
| | 3,980.85 | 4,966.83 |

2.22 Changes in stock of finished goods, work-in-progress and stock-in-trade

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Opening Stock | | |
| Finished goods (including goods in transit) | 522.87 | 686.20 |
| Work-in-progress | 77.98 | 152.97 |
| | 600.85 | 839.17 |
| Closing Stock | | |
| Finished goods (including goods in transit) | 436.96 | 522.87 |
| Work-in-progress | 30.81 | 77.98 |
| | 467.77 | 600.85 |
| | | |
| | 133.08 | 238.32 |

2.23 Employee benefits expense

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 877.51 | 845.79 |
| Contributions to provident and other funds (refer note (a)) | 54.08 | 62.38 |
| Gratuity (refer note (b)) | 22.93 | 28.10 |
| Staff welfare expenses | 42.79 | 35.35 |
| | 997.31 | 971.62 |

Notes:

(a) Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of Profit and Loss in the period in which they are incurred:

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Employer's contribution to Provident Fund | 42.45 | 47.10 |
| Employer's contribution to ESI | 9.78 | 13.27 |
| Labour welfare and other funds | 1.86 | 2.01 |

Notes:

(b) In accordance with the payment of gratuity under 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan covering eligible employees. Liability with regard to such gratuity is determined by an independent actuarial valuation using the Projected Unit Credit method and is charged to the Statement of Profit and Loss in the year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

2.23 Employee benefits expense (Cont'd)

The following table set out the status of the gratuity plan as required under Ind AS 19, Employee Benefits:

Change in defined benefit obligations

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Present value of defined benefit obligations at the beginning of the year | 219.00 | 146.16 |
| Current service cost | 11.48 | 18.54 |
| Interest cost | 11.67 | 9.82 |
| Benefits settled | (105.59) | (11.55) |
| Actuarial gain / (loss) | 18.35 | 56.03 |
| Present value of defined benefit obligations at the end of the year | 154.91 | 219.00 |

Reconciliation of present value of obligation and the fair value of assets

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Present value of the defined benefit obligation at the end of the year | 154.91 | 219.00 |
| Fair Value of plan assets | 3.55 | 5.91 |
| Liability recognised in the Balance Sheet | 151.36 | 213.09 |

Change in defined benefit obligations

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Fair value of the plan assets at the beginning of the period | 5.91 | 0.81 |
| Expected return on plan assets | 0.33 | 0.26 |
| Contributions by employer | 103.39 | 17.22 |
| Benefits paid from the fund | (105.59) | (11.55) |
| Actuarial gain/loss | (0.49) | (0.83) |
| Fair value of the plan assets at the end of the period | 3.55 | 5.91 |

Components of net gratuity cost

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Current service cost | 11.48 | 18.54 |
| Net Interest cost | 11.34 | 9.56 |
| Net gratuity costs charged to profit or loss | 22.82 | 28.10 |

Components actuarial losses/(gains) in other comprehensive income

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Return on plan assets less than discount rate | 0.49 | 0.83 |
| Actuarial gain due to financial assumption changes in defined benefit obligations | (2.16) | 41.69 |
| Actuarial losses due to experience on defined benefit obligations | 20.51 | 14.34 |
| Total actuarial loss included in other comprehensive income | 18.84 | 56.86 |
| Assumptions used | | |
| Discount rate | | |
| Permanent | 7.48% | 7.12% |
| Casual | 7.30% | 5.04% |
| Salary escalation rate * | | |
| Permanent | 5.00% | 5.00% |
| Casual | 10.00% | 10.00% |
| Attrition rate | | |
| Permanent | 11.60% | 11.60% |
| Casual | 90.73% | 90.73% |
| Retirement age | 58 | 58 |

* Estimates of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in employment market.

Sensitivity analysis
Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time).

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

A quantitative sensitivity analysis for significant assumption is as shown below:

| Assumption | Year ended 31st March 23 | | Year ended 31 March 2022 | |
|-------------------------------|--------------------------|----------|--------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (- / + 1%) | 3.12 | (2.90) | (5.67) | 6.03 |
| Salary growth rate (- / + 1%) | 2.81 | (2.64) | 5.09 | (4.85) |
| Attrition rate (- / + 1%) | 0.05 | (0.05) | (0.36) | 0.38 |

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

2.24 Finance costs

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|-----------------------|-----------------------------|-----------------------------|
| Interest expense | 306.26 | 296.72 |
| Other borrowing costs | 16.78 | 23.76 |
| | 323.04 | 320.48 |

2.25 Depreciation and amortisation expense

| Particulars | Year ended 31st March 23 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Depreciation on tangible assets (Refer note 2.1) | 162.78 | 180.65 |
| Amortisation on intangible assets (Refer note 2.2) | 2.23 | 2.58 |
| | 165.01 | 183.23 |

2.26 Other expenses

| Particulars | Year ended 31st March 23 | Year ended 31st March 22 |
|--|-----------------------------|-----------------------------|
| Repairs and maintenance: | | |
| Building | 0.21 | 1.87 |
| Plant and machinery | 2.78 | 1.19 |
| Others | 18.99 | 19.13 |
| Rent | 55.13 | 59.78 |
| Insurance | 8.53 | 9.19 |
| Professional charges | 180.50 | 89.41 |
| Payments to the auditor (refer note 2.26.1) | 5.75 | 11.43 |
| Travelling expenses | 68.35 | 40.89 |
| Business promotion expenses | 15.45 | 30.06 |
| Freight charges | 139.31 | 197.65 |
| Claim settlement | 36.92 | 10.44 |
| Tools and spares consumed | 10.84 | 21.39 |
| Commission | 15.16 | 37.68 |
| Power and fuel | 240.90 | 284.30 |
| Rates and taxes excluding taxes on income | 13.31 | 10.64 |

| | | |
|------------------------------|-----------------|-----------------|
| Job work charges | 32.70 | 16.72 |
| Consumables | 46.97 | 59.91 |
| Packing materials consumed | 139.39 | 194.67 |
| General factory expenses | 63.83 | 61.25 |
| Provision for doubtful debts | 39.30 | 318.96 |
| Provision for inventory | - | 2.46 |
| Bad debts | - | - |
| Miscellaneous expenses | 24.43 | 27.79 |
| Provision for impairment | - | 2.59 |
| | 1,158.75 | 1,509.40 |

| | Year ended 31st March 23 | Year ended 31 March 2022 |
|---------------------------------------|-----------------------------|-----------------------------|
| 2.26.1 Payments to the auditor | | |
| For statutory audit | 5.50 | 11.00 |
| Reimbursement of expenses | 0.25 | 0.43 |
| | 5.75 | 11.43 |

2.27 Loss per share

| Particulars | Year ended 31st March 23 | Year ended 31st March 22 |
|---|-----------------------------|-----------------------------|
| Net loss after tax attributable to equity shareholders | (722.89) | (968.12) |
| Weighted number of ordinary shares for basic EPS in lakhs | 52.32 | 52.32 |
| Nominal value of ordinary share (in ₹ per share) | 10.00 | 10.00 |
| Basic and Diluted earnings for ordinary shares (in ₹ per share) | (13.82) | (18.50) |

2.28 Assets pledged as security

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| The carrying amounts of assets pledged as security for current and non-current borrowings are: | | |
| Current | | |
| First charge | | |
| Financial assets | | |
| Trade receivables | 1,306.38 | 1,999.25 |
| Cash and cash equivalents | 48.07 | 80.43 |
| Bank balances other than cash and cash equivalents above | 80.07 | 78.26 |
| Loans | 0.50 | 0.50 |
| Other financial assets | 43.94 | 45.89 |
| Inventories | 725.49 | 749.30 |
| Other current assets | 39.18 | 64.76 |
| Total current assets pledged as securities | 2,243.63 | 3,018.39 |
| Non-current | | |
| First charge | | |
| Property, plant and equipment (PPE) and Capital work in progress | 1,428.95 | 1,615.95 |
| Total non-current assets pledged as securities | 1,428.95 | 1,615.95 |
| Total assets pledged as security | 3,672.58 | 4,634.35 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023(cont'd)
(All amounts are in ₹ lakhs, unless other wise stated)

2.29 Related Party Disclosures

(A) Name of the related party and nature of relationship where control exists

| Key Management Personnel (KMP) | |
|--|--------------------------------|
| Navas M Meeran | Chairman |
| M.E. Mohamed | Managing Director |
| Mathur Seshaiyer Ranganathan | Director |
| Shereen Navaz | Director |
| Neelakanta Iyer Kaitharam Subramony Iyer | Director |
| Naiju Joseph | Director |
| Rani Joseph | Director |
| Rajesh Jacob | Former Nominee Director |
| Mohamed Sherif Shah | Former Chief Financial Officer |
| Bijo Joseph | Former Chief Financial Officer |
| Baiju T | Former Company Secretary |
| Sachin Saxena | Former Chief Executive Officer |
| Abil Anil | Company Secretary |
| Suresh S | Chief Financial Officer |

Entities where significant influence is exercised by the director, KMP and/or their relatives having transactions with the Company

Eastern Condiments Private Limited
 Eastern Mattresses Private Limited
 Eastern Retreads Private Limited
 Eastea Chai Private Limited
 Soya Rubbers Private Limited
 Cannymate Business Solutions Pvt Ltd
 Reenaz Properties Pvt Ltd
 Sahara Treads

(B) Transactions with related parties as per the books of account during the period

| Nature of Transaction | Subsidiary and Entities where significant influence is exercised by the director, KMP and/or their relatives having transactions with the Company | | Key Managerial Person (KMP) | |
|-------------------------------|---|--------------------------|-----------------------------|--------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Sale of finished goods | | | | |
| Eastern Retreads Pvt LTd | 271 | 237.08 | | |
| Received services | | | | |
| Eastern Retreads Pvt LTd | 3.46 | | | |
| Group Meeran Pvt Ltd | 145.30 | | | |
| Reenaz Properties (P) Ltd | 0.48 | | | |
| Interest Income | | | | |
| Shipnext Solutions Pvt Ltd | | 21.47 | | |

| | | |
|--|----------|--------|
| Loan Received | | |
| Navas Meeran | 366.00 | 241.00 |
| Interest Expense | | |
| Navas M Meeran | 22 | 6.67 |
| Sale of Fixed Assets | | |
| Shipnext Solutions Pvt Ltd | | 0.30 |
| Purchase of goods | | |
| Eastern Condiments (P) Ltd | 0.06 | |
| Eastern Retreads Pvt LTd | 0.26 | 0.32 |
| Eastern Mattresses Pvt Ltd | | 0.06 |
| Purchase of Fixed Assets | | |
| Shipnext Solutions Pvt Ltd | | 13.33 |
| Leases | | |
| Eastern Retreads Pvt LTd | 0.04 | |
| Eastea Chai (P) Ltd | 0.36 | |
| Sahara Treads | 1.98 | |
| Reenaz Properties (P) Ltd | 28.17 | |
| Sharing of expenses | | |
| Eastern Condiments (P) Ltd | | 2.47 |
| Eastern Retreads Pvt LTd | | 0.98 |
| Eastea Chai (P) Ltd | | 0.35 |
| Cannymate Business Solutions Pvt Ltd | | 59.95 |
| Reenaz Properties Pvt Ltd | | 18.76 |
| Sahara Treads | | 4.49 |
| Impairment in equity investment | | |
| Shipnext Solutions (P) Ltd | | |
| Guarantees or collateral given | | |
| Shipnext Solutions (P) Ltd | 100.00 | |
| Navas M Meeran | 2,332.27 | |
| M.E. Mohamed | 2,334.92 | |
| Rent deposit paid | | |
| Sahara Treads | 1.80 | |
| Loan given to subsidiary | | |
| Shipnext Solutions Pvt Ltd | | 104.63 |
| Loans Repaid by Subsidiary | | |
| Shipnext Solutions Pvt Ltd | | 354.36 |
| Loan given to CEO | | |
| Sachin Saxena | | 22.65 |
| Loan Repaid by CEO | | |
| Sachin Saxena | | 11.25 |

| | | | | |
|---|--|--|-------|-------|
| Remuneration | | | | |
| Sachin Saxena | | | 39.46 | 60.69 |
| Baiju T. | | | 9.03 | 12.58 |
| Bijo Joseph | | | 5.01 | |
| Mohamed Sherif Shah | | | 3.69 | 21.28 |
| Suresh S | | | 24.36 | |
| Abil Anil | | | 0.71 | |
| M.E. Mohamed | | | 13.80 | 13.80 |
| Sitting Fee | | | | |
| Naiju Joseph | | | 0.20 | 0.30 |
| M.S. Ranganathan | | | 0.20 | |
| Neelacanta Iyer | | | 0.25 | 0.30 |
| Rani Joseph | | | 0.20 | 0.30 |
| KSIDC | | | 0.05 | |
| Rajesh Jacob | | | | 0.10 |
| Reimbursement of Office Expenses | | | | |
| Mohammed Sherif Shah | | | | 0.62 |
| Sachin Saxena | | | | 3.29 |
| Baiju T. | | | | 0.02 |
| M.E. Mohamed | | | | 1.26 |

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--------------------------------------|-----------------------------|-----------------------------|
| Amount receivables | | |
| Eastern Retreads Pvt LTd | 103.15 | 164.93 |
| Amount Payables | | |
| Eastern Condiments (P) Ltd | 2.14 | 15.27 |
| Group Meeran Pvt Ltd | 20.31 | |
| Reenaz Properties (P) Ltd | 15.49 | 2.91 |
| Cannymate Business Solutions Pvt Ltd | | 0.73 |
| Advances | | |
| Sachin Saxena | | 15.15 |
| (2) Loan and interest on loan | | |
| Navas Meeran | | 247.67 |

2.30 Contingent Liabilities And Commitments (To the extent not provided for) :

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| a. Claims against the company not acknowledged as debt | | |
| ii. Income tax matters | 20.97 | 20.97 |
| b. Bank Guarantees outstanding | 399.31 | 388.99 |
| c. Commitments | | |
| i. Estimated amounts of contracts remaining to be executed not provided for | - | - |

2.31 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

A. Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments and financial guarantee.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company is exposed to credit risk from its operating activities primarily from trade receivables amounting to ₹1,686.96 Lakhs and ₹2,422.88 Lakhs as of 31 March 2023 and 31 March 2022 respectively. The Company has standard operating procedure for obtaining sufficient security like bank guarantees where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The history of trade receivables shows a negligible provision for bad and doubtful debts. The solvency of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties. Where receivables are impaired, the Company actively seeks to recover the amounts in question and enforce the compliance with credit terms.

Movement in the provision for doubtful receivable

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------|---------------------|---------------------|
| Balance at the beginning | 423.28 | 104.32 |
| Credit loss recognised | 39.30 | 318.96 |
| Balance at the end | 462.59 | 423.28 |

B. Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents provide liquidity both in the short-term as well as in the long-term. In addition company has also availed short term / long term finance from banks as and when required. The Company has been rated by CRISIL Limited (CRISIL) for its banking facilities in line with Basel II norms with a rating of Long term - CRISIL BB/ Stable and short term A4+.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

(All amounts in ₹ lakhs, unless otherwise stated)

Maturities of financial liabilities

| As at 31 March 2023 | < 1year | 1-5 years | >5years | Total |
|-----------------------------|-------------------|------------------|--------------------|-----------------|
| Borrowings | 754.70 | 707.85 | - | 1,462.55 |
| Preference share redemption | 600.00 | 300.00 | - | 900.00 |
| Other financial liabilities | 89.45 | - | - | 89.45 |
| Trade payables | 616.06 | - | - | 616.06 |
| | 2,060.21 | 1,007.85 | - | 3,068.05 |
| | | | | |
| As at 31 March 2022 | < 1year | 1-5 years | > 5years | Total |
| Borrowings | 1,212.69 | 1,111.52 | 142.00 | 2,466.21 |
| Preference share redemption | 500.00 | 400.00 | - | 900.00 |
| Other financial liabilities | 140.90 | - | - | 140.90 |
| Trade payables | 752.33 | - | - | 752.33 |
| | 2,605.92 | 1,511.52 | 142.00 | 4,259.44 |

C. Market Risk

The company is exposed to market risk of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

The company operates internationally and a significant portion of the business is transacted in USD currencies and consequently the Company is exposed to foreign exchange risk through us sales and purchases in foreign currencies. The exchange rate between rupee and foreign currency has changed substantially in recent years and may fluctuate substantially in future.

Foreign currency denominated financial assets and liabilities which exposes the company to currency risk are discussed below:

| Particulars | | As at 31st March 2023 | | As at 31st March 2022 | |
|------------------------------|----------|-----------------------------------|----------------------|-----------------------------------|----------------------|
| Included in | Currency | Amount in foreign currency(Lakhs) | Amount in Rs (Lakhs) | Amount in foreign currency(Lakhs) | Amount in Rs (Lakhs) |
| Financial Assets | | | | | |
| Trade Receivables | USD | 0.39 | 31.74 | 0.99 | 74.25 |
| Financial Liabilities | | | | | |
| Trade Payables | USD | - | - | - | - |

| Conversion rates | Financial Assets | Financial Liabilities |
|------------------|------------------|-----------------------|
| | USD | USD |
| As at March 2023 | 81.39 | NA |
| As at March 2022 | 75 | NA |

Sensitivity

The following table details the company's sensitivity to a 1% increase and decrease in the rupee against the relevant foreign currency. 1% is the sensitivity rate used when reporting foreign currency risk internally to key managerial personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their transactions at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where rupee strengthens 1% against the relevant currency. For a 1% weakening of rupee against the relevant currency, there would be a comparable impact on profit or equity, and the balanced below would be negative.

| Impact on profit after tax | Increase 31st march 2023 | Decrease 31st March 2023 | Increase 31st march 2023 | Decrease 31st March 2023 |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Sensitivity INR/USD | 0.32 | (0.32) | 0.74 | (0.74) |

C. Interest rate risk

The Company is exposed to interest rate risk on short-term (cash credit) and long-term (term loans). All the vehicle loans of the company are fixed rate borrowings. The borrowings of the Company are principally denominated in Indian Rupees. These exposures are reviewed by appropriate levels of management on a regular basis. There are no foreign currency borrowings made by the company during the reporting periods. The impact on the companies profit or loss before tax due to change in interest rate is given below:

| Interest sensitivity: | Change in interest rate | Effect on profit or loss before tax | |
|---|----------------------------|--|---------------|
| | | 31 March 2023 | 31 March 2022 |
| Interest rates – increase by 100 basis points (100 bps) | 1.00% | (14.63) | (24.66) |
| Interest rates – decrease by 100 basis points (100 bps) | 1.00% | 14.63 | 24.66 |

2.32 Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements. For the purpose of calculating gearing ratio, debt is defined as non-current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company.

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Current borrowings | 1,354.70 | 1,521.06 |
| Non current borrowings | 1,064.68 | 1,557.25 |
| Current maturities of non current borrowings | 270.68 | 191.63 |
| Less: Cash and cash equivalents | (48.07) | (80.43) |
| Less: Bank balances other than cash and cash equivalents | (80.07) | (78.26) |
| Net debt | 2,561.91 | 3,111.25 |
| Equity share capital | 541.18 | 541.18 |
| Other equity | (1,227.16) | (492.80) |
| Total capital (equity + net debt) | 1,875.94 | 3,159.63 |
| Gearing ratio | 137% | 98% |

2.33 Disclosure with respect to operating leases

The lease expenses for cancellable operating leases during the year ended 31 March 2023: ₹54.70 lakhs (31 March 2022 is ₹59.78 lakhs)

The Company's significant leasing arrangements in respect of operating leases for office premises, which includes cancellable leases generally range between 11 months to 60 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 2.26 to the financial statements.

Details of leasing arrangements as lessor:

The Company has entered into operating lease agreements with the customers for permitting the use of plant and machinery. The lease term ranges from 3- 5 years. As per the terms of lease agreements, the agreements are cancellable at the option of both the parties by serving due notice.

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Net block value of plant and machinery given on lease (refer note 2.1) | 78.77 | 96.58 |
| Future minimum lease payments | | |
| not later than one year | 0.94 | 2.22 |
| later than one year and not later than five years | - | - |

| 2.34 Income Tax | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Current tax: | | |
| Current income tax charge | - | - |
| Deferred tax credit | | |
| Relating to the origination and reversal of temporary differences | (44.72) | (21.19) |
| Income tax expense reported in Statement of Profit and Loss | (44.72) | (21.19) |
| Deferred tax related to items recognised in Other Comprehensive Income (OCI) | | |
| Income tax relating to re-measurement loss on defined benefit plans | - | (14.31) |
| Income tax relating to re-measurement gains changes in revaluation surplus of Property, Plant and Equipment | - | 144.72 |

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Reconciliation of deferred tax (net) | | |
| Opening balance | 210.21 | 100.99 |
| Tax credit during the year recognized in statement of profit and loss | (44.72) | (21.19) |
| Tax credit during the year recognised in Other Comprehensive Income (OCI) | - | 130.41 |
| Closing balance | 165.49 | 210.21 |
| Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate | | |
| Accounting loss before tax and exceptional item | (767.61) | (989.32) |
| Tax on accounting profit at statutory income tax rate at 25.17%(31 March 2021: 25.17%) | (193.21) | (249.01) |
| Tax effects of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Deferred tax assets not recognized on the loss as there is no certainty of future taxable profit | 221.84 | 221.84 |
| Others | (73.35) | 5.98 |
| Tax charge for the year | (44.72) | (21.19) |
| Income tax expense reported in the Statement of Profit and Loss | (44.72) | (21.19) |

2.35 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories are as follows:

| | 31-Mar-23 | | | 31-Mar-22 | | |
|---|-----------------|---------------------------------------|--|-----------------|---------------------------------------|--|
| | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI |
| Financial Assets: | | | | | | |
| Non-current | | | | | | |
| (i) Investments | - | - | - | - | - | - |
| (ii) Trade receivables | 0.35 | - | - | 0.35 | - | - |
| (iii) Other financial assets | 0.22 | - | - | 24.32 | - | - |
| Current | | | | | | |
| (i) Trade receivables | 1,306.38 | - | - | 1,999.25 | - | - |
| (ii) Cash and cash equivalents | 48.07 | - | - | 80.43 | - | - |
| (iii) Bank balances other than (ii) above | 80.07 | - | - | 78.26 | - | - |
| (iv) Loans | 0.50 | - | - | 0.50 | - | - |
| (v) Other financial assets | 43.94 | - | - | 45.89 | - | - |
| Total financial assets | 1,479.53 | - | - | 2,229.00 | - | - |
| Financial Liabilities: | | | | | | |
| Non-current | | | | | | |
| (i) Borrowings | 1,064.68 | - | - | 1,557.25 | - | - |
| (ii) Other financial liabilities | - | - | - | - | - | - |
| Current | | | | | | |
| Financial liabilities | | | | | | |
| (i) Borrowings | 2,025.47 | - | - | 1,712.69 | - | - |
| (ii) Trade payables | 616.06 | - | - | 752.33 | - | - |
| (iii) Other financial liabilities | 360.13 | - | - | 140.90 | - | - |
| Total financial liabilities | 4,066.34 | - | - | 4,163.17 | - | - |

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1- Quoted prices (unadjusted) is the active market price for identical assets or liabilities
- Level 2 -Inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly
- Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

2.36 Segment Information

The Company is engaged in the manufacture and sale of products which form part of one product group which represents one operating segment, as the Chief Operating Decision Maker (CODM), reviews business performance at an overall company level. Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

(i) Revenues from external customers for each product or each group of similar products:

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Sales of products | 5,835.01 | 7,159.20 |
| | 5,835.01 | 7,159.20 |
| (ii) Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues: | | |
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| India | 5,214.26 | 6,520.26 |
| Outside India | 620.75 | 638.94 |
| | 5,835.01 | 7,159.20 |
| (iii) Non-current assets (other than financial instruments and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets: | | |
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| India | 1,475.04 | 1,623.07 |
| Outside India | - | - |
| | 1,475.04 | 1,623.07 |
| (iv) The following table gives details in respect of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Company's revenues from product sale: | | |
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Revenue from Top customer | 470.63 | 1,302.34 |
| Revenue from customers contributing 10% or more to the company's revenue from product sale | - | 1,302.34 |

2.37 Impact of COVID-19

The Company has reported a net loss of Rs. 722.89 lakhs during the current year and has accumulated losses amounting to Rs. 2518.05 lakhs as on 31 March 2023. The spread of COVID-19 has impacted the normal operations of the Company during the period. The country has witnessed several disruptions in normal operations. The operations of the Company were disrupted significantly during the first quarter of the financial year. Though the lock down and transport movement restrictions were progressively relaxed subsequently, disruptions in operations of entities in road transport and automobile sector continued, which adversely affected timely collections from customers during the period. The extent to which the COVID-19 pandemic may further impact the operations and company's results will depend on ongoing as well as future developments, which are highly uncertain. The Company has taken into account the possible impacts of COVID-19 while preparing the financial results. The Company has performed an assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, including overdue receivables from various state road transport corporations, and impact on revenues and costs. Based on various estimates and assumptions used in business forecast and fund flow projections, management expects to recover the carrying amount of the assets and will be able to discharge the liabilities. The Company has received a letter of support from the chairman and promoter director of the Company, wherein he has confirmed to provide all financial support to the Company to meet the shortfall in its fund requirements for payment of timely dues to banks & other parties and to meet the operating expenses, if required. for a period of not less than 12 months from the date of financial closure. In view of the above letter of support and various performance improvement measures undertaken, the Management believes that the Company will be able to meet its operational and other commitments as and when these become due in the foreseeable future. Hence the financial statements have been prepared on a going concern basis.

2.38 An offer of rights issue was made to the Company by Shipnext Solutions Private Limited ("Subsidiary") on 4 September 2021 which was renounced by the Company in its board of directors meeting held on 13 September 2021. Subsequently, the capital base of the Subsidiary was increased by way of private placement of equity shares to other investors on 30 November 2021. Consequently, the shareholding of the Company has reduced to 14.53% resulting in loss of control in Subsidiary and Shipnext Solutions Private Limited became an associate as per Ind AS 28 "Investments in Associates and Joint Ventures" with effect from 1 December 2021. Further, due to various actions taken by the management of the Company including amendment in shareholders' agreement, Shipnext Solutions Private Limited ceased to be an associate of the Company with effect from 15 February 2022.

2.39 Disclosure pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- (i) Details of investments are given in Note 2.3
- (ii) Details of loans given are as follows

| Name of the Party | Relationship | As at 31 March 2023 | As at 31 March 2022 |
|------------------------------------|------------------------------|------------------------|------------------------|
| Shipnext Solutions Private Limited | Erstwhile Subsidiary Company | - | - |

- (iii) Details of guarantees given are given on behalf of erstwhile subsidiary are given below:

| Name of the Party | Relationship | As at 31 March 2023 | As at 31 March 2022 |
|------------------------------------|------------------------------|------------------------|------------------------|
| Shipnext Solutions Private Limited | Erstwhile Subsidiary Company | 100.00 | 110.00 |

2.40 Key Ratios

| Particulars | 31 March 2023 | 31 March 2022 | % Variance | Reason for variance |
|----------------------------------|---------------|---------------|------------|---|
| Current ratio | 0.73 | 1.12 | -35% | Losses during the year has affected the current ratio |
| Debt-equity ratio | (4.50) | 67.59 | -107% | The company has incurred loss during the current year due to which the equity of the company has come down. |
| Debt service coverage ratio | (0.09) | (0.15) | -39% | There was an increase in loss during the year due to which the earnings available for debt service has come down. |
| Return on equity ratio | 2.27 | (2.87) | -179% | There was a decrease in the loss during the year when compared to previous year, also the shareholder's equity is negative for the year ended. |
| Inventory turnover ratio | 8.12 | 8.05 | 1% | The overall inventory holding of the company has come down due to management decision of reducing the inventory holding |
| Trade receivables turnover ratio | 3.62 | 2.84 | 27% | Reduction in the trade receivables has improved the ratio |
| Trade payables turnover ratio | 5.82 | 6.34 | -8% | The purchases made during the year has decreased when compared to previous year. Further, company has paid off trade payables due to which trade payables was also less when compared to previous year. |
| Net capital turnover ratio | (7.10) | 21.74 | -133% | On account of the losses for the year, the net capital has become negative |
| Net profit ratio | (0.12) | (0.13) | -7% | There was an increase in the loss during the year when compared to previous year. |
| Return on capital employed | (0.18) | (0.19) | -3% | There was an increase in the loss during the year when compared to previous year. |

Numerator and denominator used for computation

| Particulars | Numerator | Denominator |
|-----------------------------|-------------------------------------|---------------------------------------|
| Current ratio | Current assets | Current liabilities |
| Debt-equity ratio | Total borrowings | Equity share capital and other equity |
| Debt service coverage ratio | Earnings available for debt service | Debt service |
| Return on equity ratio | Net loss | Average shareholder's equity |

| | | |
|----------------------------------|------------------------------|---------------------------|
| Inventory turnover ratio | Revenue from operations | Average inventory |
| Trade receivables turnover ratio | Revenue from operations | Average trade receivables |
| Trade payables turnover ratio | Total purchases | Average trade payables |
| Net capital turnover ratio | Revenue from operations | Working capital |
| Net profit ratio | Net loss | Revenue from operations |
| Return on capital employed | Loss before interest and tax | Capital employed |

- 2.41**
- a) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
 - b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.
 - c) As per the information available with the Company, the Company has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
 - d) There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period.
 - e) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall
 - 1) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries).
 - 2) provide any guarantee, security or the like on behalf of the ultimate beneficiaries. Company has not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall
 - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - ii) provided any guarantee, security or the like on behalf of the ultimate beneficiaries.
 - f) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023.
 - g) The Company does not have any surrendered or undisclosed income during the year in the tax assessments under the Income Tax Act, 1961.
 - h) The title deeds of all the immovable properties held by the Company disclosed in the financial statements are held in the name of the Company.
 - i) The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.
 - j) The Company has complied with the number of layers prescribed under the Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.
 - k) The company has revalued its freehold land during the current year and the revaluation has been carried out by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

2.42 Events after the balance sheet date

There were no material subsequent events after the reporting date which requires any adjustments or disclosures relating to reported assets and liabilities at the end of the reporting period.

- 2.43** Prior year comparatives have been regrouped/reclassified where necessary to conform with the current year classification.

For G. Joseph & Associates
Chartered Accountants
 (Reg No: 006310S)

For and on behalf of the Board of Directors of
Eastern Treads Limited

Allen Joseph
 Partner
 M No 228498

Suresh S
 Chief Financial Officer

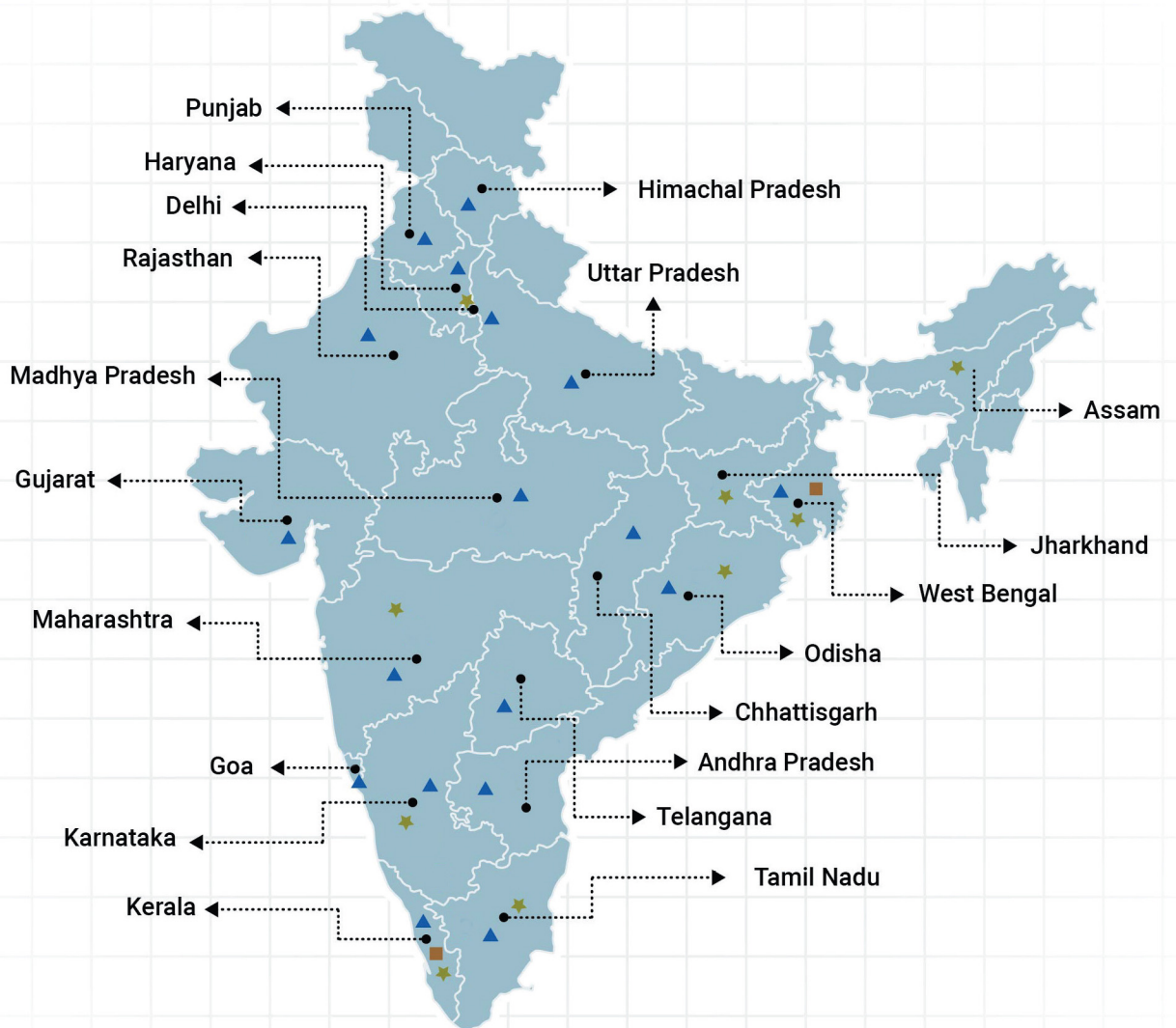
Abil Anil
 Company Secretary




25.05.2023
 Kochi

M.E Mohamed
 Managing Director
 DIN: 00129005

Navas M. Meeran
 Chairman
 DIN: 00128692

OUR DISTRIBUTION CHANNELS



-  Dealer presence
-  RTC relationships
-  Company Own Depots



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