

Dated, 3rd August, 2017

REF: ETL/BSE/AR/17-18

The Corporate Relationship Department,
Bombay Stock Exchange Limited,
Floor 25, PJ Towers, Dalal Street, MUMBAI – 400001.

Dear Sir,

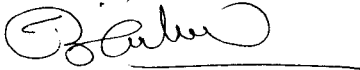
Sub: Adopted Annual Report – FY 2016-17.

Pursuant to the Listing Agreement read with Regulation 34 of SEBI (LODR) Regulations, 2015, submitting herewith the Annual Report as adopted and approved in the Annual General Meeting of the Company held on 6th July 2017.

Kindly take the information on your record.

Thanking you,
Yours faithfully,

for EASTERN TREADS LIMITED



CS. BAIJU.T
Company Secretary

Eastern Treads Ltd.

CIN : L25119KL1993PLC007213

Phone : +91 484 3001 100

Reg. Office: 3 A, 3rd Floor, Eastern

Fax : +91 484 3001 110

Corporate Office, 34/137 E, N H Bye-Pass,

E-mail : treads@eastern.in

Edappally P.O., Kochi, Kerala - 682 024, India.

Web : www.eastertreads.com

Factory : Oonnukal P.O, Kothamangalam

Ernakulam, Kerala - 686 693.

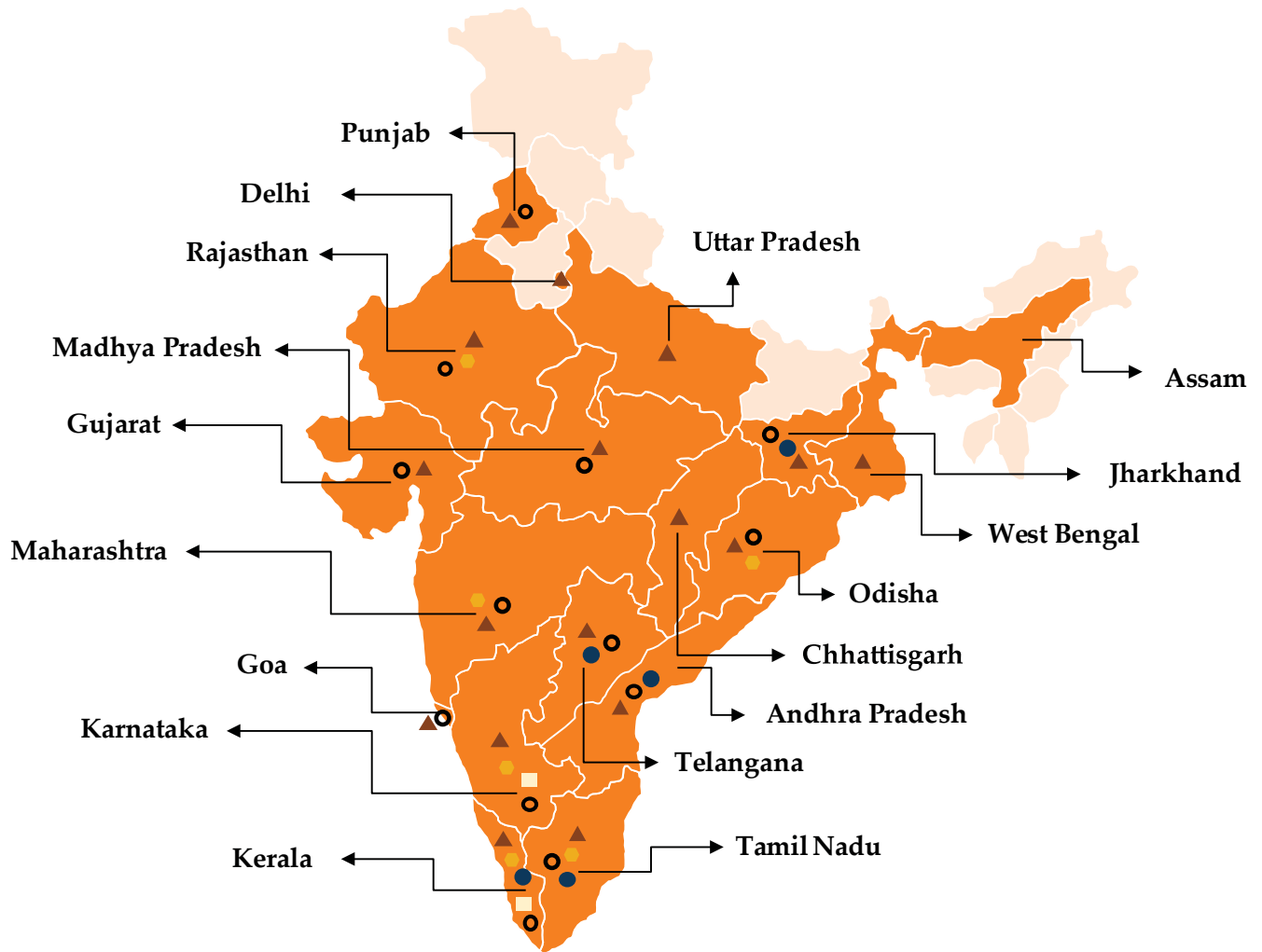
Phone : +91 485 2855 448 / 338



*Constant
growth.
Constant
improvement.*

ANNUAL
REPORT
2016-17

NETWORK ACROSS INDIA



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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
Mr. K.V. Rajagopalan Nair	Director (Nominee of KSIDC)
Mrs. Shereen Navaz	Director
Mr. Rajesh S.	Chief Financial Officer
CS Baiju T.	Company Secretary

REGISTERED & CORPORATE OFFICE

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

WORKS

Oonnukal, Kothamangalam, Ernakulam

BANKERS

The Federal Bank Limited, ICICI Bank Limited
HDFC Bank Limited, IDBI Bank Limited

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

SECRETARIAL AUDITORS

M/s. BVR and Associates Company Secretaries LLP,
Swastika, 53/3933, Lal Salam Road, Ponnurunni,
Vytila, Kochi, Ernakulam - 682019

AUDITORS

JVR & Associates, Chartered Accountants
39/2790A, Wilmont Park Business Centre
Near St. George's Church,
Pallimuku, Kochi, Ernakulam - 682016

INVESTOR CORRESPONDENCE

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

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Dear Shareholders,

I am happy to share with you the financial and operating performance of Eastern Treads Limited (ETL) for the financial year 2017. The year was eventful with external headwinds that impacted business performance. In the second half of the year, the Government's demonetization initiative adversely impacted the cash-based Indian economy. The Indian tyre retreading industry was affected as ~80% of end users, comprising fleet owners, have traditionally been almost entirely cash operated.

Despite these macro uncertainties, ETL registered a topline growth of 7% in FY17. The Company introduced new superior products and enhanced its distribution network to drive growth in volumes. We have also expanded our overseas presence in key markets and our initiatives are already yielding positive results. However, profitability was lower due to intensifying competition, pressure from raw material prices and our continued commitment to investing in several aspects of the business with an eye to future growth. We have tried to manage the impact from increased rubber prices by actively maintaining higher raw material inventories but the transitional increase in working capital has increased interest cost. This is expected to normalize in FY18.

During the year, we have made some key strategic initiatives to expand customer engagement. Having invested in brand building, people and growing our footprint, we remain confident of emerging as a leading player in the tyre retreading sector. We believe that the Indian tyre retreading industry continues to gain traction and has a significant opportunity for long term growth based on monetary and environmental benefits. The long term growth story is intact, with macro factors such as improving infrastructure, increasing economic activity and shift towards radial tyres are all expected to further give impetus to the industry. ETL is well poised to derive this advantage from long term adoption of retreading across various usage segments. With the implementation of GST in the coming months and due to lasting effects of demonetization, we expect that organized players like us will gain more traction.

Over the years, ETL has gained prominence as a premier tyre retreading solution provider with a broad range of products that deliver excellent performance in diverse weather and road conditions. We will continue to build and expand presence in the ensuing fiscal year by expanding our distribution system and by offering comprehensive services to customers making us a one-stop solution for all retreading needs.

In conclusion, we are enthused about future opportunities and believe that our focused initiatives will help us to deliver enhanced business performance over the long term. I would like to thank all our colleagues for their high level of commitment that we believe will take the Company to greater heights in times to come. I would also like to express my deepest gratitude to all my colleagues on the board, for their significant contribution towards providing direction to ETL's performance. I am deeply thankful to our customers, business associates, suppliers, bankers and legal authorities for their loyalty and trust in us. Lastly, my sincere appreciation to all our shareholders for continued support in our journey to create long-term value.

With warm regards



Navas M Meeran
Chairman

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the members of Eastern Treads Limited will be held at Holiday Inn Cochin, Chakkaraparambu Junction, NH Bypass, Vennala, Kochi, Ernakulam – 682028, Kerala on Thursday, 6th July 2017, at 3.00 P.M to transact the following business:

A) Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2017 and the Profit and Loss Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year 2016-17.
3. To appoint a Director in place of Mr. Naiju Joseph, having DIN: 00419362, who retire by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers himself for reappointment.
4. To appoint M/s. Walker Chandiook & Co LLP, Chartered Accountants, Kochi as Statutory Auditors of the Company, to hold office for a period of five consecutive financial years from the conclusion the 24th Annual General Meeting (subject to ratification of the appointment at every Annual General Meeting) in compliance with the provisions of Section 139 of the Companies Act, 2013 and to authorise the Board of Directors to fix their remuneration.

B) Special Business

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

“RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, subject to the provisions of Sections 196, 197, 198, 203 read with Schedule V, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable Rules made thereunder (including any statutory modification or re-enactment thereof) and other applicable provisions of the Companies Act, 2013, if any, and Article 18(a) of the Articles of Association of the Company, the appointment of Mr. M.E Mohamed, having DIN: 00129005, as the Managing Director of the Company for a period of five years with effect from 9th February, 2017, on following terms and conditions including remuneration and minimum remuneration as set out in the agreement be and is here by approved and ratified.

Terms & Conditions of appointment of Managing Director

1. Mr. M.E. Mohamed shall be the Managing Director and WKMP of the Company with effect from 9th February, 2017 for a period of five years.
2. The Managing Director shall be entitled to the following remuneration and perquisites:

- 1). Basic salary : ₹ 25000/- per month (*Eligible for revision on as determined by the Nomination and Remuneration Committee*)
- 2). Commission : 0.25% of the net profits of the Company. The Commission payable on a yearly basis linked with the performance of the Company
- 3). Perquisites : Perquisites shall be allowed in addition to salary, limited to the following:
 - a) Housing : 50 % of salary
 - b) Medical benefits : Expenses actually incurred for self and family subject to a ceiling of one month's salary in a year. Un-availed medical benefits, if any, at the end of the year will be allowed to be carried forward.
 - c) Reading materials : Maximum to the extent of ₹ 2000 per month
 - d) Telephone : Free telephone facility at the residence
 - e) Use of car : The Company shall provide a car for business and personal use/reimburse the running and maintenance expenses of the car owned by the Managing Director for business and personal use.
- 4). Other benefits : As per the Rules applicable to the Senior Executives of the Company and/which may become applicable in future and/ any other allowances, perquisites as the Board may, from time to time decide.

RESOLVED FURTHER THAT the agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment including the remuneration (subject to revision of basic salary, allowances and perquisites, as may be deemed appropriate as per the applicable HR policies of the Company from time to time), as may be agreed by the Board of Directors and Mr. M.E. Mohamed, on the recommendation of the Nomination and Remuneration Committee.

RESOLVED FURTHER THAT so long as Mr. M.E. Mohamed functions as the Managing Director of the Company his office shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT the remuneration payable to Mr. M.E. Mohamed, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time and in the event of absence or inadequacy of profits in any financial year, the salary and perquisites are subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013.

RESOLVED FURTHER THAT pursuant to the provision of Section 196 and 203 of the Companies Act 2013 (as amended or reenacted from time to time), Mr. M.E Mohamed, being as Managing Director, be and is hereby designated as Whole time Key Managerial Personnel (WKMP) of the Company on the terms and conditions of his appointment as recommended by the Nomination and Remuneration Committee pursuant the provisions of Section 178 of the Companies Act, 2013. Mr. M.E. Mohamed, shall perform the duties which may be performed by a WKMP under the Act, and any other duties assigned to him by the Board from time to time”.

By Order of the Board
For Eastern Treads Limited

Notes:-

1. **A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote on a poll instead of himself/herself and such proxy/proxies need not be a member of the Company. Duly completed instrument of proxies in order to be effective must be reached the registered office of the Company not less than 48 hours before the scheduled time of the meeting.**
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company, provided a member holding more 10%, of the total share capital may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
3. Corporate members intending to send their authorised representative to attend the Meeting are requested to ensure that the authorised representative carries a certified copy of the Board resolution, Power of Attorney or such other valid authorisations, authorising them to attend and vote on their behalf at the Meeting.
4. The required Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the item under Special Business is annexed herewith.
5. In terms of the relevant provisions of the Companies Act, 2013 and the rules made thereunder, it is proposed to appoint M/s. Walker Chandiok & Co LLP, (Firm Registration number: 001076N/N50001) Chartered Accountants, Kochi as Statutory Auditors of the Company in place of the retiring Auditors, M/s. JVR & Associates, Chartered Accountants, Kochi.
6. Dividend of ₹0.50/- per equity share of ₹10/- each (5%) has been recommended by the Board of Directors for the year ended on 31st March, 2017. The dividend, if declared at the meeting, is proposed to be paid on or after 15th July, 2017 to those members whose names appear:
 - a) As Beneficial Owners as at the end of the business hours on 30/06/2017 as per the list to be furnished by the depository in respect of the shares held in electronic form and,
 - b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 30/06/2017.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 01/07/2017 to Thursday, 06/07/2017 (both days inclusive).
8. For the convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, annexed to the Proxy Form. Members/Proxies are requested to bring the attendance slip duly filled in and to affix their signature at the place provided on the Attendance Slip and hand it over at the counters at the venue.
9. Members who hold the shares in the dematerialized form are requested to incorporate their DP ID Number and Client ID Number in the Attendance Slip/Proxy Form, for easier identification of attendance at the Meeting.
10. Members and Proxies attending the meeting are requested to bring the annual report to the meeting as extra copies will not be distributed.
11. The Company is having agreements with NSDL and CDSL to enable Members to have the option of dealing and holding the shares of the Company in electronic form. Any member desirous to dematerialise his holding may do so through any of the depository participants. The ISIN of the equity shares of the Company is INE500D01015.

12. Members may note that transferees of shares of the Company in physical form shall furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.
13. Members are requested to address all correspondence, including change in their addresses, to the Company or to the Registrar and Share Transfer Agent, 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 effecting change of address.
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.
15. If any of the members are holding shares in the same name or in the same order of names, under different folios, then members are requested to notify the same to the Registrar and Share Transfer Agent for consolidation of their shareholding into a single folio.
16. Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.
17. Notice of this Annual General Meeting, Audited Financial Statements for 2016-17 along with Directors' Report and Auditors' Report are available on the website of the Company www.easterntreads.com.
18. As per Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nomination are requested to send their request in Form No: SH-13 (which will be made available on request) to the Company or Registrar and Share Transfer Agent. The said nomination form can also be downloaded from the Company's website www.easterntreads.com.
19. At the ensuing Annual General Meeting, Mr. Naiju Joseph, (DIN: 00419362) retires by rotation and seek reappointment. Mr. M.E Mohamed, Managing Director seeks the approval of shareholders to hold the office of Managing Director for a period of 5 years with effect from 9th February, 2017. Details pertaining to these directors required to be provided pursuant to the Listing Agreement read with SEBI (LODR) Regulations, 2015 are furnished in the statement on corporate governance.
20. In pursuance of Sections 124 of the Companies Act 2013 and other applicable provisions, if any 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). Shareholders, who have not claimed their dividend including interim dividend, if any, are requested to make their claims without any delay. The details of such unclaimed dividends are available on the Company's website.
21. 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, members are requested to provide their email address to the Company/the Registrar and Transfer Agent or update the same with their depositories to enable the Company to send the documents in electronic form.
22. Pursuant to the prohibition imposed vide Section 118 of the Companies Act, 2013 read with Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, no gifts/coupons shall be distributed at the Meeting.

23. Voting through Electronic means

- A. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and the Listing Agreement read with Regulation 44 of SEBI (LODR) Regulations 2015, the Company is pleased to provide members the facility to exercise their right to vote on resolutions proposed to be considered at the 24th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- B. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- C. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- D. The remote e-voting period commences on 03/07/2017 (9:00 am) and ends on 05/07/2017 (5:00 pm). During this period members’ of the Company, holding shares either in physical form or in dematerialised form, as on the cutoff date of 30/06/2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- E. The process and manner for remote e-voting are as under:
- (i). In case a Member receives an email from NSDL {for members whose email IDs are registered with the Company/Depository Participants(s)} :
- 1) Open email and open PDF file viz; “Eastern Treads remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - 2) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - 3) Click on “Shareholder – Login”
 - 4) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - 5) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - 6) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - 7) Select “R EVEN” (Remote E-Voting Event Number) of Eastern Treads Limited
 - 8) Now you are ready for remote e-voting as Cast Vote page opens.
 - 9) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - 10) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - 11) Once you have voted on the resolution, you will not be allowed to modify your vote.

- 12) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to evoting@eastern.in with a copy marked to evoting@nsdl.co.in
- (ii). In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- 1) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

<u>R EVEN (Remote e-voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD/PIN</u>
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 - 2) Please follow all steps from Sl. No. (2) to Sl. No. (12) above, to cast vote.
- F. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com OR contact NSDL at the following Telephone No:022 24994600.
- G. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- H. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- I. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cutoff date of 30/06/2017.
- J. Any person who acquires shares and become member of the Company after dispatch of the notice and holding shares as of the cutoff date i.e. 30/06/2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or yuvraj@integratedindia.in.
- K. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset the same by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following Telephone No: 022 24994600.
- L. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- M. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- N. CS. Satheesh Kumar N., Company Secretary (Membership No. 16543), Partner M/s. Satheesh & Remesh, Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- O. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- P. The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- Q. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company <http://www.easterntreads.com> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

Change in Name of Registrar and Share Transfer Agent

The registry services of our Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited has been demerged to Integrated Registry Management Services Private Limited with no effective change of ownership or management or the operational team, office location etc. Hence Shareholders are requested to send the documents / correspondence relating to the Company's securities and share transfer activity to the following address:

Integrated Registry Management Services Private Limited,
2nd Floor, Kences Towers, No:1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai-600017
Phone: 044 - 28140801, 28140803, Fax; 044 - 28143378, 28142479
E-mail: corpserv@integratedindia.in, yuvraj@integratedindia.in

Route Map & Land Mark

24th Annual General Meeting on Thursday, 6th July 2017, at 3.00 P.M

Holiday Inn Cochin

Chakkaparambu Junction, NH Bypass, Vennala, Kochi, Ernakulam – 682028, Kerala



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

Item No.05

Mr. M.E Mohamed (DIN: 00129005), Managing Director has vacated his office as the Managing Director and Whole-time Key Managerial Personnel of the Company on 25th August, 2016 and continues as a director of the Company, as he was appointed as the Managing Director for a period of 5 years with effect from 26/08/2011 and the period of appointment completed on 25/08/2016. Pursuant to Section 203(4) of the Companies Act, 2013 this vacancy of MD and WKMP has to be filled up by the Board within a period of 6 months from the date of vacancy.

Keeping in view that Mr. M.E Mohamed has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, pursuant to the provisions of Sections 196, 197 and other applicable provisions, read with Schedule V of the Companies Act, 2013 and the Rules made thereunder and as recommended by the Nomination and Remuneration Committee, and subject to the approval of the shareholders, the Board of Directors at its meeting held on 9th February, 2017, appointed Mr. M.E Mohamed as the Managing Director of the Company with effect from 9th February, 2017 for a period of 5 years. Being the Managing Director of the Company, he has designated as Whole time Key Managerial Person of the Company.

As recommended by the Nomination and Remuneration Committee, the Board approved his appointment as Managing Director and Whole-time Key Managerial Person on terms and conditions including the remuneration and perquisites.

Since he has attained the age of 74 years, a special resolution is being proposed for his appointment. Though Mr. M.E. Mohamed has crossed the age of seventy, he is in good health and of sound and alert mind. The Board is confident about Mr. M.E. Mohamed being able to function and discharge his duties in an able and competent manner.

Considering his long association with the Company and adequate experience in various fields, the Board recommends the confirmation of appointment of Mr. M.E Mohamed as Managing Director for a period of 5 years with effect from 9th February, 2017 on the terms as to remuneration, allowances etc. as set out in the resolution being item No.5 of the accompanying Notice. Considering Mr. M.E Mohamed's experience, seniority and the trend in the industry, the terms of his remuneration are considered to be fair, just and reasonable and are recommended for your approval. A brief resume of Mr. M.E Mohamed as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is furnished in the statement on corporate governance.

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

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the 24th Annual Report along with the audited statements of accounts of your Company for the financial year ended 31st March, 2017.

Financial Results

The following table shows the operational results of the Company for the year 2016-17 as compared to that of the previous year.

	(₹in lakhs)	
	Year ended	
	31/03/17	31/03/16
Revenue from Operations	9336	8759
Other Income	87	12
Total Revenue	9423	8771
Expenditure	8820	8003
Profit before Interest, Depreciation and Tax	603	768
Financial Cost	225	138
Depreciation and Amortization	178	116
Profit before Tax	200	514
Profit after Tax	133	341

Financial Highlights

Considering the turmoil in the industry in general, your Company reported satisfactory performance during the financial year. The revenue has been improved by 7.4%, when compared to the previous year. Due to the uncertainties and turbulences in the market PBIDT has declined by 21%. The profit before tax and Net Profit after Tax have also dropped by 61%.

The Company was able to manage its growth in revenue, but the margin has shrunk due the rise in input costs. This fall in profit was on account of factors, like volatility in raw material prices, increased debt, higher finance cost, depreciation charges, demonetization and other economic restrictions etc.

Operational Highlights

During the year, key raw material prices were volatile in nature and this unpredictability impacted margins. Even though the Company has fought hard to mitigate the increase in input cost and passed some of this cost on to its customers, it could not increase the price in line with the extensive escalation of costs due to resistance in accepting the hike, as the retailers were under high pressure to transmit the increase to end customers due to the pricing strategies of tyre manufacturers. Further as tyre retreading industry is cash driven in nature, the industry faced strong adverse impact of demonetization. However better operating efficiencies, saving in cost to the possible extent, launch of new products and franchise operations helped the Company to manage the profitability. The operations are exhaustively discussed in 'Management Discussion and Analysis' forming part of the annual report.

Dividend

The Board has recommended a dividend @ 5% (Re. 0.50 per equity share of ₹ 10/- each) for the financial year 2016-17. Subject to the approval of shareholders, the dividend will be paid on or after 15th July, 2017 to the shareholders, whose name appears on the Register of Members / Beneficial Owners at the close of business hours on Friday, 30th June, 2017.

Deposits

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

Board of Directors and Key Managerial Personnel

Mr. M.E. Mohamed, Managing Director, Mr. Rajesh S., Chief Financial Officer and CS. Baiju T., Company Secretary are the Whole-time Key Managerial Personnel of the Company. Mr. Naiju Joseph, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his appointment.

Mr. M.E. Mohamed, Managing Director has vacated his office as the Managing Director and Whole-time KMP on 25th August, 2016 and continued as a director. Considering his rich and varied experience in the industry and his involvement in the operations of the Company over a long period of time, as recommended by the Nomination and Remuneration Committee, the Board reappointed him as the Managing Director for a period of 5 years with effect from 9th February, 2017. Being the Managing Director, he has also designated as Whole-time KMP. Mr. M.E. Mohamed seeks the approval of shareholders to hold the office of Managing Director for a period of 5 years with effect from 9th February, 2017.

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

Directors' Responsibility Statement

Pursuant to the requirement of 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 year.
- (c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (d) Prepared the Annual Accounts on a going concern basis.
- (e) Had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors & Audit Observations

The period of appointment of M/s. JVR & Associates, Chartered Accountants as the auditors of the Company expires at this Annual General meeting. Pursuant to the provisions of Section 139(2) of the Companies Act, 2013 the existing auditors cannot be reappointed at the ensuing Annual General Meeting and the Board recommends the appointment of M/s. Walker Chandio & Co LLP, Chartered Accountants, Kochi as Statutory Auditors, to hold office for a period of five consecutive financial years from the conclusion the 24th Annual General Meeting, subject to ratification of the appointment at every Annual General Meeting. Necessary certificate has been obtained from the Auditors as per Section 139(1) of the Companies Act, 2013. The Auditor's observations are suitably explained in notes to the Accounts and are self-explanatory.

Cost Audit Report

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 2016-17; hence, no such audit has been carried out during the year.

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 the provisions of 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 - A**. The findings of the audit have been satisfactory.

Public Shareholding

About 34.50% of the paid up equity share capital of the Company are held by a large number of public shareholders. The category-wise shareholdings are reported in the "Extract of Annual Return" forming part of the annual report.

Listing and Dematerialisation

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

Extract of Annual Return

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

Related Party Transactions

There were no materially significant related party transactions which could have 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 - C**.

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. This Policy has been uploaded on the website of the Company. There has been no change in the policy since the last fiscal year.

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

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 - D** to this report.

Corporate Governance

Your Company has been complying with the principles of good Corporate Governance over the years and is committed to the highest standards of compliance. Pursuant to the Listing Agreement read with 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 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 - E** and forms part of this Report. As required under SEBI (LODR) Regulations 2015 the Management Discussion and Analysis Report is annexed as **Annexure - F** and forms part of this Report.

Personnel

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

Corporate Social Responsibility

Company has generally taken corporate social responsibility (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. The Company will constitute CSR Committee, develop CSR policy and implement the CSR initiatives whenever it is applicable to the Company.

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. The Vigil Mechanism Policy has been uploaded on the website of the Company.

Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement. Company has availed Line of Credit facility offered by IDBI Bank Ltd to the extent of ₹750 Lakhs in the form of Bill discounting facility to the Company's approved vendors supplying raw materials to the Company and has guaranteed for its repayment.

Development and Implementation of Risk Management Policy

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.

Adequacy of Internal Financial Controls with reference to the Financial Statements

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Company Secretary has been appointed as the Internal Auditor with a dedicated internal audit team. The internal audit reports were reviewed periodically by Audit Committee as well as by the Board. Further, the Board annually reviews the effectiveness of the Company's internal control system. The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. 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.

Material Changes and Commitments

No material changes and commitments, affecting the financial position of the Company has been occurred between the end of the financial year 2016-17 and till the date of this report.

Statutory Orders

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

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. The Company has not received any complaint under this policy during the year 2016-17.

Acknowledgement

Your Directors wish to place on record their gratitude to Bankers, Share Transfer Agents, Auditor, 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

Kochi
04/05/2017

Navas M Meeran
Chairman

Form No: MR 3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of Managerial 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 31/03/2017 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 31/03/2017 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, 1996 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, 1992 & 2015.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - f) The Securities and Exchange Board of India (Depositories And Participants) Regulations, 1996

- g) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
6. The Listing Agreement entered into by the Company with Bombay Stock Exchange.

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 not been a holding or subsidiary of another company. The Company is a Listed Public Company.
- 3. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Woman Director. However, regarding the composition of Independent Directors in the Board, it has been noted Mr. M.S Sebastian resigned on 13/04/2016 as Independent Director and we have been informed by the Company that as on the date of this report appointment of Independent Director has not been made to the casual vacancy so arisen. The Board is in the process of making necessary appointments and compliances with respect to Independent Directors, as have been informed. Adequate notice is given to all directors to schedule the Board Meetings, 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 meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- 4. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
- 5. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities.

6. The Company has not advanced loans, given guarantees and provided securities to directors and/or persons or firms or companies in which directors were interested.
7. The Company has made loans and investments or provided securities. The Company given guarantees to other business entities during the previous financial year and the same was continuing in this financial year also, and the Company has complied with the provisions of the Companies Act, 2013 and any other statutes as may be applicable.
8. The amount borrowed by the Company from its directors, members, bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
9. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s)/financial institution(s) or non-banking financial companies. The Company has not issued Debentures / collected Public Deposits.
10. 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.
11. All registrations under the various States and Local Laws as applicable to the Company are valid.
12. The Company has not issued and allotted the securities during the period under scrutiny.
13. The Company has declared and paid dividends to its shareholders during the period under scrutiny and complied with the provisions of the Act.
14. The Company has not issued debentures and not accepted fixed deposits.
15. The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.
16. The Company being a listed entity has complied with the provisions of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
17. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the Company.

We further report that:

1. The Company has followed the Secretarial Standards issued by the Institute of Company Secretaries of India.
2. 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 entered into with Bombay Stock Exchange.
3. The provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 are not applicable for the Company during the period under scrutiny.
4. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 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, 2009 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, 1996 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.

We further report that:

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

1. The Factories Act, 1948
 - a. Factory license valid as on the report date.
 - 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.

The License to Dangerous and Offensive Trades is valid up to 31/03/2017 and the Company has complied with the provisions of this Act. Necessary steps were taken by the Company for renewing the License.

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 31/12/2018

6. The Rubber Act 1947

Overall Compliance under the Act complied by the Company.

7. The Company has obtained integrated consent operate license from Kerala State Pollution Control Board and the same is valid up to 30/06/2018.

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.

For BVR & Associates Company Secretaries LLP

Ernakulam
29/04/2017

CS N Balasubramanian
Designated Partner,
FCS No. F6439
C P No.: 4996

'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 process 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.

For BVR & Associates Company Secretaries LLP

Ernakulam
29/04/2017

CS N Balasubramanian
Designated Partner,
FCS No. F6439
C P No.: 4996

Form No: MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2017

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

1) Registration and other Details:

1 CIN	: L25119KL1993PLC007213
2 Registration Date	: 02/07/1993
3 Name of the Company	: EASTERN TREADS LIMITED
4 Category / Sub-Category of the Company	: Public Company / Company having Share Capital
5 Address of the Registered office and contact details	: 3A, 3 rd Floor, Eastern Corporate Office, 34/137 E, NH Bye-pass, Edappally, Kochi-682024, Ph: 0484 3001100, Fax: 3001110, Email: treads@eastern.in , www.easterntreads.com
6 Whether listed Company	: Yes
7 Registrar and Transfer Agency	: Integrated Registry Management Services Private Limited 2 nd Floor, Kences Towers, No:1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai- 600017 corpserve@integratedindia.in

2) Principal Business Activities of the Company

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

Sl. No	Name and Description of main products / services	NIC Code Product/ service	% to total turnover of the Company
1	Tread Rubber	2211	68%
2	Rubber Compounds	2211	8%
3	Bonding Gum	2029	8%
4	Black Vulcanizing Cement	2029	4%

3) Particulars of Holding, Subsidiary and Associate Companies – Nil

Sl No:	Name & Addresses of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
--	---	---	---	---	---

4) Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
a) Individual	2812500	---	2812500	53.76	2811999	---	2811999	53.75	(0.01)

b) Central Govt(s)	---	---	---	---	---	---	---	---	---
c) State Govt(s)	---	---	---	---	---	---	---	---	---
d) Bodies Corp.	615000	--	615000	11.75	615000	--	615000	11.75	--
e) Banks/FI	---	---	---	---	---	---	---	---	---
f) Any Other	---	---	---	---	---	---	---	---	---
Sub-total (A)(1)	3427500	--	3427500	65.51	3426999	--	3426999	65.50	(0.01)
(2) Foreign									
a) NRIs-Individuals	---	---	---	---	---	---	---	---	---
b) Other Individuals	---	---	---	---	---	---	---	---	---
c) Bodies Crop.	---	---	---	---	---	---	---	---	---
d) Banks/FI	---	---	---	---	---	---	---	---	---
e) Any Other	---	---	---	---	---	---	---	---	---
Sub-total (A)(2)	---	---	---	---	---	---	---	---	---
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	3427500	---	3427500	65.51	3426999	---	3426999	65.50	(0.01)
B. Public Shareholding									
1. Institutions									
a) Mutual funds	---	---	---	---	---	---	---	---	---
b) Banks/FI	---	---	---	---	---	---	---	---	---
c) Central Govt.	---	---	---	---	---	---	---	---	---
d) State Govt.	---	---	---	---	---	---	---	---	---
e) Venture Cap.Fund	---	---	---	---	---	---	---	---	---
f) Insurance comp.	---	---	---	---	---	---	---	---	---
g) FIs	---	---	---	---	---	---	---	---	---
h) Foreign Venture Capital Fund	---	---	---	---	---	---	---	---	---
i) Others (specify)	---	---	---	---	---	---	---	---	---
Sub -total (B) (1)	---	---	---	---	---	---	---	---	---
2.Non-Institutions									
a) Body Crop.									
i) Indian	133121	68900	202021	3.86	155725	68900	224625	4.29	0.43
ii) Overseas	---	50000	50000	0.96	---	50000	50000	0.96	---
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	380886	609500	990386	18.93	474593	561300	1035893	19.80	0.87
ii) Individual Shareholder holding nominal share capital exceeding ₹1lakh	524788	23600	548388	10.48	425781	23600	449381	8.59	(1.89)
c) Others (specify)	13705	---	13705	0.26	45102	---	45102	0.86	0.60
Sub -total (B) (2)	1052500	752000	1804500	34.49	1101201	703800	1805001	34.50	0.01
Total public shareholding (B) =(B)(1)+ (B) (2)	1052500	752000	1804500	34.49	1101201	703800	1805001	34.50	0.01
C. Shares held by custodian for GDRs &ADRs	---	---	---	---	---	---	---	---	---
Grand Total (A+B+C)	4480000	752000	5232000	100	4528200	703800	5232000	100.00	0.02

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of shares pledge/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledge/encumbered to total shares	
1 Firoz Meeran	1350550	25.81	---	1350550	25.81	---	---
2 Navas Meeran	1321750	25.26	---	1321750	25.26	---	---
3 Kerala State Industrial Development Corp.	615000	11.76	---	615000	11.76	---	---
4 Mohamed M E	85900	1.64	---	8500	0.16	---	(1.48)
5 Nabeesa Meeran	34000	0.65	---	34000	0.65	---	---
6 Soyamol Anwar Sajith	10300	0.20	---	48499	0.92	---	0.73
7 Niza Zakir	10000	0.19	---	48700	0.93	---	0.74
Total	3427500	65.51	---	3426999	65.50	---	(0.01)

(iii) Change in promoter's Shareholding (please specify, if there is no change)

Promoters	Shareholding		Cumulative Shareholding	
	No. of Shares	% of total shares	No. of Shares	% of total shares
1 Firoz Meeran				
At the beginning of the year	1350550	25.81	1350550	25.81
At the end of the year	1350550	25.81	1350550	25.81
2 Navas Meeran				
At the beginning of the year	1321750	25.26	1321750	25.26
At the end of the year	1321750	25.26	1321750	25.26
3 Kerala State Industrial Development Corp.Ltd				
At the beginning of the year	615000	11.76	615000	11.76
At the end of the year	615000	11.76	615000	11.76
4 Mohamed M E				
At the beginning of the year	85900	1.64	85900	1.64
Transfer/Sale (12/08/2016)	(77400)	(1.48)	8500	0.16
At the end of the year	8500	0.16	8500	0.16
5 Nabeesa Meeran				
At the beginning of the year	34000	0.65	34000	0.65
At the end of the year	34000	0.65	34000	0.65
6 Soyamol Anwar Sajith				
At the beginning of the year	10300	0.20	10300	0.20
Transfer/Purchase (12/08/2016)	38700	0.74	49000	0.94
Transfer/Sale (28/10/2016)	(500)	(0.01)	48500	0.93
Transfer/Sale (30/12/2016)	(1)	0.00	48499	0.93
At the end of the year	34000	0.65	48499	0.93
7 Niza Zakir				
At the beginning of the year	10000	0.19	10000	0.19
Transfer/Purchase (12/08/2016)	38700	0.74	49000	0.94
At the end of the year	34000	0.65	48499	0.93

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

For Each of the Top 10 Shareholders		Shareholding		Cumulative Shareholding	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1	Biju Job At the beginning of the year At the end of the year	182780 182780	3.49 3.49	182780 182780	3.49 3.49
2	Equity Intelligence India Private Limited At the beginning of the year At the end of the year	100000 100000	1.91 1.91	100000 100000	1.91 1.91
3	Thomas George Muthoot. At the beginning of the year At the end of the year	70811 70811	1.35 1.35	70811 70811	1.35 1.35
4	Shivani Tejas Trivedi At the beginning of the year At the end of the year	34155 34155	0.65 0.65	34155 34155	0.65 0.65
5	Adesh Enterprises LLP At the beginning of the year Transfer/Purchase (22/04/2016) Transfer/Purchase (29/04/2016) Transfer/Purchase (17/06/2016) Transfer/Purchase (24/06/2016) Transfer/Purchase (30/06/2016) Transfer/Purchase (30/09/2016) Transfer/Sale (03/02/2017) Transfer/Sale (10/02/2017) Transfer/Sale (17/03/2017) Transfer/Sale (24/03/2017) At the end of the year	5010 2250 7043 809 487 15037 10364 (2544) (290) (161) (1254) (49)	0.10 0.04 0.14 0.02 0.01 0.29 0.20 (0.05) (0.01) 0.00 (0.02) 0.00	34155 7260 14303 15112 15599 30636 41000 38456 38166 38005 36751 36702	0.65 0.14 0.27 0.29 0.30 0.59 0.78 0.74 0.73 0.73 0.70 0.70
6	Kishan Gopal Mohta At the beginning of the year At the end of the year	26298 26298	0.50 0.50	26298 26298	0.50 0.50
7	Aleema Aliyar At the beginning of the year At the end of the year	25200 25200	0.48 0.48	25200 25200	0.48 0.48
8	Acumen Commodities (India) Ltd At the beginning of the year Transfer/Sale (29/04/2016) Transfer/Sale (13/05/2016) Transfer/Purchase (20/05/2016) Transfer/Sale (15/07/2016) Transfer/Sale (28/10/2016) Transfer/Sale (04/11/2016) Transfer/Sale (23/12/2016) Transfer/Sale (30/12/2016) Transfer/Sale (06/01/2017) Transfer/Sale (13/01/2017) Transfer/Sale (20/01/2017) Transfer/Sale (27/01/2017) Transfer/Sale (03/02/2017) At the end of the year	23296 (196) (1000) 1000 (1149) (2) (75) (16) (100) (913) (3) (200) (200) (374) 20068	0.45 0.00 (0.02) 0.02 (0.02) --- --- --- --- (0.02) --- --- --- (0.01) 0.38	23296 23100 22100 23100 21951 21949 21874 21858 21758 20845 20842 20642 20442 20068 20068	0.45 0.44 0.42 0.44 0.42 0.42 0.42 0.42 0.42 0.40 0.40 0.40 0.39 0.38 0.38
9	Thomas John P J At the beginning of the year	16642	0.32	16642	0.32

Transfer/Sale (08/07/2016)	(500)	(0.01)	16142	0.31
Transfer/Purchase (04/11/2016)	1300	0.03	17442	0.33
Transfer/Purchase (11/11/2016)	21742	0.42	39184	0.75
Transfer/Sale (18/11/2016)	(18642)	(0.36)	20542	0.39
At the end of the year	20542	0.39	20542	0.39
10 Akhil Chandra Deka				
At the beginning of the year	18000	0.34	18000	0.34
Transfer/Sale (27/01/2017)	(1981)	(0.04)	16019	0.31
Transfer/Sale (31/03/2017)	(1000)	(0.02)	15019	0.29
At the end of the year	15019	0.29	15019	0.29
11 Rajiv Garg				
At the beginning of the year	50450	0.96	50450	0.96
Transfer/Purchase (08/04/2016)	50	---	50500	0.97
Transfer/Sale (29/04/2016)	(2657)	(0.05)	47843	0.92
Transfer/Sale (06/05/2016)	(343)	(0.01)	47500	0.91
Transfer/Sale (13/05/2016)	(2500)	(0.05)	45000	0.86
Transfer/Sale (20/05/2016)	(2000)	(0.04)	43000	0.82
Transfer/Sale (27/05/2016)	(629)	(0.01)	42371	0.81
Transfer/Sale (03/06/2016)	(2671)	(0.05)	39700	0.76
Transfer/Sale (10/06/2016)	(200)	---	39500	0.76
Transfer/Sale (24/06/2016)	(500)	(0.01)	39000	0.75
Transfer/Sale (30/06/2016)	(895)	(0.02)	38105	0.73
Transfer/Sale (01/07/2016)	(913)	(0.02)	37192	0.71
Transfer/Sale (08/07/2016)	(4442)	(0.09)	32750	0.63
Transfer/Sale (15/07/2016)	(25410)	(0.49)	7340	0.14
Transfer/Sale (22/07/2016)	(2104)	(0.04)	5236	0.10
Transfer/Sale (22/07/2016)	(5236)	(0.10)	---	---
At the end of the year	---	---	---	---
12 Porinju V Veliyath				
At the beginning of the year	62385	1.19	62385	1.19
Transfer/Sale (20/05/2016)	(32385)	(0.62)	30000	0.57
Transfer/Sale (27/05/2016)	(15000)	(0.29)	15000	0.29
Transfer/Sale (10/06/2016)	(15000)	(0.29)	--	--
At the end of the year	---	---	--	--
13 Rahul Kayan				
At the beginning of the year	10182	0.20	10182	0.20
Transfer/Purchase (04/11/2016)	11722	0.22	21904	0.42
Transfer/Purchase (11/11/2016)	839	0.02	22743	0.44
Transfer/Purchase (25/11/2016)	1802	0.03	24545	0.47
At the end of the year	24545	0.47	24545	0.47
14 Jasila Ajit Moopan.				
At the beginning of the year	500	0.01	500	0.01
Transfer/Purchase (30/09/2016)	3000	0.06	3500	0.07
Transfer/Purchase (07/10/2016)	2500	0.05	6000	0.12
Transfer/Purchase (14/10/2016)	2030	0.04	8030	0.15
Transfer/Purchase (21/10/2016)	3	---	8033	0.15
Transfer/Purchase (28/10/2016)	467	0.01	8500	0.16
Transfer/Purchase (04/11/2016)	501	0.01	9001	0.17
Transfer/Purchase (11/11/2016)	999	0.02	10000	0.19
Transfer/Purchase (23/12/2016)	825	0.02	10825	0.21
Transfer/Purchase (06/01/2017)	4116	0.08	14941	0.29
Transfer/Purchase (13/01/2017)	309	0.01	15250	0.29
Transfer/Purchase (03/02/2017)	4750	0.09	20000	0.38
At the end of the year	20000	0.38	20000	0.38

15 Clint Sebastian				
At the beginning of the year	16800	0.32	16800	0.32
Transfer/Sale (22/04/2016)	(3000)	(0.06)	13800	0.26
Transfer/Sale (13/05/2016)	(5000)	(0.10)	8800	0.17
Transfer/Sale (03/06/2016)	(8800)	(0.17)	---	---
At the end of the year	---	---	---	---
16 White Label Enterprises Ltd				
At the beginning of the year	50000	0.96	50000	0.96
At the end of the year	50000	0.96	50000	0.96
17 Foresight Finl Svcs Ltd A/C Pms				
At the beginning of the year	49300	0.94	49300	0.94
At the end of the year	49300	0.94	49300	0.94
18 Bhawarlal				
At the beginning of the year	23600	0.45	23600	0.45
At the end of the year	23600	0.45	23600	0.45

(v) Shareholding of Directors and Key Managerial Personnel

SI No	For Each of the Directors & KMP	Shareholding		Cumulative Shareholding	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1 Navas M Meeran					
At the beginning of the year		1321750	25.26	1321750	25.26
At the end of the year		1321750	25.26	1321750	25.26
2 M.E. Mohamed					
At the beginning of the year		85900	1.64	85900	1.64
Transfer/Sale (12/08/2016)		(77400)	(1.48)	8500	0.16
At the end of the year		8500	0.16	8500	0.16
4 M.S. Ranganathan					
At the beginning of the year		---	---	---	---
At the end of the year		---	---	---	---
5 Naiju Joseph					
At the beginning of the year		3100	0.06	3100	0.06
Transfer/Sale (01/04/2016)		(100)	0.00	3000	0.06
Transfer/Sale (31/03/2017)		100	0.00	3100	0.06
At the end of the year		3100	0.06	3100	0.06
6 K.S. Neelakanta Iyer					
At the beginning of the year		---	---	---	---
At the end of the year		---	---	---	---
7 K.V. Rajagopalan Nair					
At the beginning of the year		---	---	---	---
At the end of the year		---	---	---	---
8 Shereen Navaz					
At the beginning of the year		---	---	---	---
At the end of the year		---	---	---	---
9 Rajesh S					
At the beginning of the year		9350	0.18	9350	0.18
Transfer/Sale (17/06/2016)		(150)	---	9200	0.18
Transfer/Sale (24/06/2016)		(100)	---	9100	0.17
Transfer/Sale (30/06/2016)		(800)	(0.02)	8300	0.16
Transfer/Sale (12/08/2016)		(200)	---	8100	0.16
Transfer/Sale (23/09/2016)		(1000)	(0.02)	7100	0.14
Transfer/Sale (02/12/2016)		(1)	---	7099	0.14

	Transfer/Sale (23/12/2016)	(300)	(0.01)	6799	0.13
	Transfer/Sale (30/12/2016)	(1000)	(0.02)	5799	0.11
	Transfer/Sale (17/02/2017)	(4375)	(0.08)	1424	0.03
	Transfer/Sale (03/03/2017)	(781)	(0.02)	643	0.01
	At the end of the year	643	0.01	643	0.01
10	Baiju T				
	At the beginning of the year	1000	0.02	1000	0.02
	At the end of the year	1000	0.02	1000	0.02

5) Indebtedness- Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

For the financial year 2016-17	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning				
i) Principal Amount	727	---	---	727
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	727	---	---	727
Change in Indebtedness during year				
Addition	9134	25	---	9159
Reduction	8280	---	---	8280
Net Change	854	25	---	879
Indebtedness at the end				
i) Principal Amount	1581	25	---	1606
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	1581	25	---	1606

Note: Including Term loan, Cash Credit, PCFC, Bill Discounting, Vehicle Loan and Loan from Director.

6) Remuneration of Directors and Key Managerial Personnel

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

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

B. Remuneration to other directors:

(Amount in ₹)

Particulars of Remuneration	Name of Director				Total Amount
	Mr. M.S Ranganathan		Mr. K.S Neelakanta Iyer		
1. Independent Directors	Mr. M.S Ranganathan		Mr. K.S Neelakanta Iyer		
Fee for attending board committee meetings	---		22,975		22,975
Commission	---		---		---
Others, please specify	---		---		---
Total (1)	---		22,975		22,975
2. Other Non-Executive Directors	Mr. Navas M Meeran	Mr. Naiju Joseph	Mr. KV Rajagopalan Nair	Mrs. Shereen Navaz	
Fee for attending board committee meetings	---	22,975	22,975	---	45,950
Commission	---	---	---	---	---
Others, please specify	---	---	---	---	---
Total (2)	---	22,975	22,975	---	45,950
Total (B)= (1+2)					68,925
Total Managerial Remuneration					68,925
Overall Ceiling as per the Act	Remuneration is within the limit specified under the Companies Act, 2013				

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in ₹)

SI No	Particulars of Remuneration	Key Managerial Personnel		
		CS Baiju T (CS)	Mr. Rajesh S (CFO)	Total
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	8,94,840	21,99,996	30,94,836
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission - as % of profit, others, specify...	---	---	---
5	Others - Performance Incentive (Payable) **	53,690	5,00,000	5,53,690
	Total	9,48,530	26,99,996	36,48,526

** Provisioning only, actual disbursement will be linked with the Individual and Company performance as per the remuneration policy and at the discretion of the management.

7) Penalties / Punishment/ Compounding of Offences: Nil

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

Form No. AOC-2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

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

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

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

(a) Name(s) of the related party	Eastern Condiments (P) Ltd	Eastea Chai (P) Ltd	Eastern Retreads (P) Ltd	
Nature of relationship	Two Directors are interested	Two Directors are interested	Two Directors are interested	
(b) Nature of contracts/ arrangements/ transactions	By agreement	By agreement	By agreement	
(c) Duration of the contracts / arrangements/transactions	01/04/2016 to 31/03/2018	01/04/2016 to 31/03/2017	01/04/2014 to 31/03/2019	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Sharing of Expenses and Lease Rent ₹ 7,09,221/-	Purchase and Lease Rent ₹ 36,875/-	Sharing of Expenses, Sale of Goods ₹ 15,04,447/-	
(e) Date(s) of approval by the Board, if any:	13/04/2016	13/04/2016	28/04/2014	
(f) Amount paid as advances, if any:	Nil	Nil	₹ 6,37,804/-	
(a) Eastern Mattresses (P) Ltd	Vazhakkulam Rubbers	Alfa Rubbers	Rosekhan Industries	Sahara Treads
Three Directors are interested	Two Directors are interested	One Director is interested	One Director is interested	One Director is interested
(b) Ordinary course	By agreement	By agreement	By agreement	By agreement
(c) NA	01/04/2014 to 31/03/2019	01/04/2014 to 31/03/2019	01/04/2014 to 31/03/2019	01/04/2014 to 31/03/2019
(d) Sale of Goods ₹ 1, 971/-	Sales & Purchase of Goods, and Job works ₹ 4,67,97,456/-	Sales & Purchase of Goods and Job works ₹ 2,27,03,342/-	Purchase of Goods and Job works ₹ 2,40,02,910/-	Sales & Purchase of Goods and Job works ₹ 2,86,31,946/-
(e) 09/02/2017	28/04/2014	28/04/2014	28/04/2014	28/04/2014
(f) Nil	₹ 1,19,57,281/-	Nil	Nil	Nil

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

For and on behalf of the Board of Directors

Kochi
04/05/2017

Navas M Meeran
Chairman

Annexure - D

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	<p>The Company has been continually reducing energy consumption in various stages of manufacturing operations and kept top priority for energy conservation and towards this we have:</p> <ol style="list-style-type: none"> 1. Reduced the specific energy consumption per Kg of production by 13% through tuning Utility Equipment, Reducing Mixing Mill band width, Changing Mixer cooling system etc. 2. Reduced the maximum demand electricity from 730 KVA to 600 KVA and improved the power factor from 0.93 to 1.0. 3. Preserved the energy by reducing the outflow process wastages and by recycling all kinds of process wastages. <p>With continuous monitoring, improvement in operational techniques, maintenance and distribution systems we have reduced the energy utilization.</p> <p>The Company has been using fire wood as the fuel for thermic fluid heater saving fossil fuels. However, the Company couldn't utilize any alternate sources of energy in its operations. The capital investment for energy conservation was around ₹ 2 lakhs, most of the projects were done without much capital investment.</p>
(ii). Steps taken by the Company for utilising alternate sources of energy	
(iii). Capital investment on energy conservation equipment.	

B. Technology Absorption

In pursuit of excellence in quality and customer satisfaction, the Company has developed and successfully established application specific compounds in precured tread rubber like Mines Special with very good resistance against chipping, cutting as well as heat. The Company has also developed a highly cost effective Bonding Gum formulation with very good reversion resistance and shelf life properties. The R& D department is further working on new polymers, materials and compounds to meet the international requirements competitive to leading global brands.

The Company has embarked an audacious step for the first time in history of Indian Retread Rubber Industry by way of successfully establishing computerization in Mixing Process where in the selection of Carbon Black and Oil, its weighing, feeding as well its mixing sequence got automated thereby eliminating the human errors and ensuring the maximum degree of compound dispersion and consistency in product quality preserving a clean and healthy environment. The Company would undertake appropriate R&D activities depending up on the future requirements. The Company use latest technology and operates to the highest possible standards. No technology has been imported by the Company during the period.

C. Foreign exchange earnings and Outgo

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

Particulars	(₹ in Lakhs)
Foreign exchange inflows	262.57
Foreign exchange outgo	34.22

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 (LODR) Regulations 2015, the requirement of 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 is not mandatory to the Company. However, as a good Corporate Governance practice a report on the implementation of the Corporate Governance provisions by your Company is furnished below:-

Company's Philosophy on Corporate Governance

The Company is a part of the Eastern Group which has established a reputation for honesty and integrity. 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 is made up of one Executive Director and Six Non-executive Directors that includes one Woman Director and two Independent Directors. The Chairman of the Board is a Non-executive Director. The Composition, category and attendance of each Director at the Board and Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies is as follows:-

Name of the Director	Category	Attendance Particulars		No. of other Directorships		Committee membership	
		Board Meetings	Last AGM	Director#	Chairman	Member	Chairman
Mr. Navas M Meeran	P, C & NE	4	Yes	15	2	None	None
Mr. M.E. Mohamed	MD & ED	3	Yes	4	None	None	None
Mrs. Shereen Navaz	P&NE	3	Yes	5	None	None	None
Mr. M.S. Ranganathan	NE & I	4	Yes	3	None	None	None
Mr. K.S. Neelakanta Iyer	NE & I	4	Yes	2	None	None	None
Mr. Naiju Joseph	NE	4	Yes	1	None	None	None
Mr. K.V. Rajagopalan Nair (Nominee of KSIDC)	NE & N	4	No	1	None	None	None

C: Chairman; P: Promoter; E: Executive Director; N: Nominee Director (Nominee of KSIDC) I: Independent Director; NE: Non-Executive Director; MD: Managing Director; # Includes directorships in Public and Private Ltd companies.

Mr. M.S Sebastian, Independent director resigned from the Board on 13/04/2016.

Mrs. Shereen Navaz, wife of Mr. Navas M Meeran, Chairman occupy the position of woman director in the Board. Regarding the details of number of shares held by non-executive directors please refer Form MGT 9, the Extract of Annual Return, annexed with the Directors report.

Details of Directors seeking appointment / reappointment at the AGM

Name of Director	Mr. Naiju Joseph	Mr. M.E. Mohamed
DIN	00419362	00129005
Date of Birth	26 th May 1966	21 st September 1942
Date of appointment	1 st September 1998	28 th June 1997
Qualifications	Graduate in Economics	Civil Engineer
Expertise in specific functional area	He hails from a business family of Vazhakulam, engaged primarily in tyre re-treading industry and has vast experience in running tyre retreading industry	He joined the Company after pursuing a long career in Kerala State Housing Board as Executive Engineer. Subsequently appointed as Managing Director from August 2005. Further reappointed for a period of three years with effect from 26/08/2008 and thereafter for another period of 5 years 26/08/2011. He has vacated his office as the Managing Director and Whole-time Key Managerial Personnel on 25 th August, 2016. Under his stewardship, the Company has scaled great heights and has expanded its operations and has begun several new initiatives. Considering his rich and varied experience in the industry and his involvement in the operations over a long period of time, he has further appointed as Managing Director and WKMP for a period of 5 years with effect from 09/02/2017
Details of other Directorship	Eastern Retreads (P) Ltd	Adimali Industries Ltd. Eastern Condiments (P) Ltd. Freenaz Properties (P) Ltd. International Sleep Solutions (P) Ltd.
Membership/Chairmanship of committees of other companies	Nil	Nil
Number of shares held in the Company	3100 Equity Shares	8500 Equity Shares

Number and date of Board meetings held

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

Sl.No.	Date	Board Strength	No. of Directors present
1	13/04/2016	8	6
2	22/07/2016	7	6
3	10/11/2016	7	7
4	09/02/2017	7	7

Independent Directors

The Company has complied with 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 has also obtained declarations from all the Independent Directors pursuant to Section 149(7) of the Companies Act, 2013. Mr. M.S Sebastian, Independent Director, resigned from the Board with effect from 13/04/2016 and the Board is in the process of making necessary appointment in this casual vacancy.

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 familiarization programmes imparted to independent directors is disclosed in the Company's website: www.easterntreads.com. The appointment letters of Independent Directors has been placed on the Company's website. The Board evaluated the performance of Non-executive and Independent Directors. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

The Independent Directors held a meeting on 27th March, 2017, without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting and they have reviewed the performance of non-independent directors and the Board, performance of the Chairman and information flow structure of the Company.

Audit Committee

The Audit Committee is duly constituted in accordance with 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 fixation of audit fee as well as payment for other services etc.

Four Audit Committee meetings were held during the year 2016-17 at the Registered Office of the Company on 11/04/2016, 21/07/2016, 09/11/2016 and 09/02/2017. All the meetings were attended by the Chairman and all the members of the Committee, representatives of Internal and Statutory Auditors and Chief Financial Officer. The Company Secretary acts as Secretary to the Audit Committee and no personnel has been denied access to the audit committee. The Chairman of the Audit Committee was present at the Company's Annual General Meeting held on 04/06/2016 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 Company Secretary acts as the Secretary to the committee and 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 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 a meeting on 08/02/2017 and 27/03/2017 and all the committee members were present at the meeting. The Chairman of the Committee was present at the Company's Annual General Meeting held on 04/06/2016 to answer the shareholders' queries.

Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors has adopted a Remuneration Policy for Directors, 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 annexed as **Annexure - H** and forms part of this Report.

The details of remuneration/sitting fee paid to Directors during the financial year are given in Form MGT 9, the Extract of Annual Return, annexed with the Directors report. There is no other pecuniary relationship or transactions between the Company and the non-executive directors. Even though the terms of appointment of Mr. M.E. Mohamed as the Managing Director include the payment of remuneration, he has waived his right to remuneration. Hence, no remuneration has been paid to Managing Director during the financial year.

Share Transfer Committee

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

Name	Category	Position
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

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

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted in compliance with the requirements of the Listing Agreement and Section 178 of the Companies Act, 2013. CS Baiju T. Company Secretary is the Compliance officer, who acts as the Secretary to the Committee and the Members of the Committee are:

Name	Category	Position
Mr. Naiju Joseph	Non-Executive Director	Chairman
Mr. M.S. Ranganathan	Non-Executive Independent Director	Member
Mr. K.S. 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 is in compliance with the SCORES, which has initiated by SEBI for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. No shareholders complaints received during the financial year and there were no outstanding complaints as on 31/03/2017.

Risk Management Committee

The Risk Management Committee was 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
Mr. M.S. Sebastian**	Non-Executive Independent Director	Member

** Resigned on 13/04/2016

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:-

<u>Year</u>	<u>Venue</u>	<u>Date</u>	<u>Day</u>	<u>Time</u>	<u>Whether Special Resolution passed</u>
2015-16	Gokulam Park Hotel and Convention Centre, Ernakulam	04/06/16	Saturday	03.00 PM	No
2014-15	Broad Bean Hotels & Resorts, Ernakulam	28/07/15	Tuesday	03.00 PM	Yes
2013-14	Hotel Park Central, Ernakulam	24/06/14	Tuesday	03.00 PM	Yes

No Extraordinary General Meeting was held during the financial year and no special resolutions were put through postal ballot last year.

Related party transactions

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

Compliance by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. No penalties 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.

Means of Communication

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

Code of Conduct

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

Annual General Meeting

Date and Time : 06/07/2017 at 3.00 P.M
 Venue : Holiday Inn Cochin, Chakkaraparambu Junction,
 NH Bypass, Vennala, Kochi, Ernakulam – 682028

Financial Calendar (*Tentative*)

Annual General Meeting	: 06/07/2017
1 st , 2 nd and 3 rd Quarterly Financial Results	: Within 45 days of the end of each quarter
Audited yearly results for the year ended 31/03/17	: Within 60 days of the end of the financial year

Book Closure Date	Dividend Payment Date
Saturday, 01/07/2017 to Thursday, 06/07/2017 (both days inclusive)	Credit/dispatch of dividend warrants/cheque on or after 15/07/2017.

Listing on Stock Exchange

The equity shares of the Company are listed on the Bombay Stock Exchange Ltd (BSE). The Company will pay the annual listing fees for the year 2017-18 to Bombay Stock Exchange and the annual custodial fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with in the due dates.

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 Private Limited 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

Plant Location

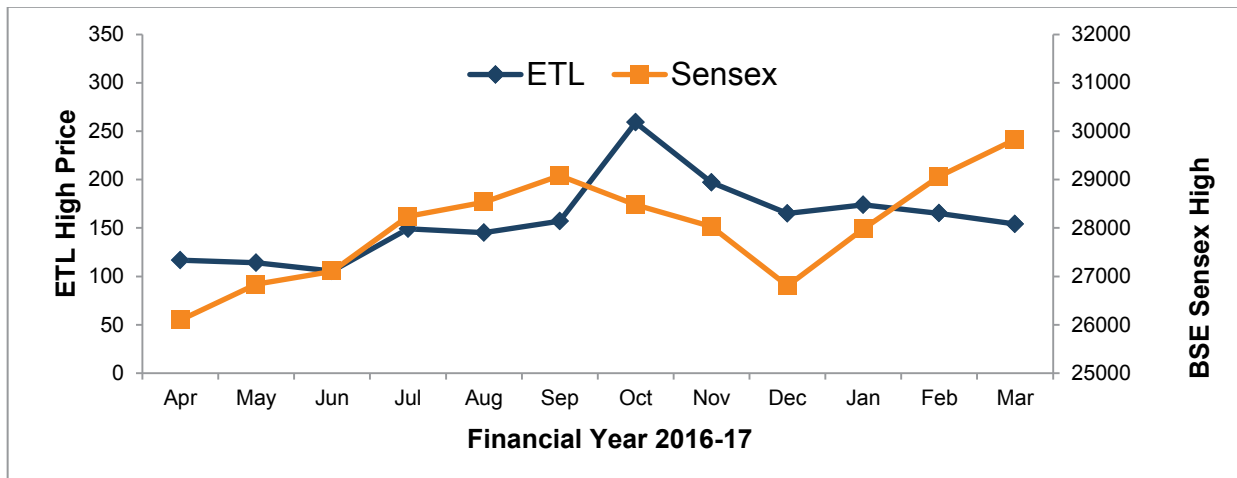
Oonnukal P.O, Kothamangalam, Ernakulam District, Kerala

Market Price Data: High, Low during each month in last financial year

Amount in ₹

Month	BSE	
	High Price	Low Price
April, 2016	116.55	77.00
May, 2016	114.00	80.00
June, 2016	105.45	80.00
July, 2016	149.00	90.10
August, 2016	145.00	118.40
September, 2016	157.00	105.00
October, 2016	259.00	152.05
November, 2016	197.00	140.05
December, 2016	164.85	133.00
January, 2017	173.90	137.00
February, 2017	165.00	111.10
March, 2017	153.95	128.25

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. Presently the shares are transferred both in physical and dematerialised form and request for rematerialisation and / or transfer of shares in physical mode is also attended within the stipulated time.

The physical share transfers were processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects and confirmation is given to NSDL and CDSL. No request for share transfer was pending as on 31/03/2017. 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 so as to enable them to update their records. Company obtains half yearly certificate of compliance with the share transfer formalities as required under Clause 47(C) of the Listing Agreement/ Regulation 40(9) of the SEBI (LODR) Regulations 2015 from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges within the prescribed time limit.

Distribution of Shareholding as on 31/03/2017

Category	No. of shareholders	% of shareholders	No. of shares holding	% Shares
Equity				
Up to 500	1748	78.49	357344	6.83
501 – 1000	299	13.43	257265	4.92
1001 – 2000	70	3.14	107797	2.06
2001 – 3000	46	2.07	117411	2.24
3001 – 4000	10	0.45	35653	0.68
4001 – 5000	12	0.54	57310	1.10
5001 – 10000	19	0.85	164170	3.14
Above 10000	23	1.03	4135050	79.03
Total	2227	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 31/03/2017

Category	Equity				Preference	
	No. of holders	%	No. of shares	%	No of shares	%
Promoters	7	0.31	3426999	65.50	900000	100
Body Corporate	33	1.48	274625	5.25	---	---
NRI	43	1.93	22054	0.42	---	---
Public	2127	95.51	1463220	27.97	---	---
Others (Clearing Member)	17	0.76	45102	0.86	---	---
Total :	2227	100.00	5232000	100.00	900000	100

Dematerialization of Shares and Liquidity

As on 31st March 2017, 86.55% of the Company's total paid up equity capital representing 45,28,200 equity shares as in dematerialised form. The balance 13.45% equity representing 7,03,800 equity shares was held in physical form. Presently the Company's shares are transferred both in physical and dematerialised form and are traded on the stock exchanges.

Outstanding GDRs/ADRs/Warrants/Convertible instruments, conversion date and likely impact on equity

Not Applicable

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 3001247 Fax: 0484 3001110 Email : baijut@eastern.in
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Secretarial Certifications

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

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

Demat Suspense Account/ Unclaimed Suspense Account

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

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

Kochi
04/05/2017

M.E. Mohamed
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Government continues to focus on enhancing and investing in overall infrastructure including roads, railways, airports, ports and power infrastructure. Highway construction in 2016-17 touched all time high at 8,144 km, a 33% YoY growth but missed its initial target of 15,000 km. Similarly, works awarded also increased to 16,031 km, a jump of 60% YoY. Under the Pradhan Mantri Gram Sadak Yojna, the highest-ever average construction rate of 130 km a day was achieved for rural roads. This had led to an addition of 47,400 km of roads under the scheme in 2016 -17. As many as 11,641 additional habitations had been connected with roads in the same period.

The emphasis on infrastructure continues with the Union Budget 2017 has allocated ₹64,900 crore for roads and highway development which is 12% higher than previous budget. Your Company is well equipped to take advantage of increased economic activity. Increase in infrastructure and mining activities, better freighter profitability will spur CV demand. The replacement demand, with a time lag, will also eventually increase the market for tyre retreading. Retreading offers monetary advantages as well as environmental impact and is gaining popularity amongst fleet operators.

Also improving highway and city road conditions will lead to greater radialization of truck tyres. Retreading a radial tyre consumes ~10% more tread rubber and needs more sophisticated capabilities which are well handled by organized player like your Company. The economic activity slowed for a temporary period earlier in November - January period due to negative consumption shock induced by cash shortages and payment disruptions due to demontisation. Your Company's performance was also impacted as a vast majority of the end-user market, comprising fleet owners and open market sales, is cash driven.

Implementation of GST in FY2018 is expected to give a boost to the organized retreading sector. At present, about one-third of the Indian retreading market is with the unorganized sector. Most unorganized players offer retreading at ~20% lower cost over organized players as they practice tax evasion. Post implementation of GST the overall market is likely to see consolidation. Your Company is already engaging with unorganized players to bring them into its fold. As the Indian retreading industry grows and consolidates many tyre manufacturers will also look to keenly tap this lucrative market.

Eastern Treads Ltd. (ETL) aims to build a comprehensive ecosystem across the retreading value chain and continues to expand its network. It is currently present across 17 states through 84 dealers servicing to more than 1500 multi branded retreaders, 37 exclusive retreaders, and 29 branded Infinity Zones. Capacity utilization at the manufacturing facility located in Oonnukal, Kerala stands at ~45% for the year, providing adequate scope for volume expansion for the next couple of years.

ETL expanded its network of franchisees with the objective of increasing branded sales. ETL also plans to aggressively focus on expanding export volumes. In addition, the Company is pursuing domestic B2B opportunities by engaging with several state road transportation corporations.

During the year your Company invested in human resources and brand visibility to create market leadership in an operating ecosystem that is fast moving towards a more organized framework with reducing as cash intensity in the Indian economy. The GST implementation planned later this year will provide a further positive boost to organized players.

ETL aims to be the leading retreading player in India and has also target lucrative export markets globally. Improving macro factors and several corporate initiatives are expected to support long term growth opportunities for your Company.

Opportunities and Threats

With an improving economic scenario, better infrastructure of roads and opening up of the mining sector the retreading industry will see good prospects.

The CV market has rebounded in 2016 and is likely to witness healthy growth in the ensuing year. This will grow the overall market and open greater opportunities. A slower than anticipated growth could, however, derail these prospects. Truck tyre radialisation is on the rise and is likely to reach 50% in the next couple of years. Radial tyres can be successfully retreaded multiple times compared to bias-ply tyres and require higher sophistication, which can be provided by organized players like your Company. Thus, radialisation will have a positive impact on the overall market, and improve the Company's performance.

There are several threats faced by tyre retreaders like your Company, primarily being competition. Your Company has been unable to immediately pass on increasing rubber prices to its customers impacting gross margins pressure. Effective raw material inventories measures have been put in place, but the same have adversely affected interest costs.

Major multinational corporations and Branded tyre majors have recently entered the retreading industry. This has led to higher competition but at the same time improve awareness about retreading and its benefits, helping grow the overall market. The retreading industry also faced tough competition from unorganized players which offer lower price points as compared to organized players and use produce poor quality retreads. The implementation of GST will bring in price parity and is positive for organized players like your Company.

ETL is the pioneer in manufacturing and marketing of tread rubber used for retreading tyres. Your Company has built certain distinct advantages like robust brand image, best in class services capability and a portfolio of products. ETL is proud of winning numerous awards and accolades which are a testament of its performance. Given these attributes, ETL is confident of maintaining a strong position in the market.

Segment-wise or product-wise performance

The Company manufactures quality tread rubber (pre-cured tread rubber, conventional tread), Rubber compounds, cushion/bonding gum and black vulcanizing cement. The contribution of these products to the current year's turnover is 68%, 8%, 8% and 4% respectively.

Outlook

The Retreading industry is an established business in key global markets and is gaining prominence in emerging markets like India. An increasing awareness, growing economic activity, improving road network and higher commercial vehicle sales will further expand the market and make it mature.

Your Company has transformed from a tread rubber manufacturer to a leading enabler of tyre retreading ecosystem in India and is on the path on having a comprehensive and industry leading capabilities that would help tap long term opportunities in India and globally. With an increasing distribution presence, high quality products and services your Company is hopeful of enhancing its market share. The principal objective is to be a one stop shop for tyre needs and deliver substantial savings to our customers.

ETL is focusing on delivering better operational performance driven by value enhancement initiatives for its customers and deriving economies of scale aided by volume led growth. The manufacturing processes are backed by a technically talented workforce. Your Company's products are industry leading and backed by extensive R&D. We have adequate production capacities currently and therefore minimal growth capex is required for the ensuing years.

Over the years, ETL has invested aggressively in educating and growing the market, benefits of which will be seen in the medium to long term. Your Company has achieved a national presence having an extensive network across 17 States and is further expanding its footprint. There are plans to start franchisee networks in overseas markets soon. ETL is currently present in the Middle East, Africa, South America, Bangladesh and Bhutan. All these initiatives are expected to give ETL the platform from which to drive success in its retreading operations by delivering optimal returns on investment of its esteemed customers.

Risks and Concerns

The Company's performance is predominantly reliant 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 is exposed to various risks as does any business enterprise. The main ones and the steps undertaken to mitigate these risks are mentioned below:

✍ Financial Risk

Your Company follows a strict policy with respect to cash and carry, advance payments and bank guarantees thereby mitigating credit risk on account of material supplied to customers and payments received. There is a continuous follow-up which arrests any delay of payments from State Transport Corporations.

✍ Fluctuation in Raw Material Price and Other Input Costs

Normal variations in raw material prices and other input costs are generally factored when fixing product prices to customers. During the year, prices of key raw materials like natural and synthetic rubber have shown an uptrend. Your Company has actively maintained higher raw material inventories to mitigate this risk which adversely impacted working capital and put pressure on interest costs. Exceptional fluctuations in input costs may have an adverse impact on profitability.

✍ Changes in Governments' Policies

Unanticipated changes in Government policies may affect the Company's financial position or investments.

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

Internal Control System and their Adequacy

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

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

Discussion on Financial Performance with respect to Operational Performance

Over the past 24 years, your Company has continuously endeavored to create value by setting increasingly higher standards of performance. During the FY2017, revenues were higher by 7.4% YoY as enhanced volumes and undertook minor price revision. Revenues were impacted intermittently due to the demonetization initiatives of the Government, but things are limping back to normalcy.

ETL witnessed gross margin pressure from increasing rubber prices. Some of it was managed by actively maintaining higher raw material inventories. This has resulted in higher interest costs due to a transitional increase in working capital. The same is expected to normalize in the ensuing year. ETL continues its entire effort into cost saving initiatives and moving into more profitable areas of the business. Significant financial highlights in FY2017 are as follows:-

✍ **Earnings Before interest, Tax, Depreciation and Amortisation (EBITDA)**

During the fiscal 2016-17, the Company reported an EBIDTA of ₹603 lakh when compared to the previous year's figure of ₹768 lakh.

✍ **Profit Before Tax (PBT)**

PBT was at ₹200 lakh in FY2017, compared with previous year's ₹514 lakh.

✍ **Profit After Tax (PAT)**

PAT stood at ₹133 lakh in FY2017 as compared to ₹341 lakh in FY2016.

✍ **Earnings Per Share (EPS)**

EPS in the fiscal 2016-17 stood at ₹2.55 per share compared to EPS of ₹6.52 per share in fiscal 15-16.

With a revival in economic activity, growth is anticipated in logistic services sector. This combined with better road connectivity will result in increase in commercial vehicles. Increasingly fleet owners are opting for quality products for tyre management to provide cost effective logistic services. Safety and cost measures are being adopted on tyre management front. Your Company enjoys a strong brand reputation and product portfolio which has enabled it to get better acceptance in the domestic and international markets.

ETL is today a leading provider of tyre retreading services across the entire retreading value chain. Your Company has developed a robust distribution infrastructure. It comprises of a combination of sales network of depots and distributors, export markets, branded Infinity zones and exclusive retreaders that provide high quality and aesthetic products and services using the Eastern brand is being used by your Company to deliver on its long term growth prospects. ETL will continue to aggressively focus on expanding export volumes. In addition, domestic B2B opportunities are being pursued by engaging with several state road transportation corporations.

Human Resource Development and Industrial Relations

In a competitive economy, the proper utilization of human resources plays a crucial role in shaping the future of the Company. It begins with best practices in recruiting people and moves through learning and development, engagement, employee feedback and rewards and recognition. Towards this, your Company continues to take various initiatives and has maintained healthy and harmonious industrial relations with its entire employee and at all locations. The dedication and hard work of productive and dynamic goal oriented team is the key factor to the success of your Company. Your Company believes that hiring the right human resource personnel and proper retaining is core to this success. To keep the Company and its human resource competitive, we organized various training programs and experts were engaged to train the employees at various levels. This active process of learning has allowed employees enhance competence and motivation. The Company had 207 permanent employees on its rolls as on 31st March, 2017.

Cautionary Statement

Some of the statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include global and domestic supply and demand conditions affecting selling prices of products downtrend in industry, significant changes in political and economic environment in India, tax laws, import duties, litigation and labor and industrial relations. The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.

Annexure - G

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 2016-17 are as follows:

Name of Director/ KMP & Designation	Ratio of remuneration of each Director / to median remuneration of employees *	% increase in remuneration of Directors* & KMP in the FY 2016-17
Mr. M.E Mohamed <i>Managing Director</i>	---	---
CS. Baiju T <i>Company Secretary & Internal Auditor</i>	NA	0.61%
Mr. Rajesh S ** <i>Vice President & CFO</i>	NA	22.73%

* None of the Directors received any remuneration other than sitting fees during the financial year 16-17.

** The remuneration to KMP includes the provision for performance incentive, the actual disbursement of which will be linked with the Individual and Company performance as per the remuneration policy and at the discretion of the management. The provision of ₹10 Lakhs made during the previous year as performance incentive to CFO has been subsequently reversed by the Company. Current year provision for performance incentive to CFO is ₹5 Lakhs.

- 2) In the financial year, there was an increase of 15% in the median remuneration of employees.
- 3) There were 207 permanent employees on the rolls of Company as on 31st March, 2017.
- 4) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2016-17 was 13%, whereas the percentile increase in the managerial remuneration for the same financial year was 0.39%. The increase in remuneration was in line with the performance of the Company, industrial standards and individual employee's performance.
- 5) Key parameters for the variable component of remuneration of Directors:
None of the Directors received any remuneration other than sitting fees during the financial year 2016-17.
- 6) It is hereby affirmed that the remuneration paid during the year 2016-17 is as per the Remuneration Policy of the Company.

Remuneration Policy

For Directors, KMPs and other Employees

1 Preamble

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

2 Definitions

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

3 Terms of the Policy

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

4 Objectives

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

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

5 Principles of compensation program

Guiding Principles of the executive compensation program are:-

a. Alignment with Business Strategy and Level of Responsibility

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

b. Fixed/ Base Salary

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

c. Pay for Performance

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

i. Production, Depot & Marketing Incentives

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

ii. Annual Performance Incentives

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

d. Competition in Market

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

6 Components of Pay

a. Basic Salary

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

b. Benefits & Perquisites

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

c. Performance Incentives

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

d. Retirement Benefits

It provides for financial planning for retirement.

7 Remuneration of Non- Executive / Independent Directors

The non- executive / independent Directors may receive remuneration:

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

The remuneration payable shall be subject to the provisions of Companies Act, 2013, the applicable listing agreements and the approval of the Board and shareholders of the Company, as may be required.

8 Stock Options

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

9 Amendments

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

INDEPENDENT AUDITOR'S REPORT

The Members of
Eastern Treads Limited
Kochi

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Treads Limited, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-Section (11) of Section 143 of The Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us.
 - d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending	Amount paid under Protest (₹)
The Kerala General Sales Tax Act, 1963	KGST Assessment	24,98,936	1996-2002 (7 years)	The Honourable Supreme Court of India	24,98,936
The Central Sales Tax Act, 1956	CST Assessment	19,04,578	1996-2002 (7 years)	The Honourable Supreme Court of India	19,04,578
The Central Sales Tax Act, 1956	CST Assessment	1,80,898	2002-2003	Deputy Commissioner (Appeals), Ernakulam	1,80,898

The Central Sales Tax Act, 1956	CST Assessment	1,75,940	2004-2005	Deputy Commissioner (Appeals), Ernakulam	1,75,940
The Kerala General Sales Tax Act 1963	KGST Assessment	3,450	2008-2009	Deputy Commissioner (Appeals), Ernakulam	3,450
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	47,275	2008-2009	Deputy Commissioner (Appeals), Ernakulam	47,275
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	14,400	2009-2010	Deputy Commissioner (Appeals), Ernakulam	14,400
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	3,570	2011-2012	Deputy Commissioner (Appeals), Ernakulam	3,570
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	15,985	2010-2011	Intelligence Squad, Thodupuzha	15,985
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	28,703	2015-2016	Intelligence Squad, Thodupuzha	28,703
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	8,137	2009-2010	Deputy Commissioner (Appeals), Ernakulam	8,137
The Kerala General Sales Tax Act, 1963	KGST Assessment	1,50,133	2010-2011	Assistant Commissioner Special Circle Perumbavoor	1,50,133
The Kerala General Sales Tax Act, 1963	KGST Assessment	6,37,992	2011-2012	Assistant Commissioner Special Circle Perumbavoor	1,27,600
The Kerala General Sales Tax Act, 1963	Demand on Vehicle Interception	37,700	2016-2017	Intelligence Squad, Edapally	37,700

- b) The Company does not have any long-term contracts requiring a provision for material foreseeable losses.
- c) The Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.
- d) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company.

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

Kochi-16
04/05/2017

Jomon K George
Partner
M.No.202144

**ANNEXURE 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**

We have audited the internal financial controls over financial reporting of Eastern Treads Limited as of March 31, 2017 in conjunction with our audit of the standalone 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.

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 based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 judgment, 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, 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 March 31, 2017, 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 **JVR & Associates**
Chartered Accountants
(F. R. No. 011121S)

Kochi-16
04/05/2017

Jomon K George
Partner
M.No.202144

Annexure referred to in paragraph 1 of our Report of even date to the members of Eastern Treads Limited on the accounts of the Company for the period ended 31st March, 2017.

In terms of Companies (Auditor's Report) Order 2016, issued by Central Government of India, in terms of Section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said Order, that:-

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii). Fixed assets have not been physically verified by the management at regular intervals.
(iii). The title deeds of immovable properties shown in the financial statements are held in the name of the Company.
2. Physical verification of inventory has been conducted at reasonable intervals by management. The discrepancies notices were properly dealt with in the books of account of the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms, LLPs, or other parties covered in register maintained under Section 189 of The Companies Act, 2013.
4. The Company has not given any loans or guarantees/made any investments within the meaning of Section 185 & 186 of The Companies Act, 2013.
5. The Company has not accepted any deposits.
6. We have broadly reviewed the cost records maintained by the Company as specified in sub-Section (1) of Section 148 of The Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7. (i) The Company is regular in depositing undisputed statutory dues with appropriate authorities.
(ii) According to records of Company, there are no statutory dues which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending	Amount paid under Protest (₹)
The Kerala General Sales Tax Act, 1963	KGST Assessment	6,37,992	2011-2012	Assistant Commissioner Special Circle Perumbavoor	5,10,392

8. The Company has not defaulted in any repayment of dues to any financial institution or bank or debenture holders.
9. The term loans has been utilised for the purposes for which they were obtained.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers/employees have been noticed or reported during the course of our audit.
11. The Company is not paying any managerial remuneration other than sitting fees.
12. The transactions entered into with related parties are in compliance with Section 177 & 188 of The Companies Act 2013 and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
13. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
14. The Company has not entered into any non-cash transactions with directors or persons connected with him, during the year.
15. The Company is not required to be registered under Section 45-IA of The Reserve Bank of India Act, 1934.

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

Jomon K George
Partner
M.No.202144

Kochi-16
04/05/2017

BALANCE SHEET AS AT 31ST MARCH 2017

Amount in ₹

Particulars	Notes	Current Year	Previous Year
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	14,41,17,500	15,41,17,500
(b) Reserves and Surplus	4	5,09,04,155	3,75,73,411
(2) Non-Current Liabilities			
(a) Long Term Borrowings	5	3,63,17,605	2,52,06,262
(b) Deferred Tax Liability (Net)		54,43,482	61,84,331
(c) Long Term Liabilities	6	2,40,21,663	1,23,65,508
(d) Long Term Provisions	7	35,79,371	30,33,328
(3) Current Liabilities			
(a) Short Term Borrowings	8	10,27,02,544	2,89,63,347
(b) Trade Payables	9	12,48,41,563	8,93,16,897
(c) Other Current Liabilities	10	3,26,79,977	2,49,65,304
(d) Short-Term Provisions	11	74,21,500	1,59,06,590
Total		53,20,29,360	39,76,32,478
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	14,08,74,259	10,95,11,771
(ii) Intangible Assets	13	11,64,311	13,28,609
(iii) Capital work-in-progress	14	35,98,564	26,15,304
(b) Long Term Loans and Advances	15	1,36,08,213	2,49,89,612
(c) Other Non-current Assets	16	90,000	3,68,700
(2) Current Assets			
(a) Inventories	17	11,44,74,782	8,24,93,016
(b) Trade Receivables	18	19,90,70,392	11,63,45,843
(c) Cash and Cash Equivalents	19	1,20,11,037	54,17,950
(d) Short Term Loans and Advances	20	3,54,90,672	3,50,77,254
(e) Other Current Assets	21	1,16,47,130	1,94,84,419
Total		53,20,29,360	39,76,32,478

The accompanying notes form integral part of the financial statements

As per our report of even date attached
For **JVR & Associates**
Chartered Accountants

Navas M. Meeran
Chairman

Rajesh S.
Chief Financial Officer

Baiju .T
Company Secretary

Jomon K George
Partner

Kochi
04/05/2017

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2017**

Amount in ₹

Particulars	Notes	Current Year	Previous Year
I. Revenue from Operations	22	93,35,73,206	87,58,98,627
II. Other Income	23	86,92,140	11,49,143
III. Total Revenue		94,22,65,346	87,70,47,771
IV. Expenses:			
Cost of materials consumed	24	39,90,33,931	32,13,96,546
Purchase of Stock-in-Trade		27,63,22,568	25,65,95,982
Changes in Inventories	25	(2,44,39,915)	43,98,013
Operating Expenses	26	6,14,86,494	6,05,77,720
Employee Benefits	27	7,74,30,405	7,33,53,673
Financial costs	28	2,25,00,005	1,37,61,337
Depreciation and amortization expense		1,78,28,170	1,15,93,710
Other expenses	29	9,20,92,293	8,39,55,943
Total Expenses		92,22,53,951	82,56,32,925
V. Profit before exceptional and extraordinary items and tax	(III - IV)	2,00,11,395	5,14,14,847
VI. Exceptional/Extraordinary items		---	---
VII. Profit before tax	(V - VI)	2,00,11,395	5,14,14,847
VIII. Tax expense:			
(1) Current Tax		74,21,500	1,65,67,200
(2) Deferred Tax		(7,40,849)	7,32,480
IX. Profit for the year from continuing operations	(VII-VIII)	1,33,30,744	3,41,15,167
X. Earnings Per Share : Basic & Diluted		2.55	6.52

The accompanying notes form integral part of the financial statements

As per our report of even date attached
For **JVR & Associates**
Chartered Accountants

Navas M. Meeran
Chairman

Rajesh S.
Chief Financial Officer

Baiju .T
Company Secretary

Jomon K George
Partner

Kochi
04/05/2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Amount in ₹

Particulars	2016-17	2015-16
A. <u>Cash flow from Operating Activities</u>		
a. Net Profit before tax and extra ordinary items	2,00,11,395	5,14,14,847
Adjustments for :-		
Depreciation	1,78,28,170	1,15,93,710
Interest Paid	2,04,10,737	1,20,79,268
b. Operating Profit before Working Capital Changes	5,82,50,302	7,50,87,825
Adjustments for :-		
Trade and other Receivables	(7,59,99,401)	(2,04,66,760)
Inventories	(3,19,81,766)	6,99,753
Trade and other Payables	4,62,36,883	3,34,28,157
c. Cash Generation from Operations	(34,93,983)	8,87,48,975
d. Interest Paid	2,04,10,737	1,20,79,268
e. Proposed dividend	---	31,48,565
f. Provision for Taxation	66,80,651	1,72,99,680
g. Cash flow before Extraordinary Items	(3,05,85,370)	5,62,21,462
h. Extraordinary Items	---	---
Net Cash from Operating Activities	(3,05,85,370)	5,62,21,462
B. <u>Cash flow from Investing Activities</u>		
a. Purchase of Fixed Assets	(3,76,50,797)	(3,40,92,479)
Net Cash from Investing Activities	(3,76,50,797)	(3,40,92,479)
C. <u>Cash flow from Financing Activities</u>		
a. Proceeds from Issue of Share Capital / Conversion	---	5,000
b. Proceeds from Borrowings / Conversion	8,78,83,410	(2,06,50,324)
c. Dividend Paid	(30,54,156)	(58,18,237)
d. Redemption of Preference Shares	(1,00,00,000)	---
Net Cash from Financing Activities	7,48,29,254	(2,64,63,561)
D. <u>Net increase/decrease in cash or cash equivalents (A+B+C)</u>	65,93,087	(43,34,578)
Opening Cash & Cash equivalents	54,17,950	97,52,528
Closing Cash & Cash equivalents	1,20,11,037	54,17,950

Notes:

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

As per our report of even date attached
For **JVR & Associates**
Chartered Accountants

Navas M. Meeran
Chairman

Rajesh S.
Chief Financial Officer

Baiju T.
Company Secretary

Jomon K George
Partner

Kochi
04/05/2017

NOTES TO FINANCIAL STATEMENTS

1. Background

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

2. Accounting Policies

Significant Accounting Policies

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

General

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

Use of Estimates

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

Fixed Assets

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

Depreciation

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

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

Asset	Years	Asset	Years
Factory Building	: 30	Building – Godown	: 30
Plant & Equipment at Factory	: 15	Lab Equipment	: 10
Plant & Equipment at Branches	: 15	Furniture & Fixtures	: 10
Electrification & Water Systems	: 10	Vehicles	: 8
Computer & Accessories	: 3	Office Equipment	: 5
Plant & Equipment given under Lease	: 3 - 5	Roads - Non RCC	: 5
Vehicles under Employee Car Scheme	: 3 - 5		

Note: Depreciation on plant & Machinery has been charged on triple shift basis for the first quarter and on double shift basis for the remaining quarters as against double shift basis during the entire previous year. The useful life of plant & equipment given under lease is taken as 3 years and 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.

Amortisation of Intangible Assets

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

Revenue Recognition

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

Inventories and Tools & Spares

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

Employee Benefits

- (a) Short term employee benefits such as salaries, wages, bonus and incentives which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit and loss account.
- (b) Defined Contribution Plans - Contributions made to the Recognised Provident Fund & Employee State Insurance Corporation are expensed to the Profit & Loss Account. The Company's obligation is limited to the amount contributed by it.
- (c) Defined Benefit Plans - Gratuity liability is a defined benefit obligation and is provided for interim period calculated on a year-to-date basis by using actuarially determined rates at the end of prior financial year.

Foreign Exchange Transactions

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

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

Borrowing Costs

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

Segment Reporting

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

Taxes on Income

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

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

Impairment of Assets

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

Provisions, Contingent Liabilities and Contingent Assets

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

3. Share Capital

Amount in ₹

	Current Year	Previous Year
A. Authorised		
6000000 Equity shares of ₹ 10/- each (Previous Year 6000000 equity shares of ₹10/- each)	6,00,00,000	6,00,00,000
1000000 Preference Shares of ₹ 100 each (Previous Year 1000000 Preference Shares of ₹ 100 each)	10,00,00,000	10,00,00,000
	16,00,00,000	16,00,00,000
B. Issued, Subscribed and Paid-up Equity Shares		
Balance at the end of the year (5232000 Equity shares of ₹ 10/- each) Balance at the beginning of the period (5232000 Equity shares of ₹10/- each), (Previous year 5232000 Equity shares of ₹ 10/-each)	5,23,20,000	5,23,20,000
Paid up share capital at the beginning of the year	5,23,20,000	5,23,20,000
Shares Forfeited	17,97,500	17,97,500
Paid up share capital at the end of the year	5,41,17,500	5,41,17,500

Particulars	Current Period		Previous year	
	Number	Amount	Number	Amount
Balance at the Beginning of Year	52,32,000	5,23,20,000	52,31,000	5,23,10,000
Shares Forfeited During the year	--	--	--	--
Annulment of forfeited shares during the year	--	--	1,000	10,000
Balance at the End of the Year	52,32,000	5,23,20,000	52,32,000	5,23,20,000

<u>Preference Shares</u>	Current Year	Previous Year
9,00,000 Zero percent Redeemable Preference Shares of ₹ 100 each (Previous Year 10,00,000 Zero percent Redeemable Preference Shares of ₹ 100 each)	90,000,000	100,000,000
Share Capital	14,41,17,500	15,41,17,500

Note: -

- 1). Preference shares are Redeemable after five years from the date of allotment subject to achieving net worth of ₹ 100 lakhs without considering the said preference shares
- 2). The Board meeting held on 22/07/2016 has 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 1,00,000 preference Shares of ₹ 100 each aggregating to ₹ 1 crore per year.
- 3). The Company has redeemed 100000 Zero percent Redeemable Preference Shares of ₹ 100 each at a value of ₹ 1 crore during the year.

Shares held by shareholders holding more than 5% shares

Equity Share Capital	Current Period		Previous Year	
	Number of shares	% of share holding	Number of shares	% of share holding
List of significant shareholders (>5%)				
Firoz Meeran	13,50,550	25.82%	13,50,550	25.82%
Navas Meeran	13,21,750	25.26%	13,21,750	25.26%
KSIDC	6,15,000	11.76%	6,15,000	11.76%

Preference Share Capital	Current Year		Previous Year	
	Number of shares	% of share holding	Number of shares	% of share holding
Meeran M E	-	-	4,00,000	40%
Navas Meeran	7,20,000	80%	6,00,000	60%
Feroz Meeran	1,80,000	20%	-	-

4. Reserves & Surplus

	Current Year	Previous Year
Capital Reserve	20,00,000	20,00,000
Capital Redemption Reserve	1,00,00,000	---
Profit and Loss Account		
Opening Balance	3,55,73,411	77,45,852
Add : Profit for the year	1,33,30,744	3,41,15,167
	4,89,04,155	4,18,61,019
Interim Dividend for Equity Share Holders	---	26,16,000
Proposed Dividend for Equity Share Holders	---	26,16,000
Corporate Dividend Tax	---	10,55,608
Transfer to Capital Redemption Reserve	1,00,00,000	---
	3,89,04,155	3,55,73,411
Reserves & Surplus	5,09,04,155	3,75,73,411

5. Long Term Borrowings

Term Loan from The Federal Bank Limited Term loan from The Federal Bank Ltd is secured by way of first charge on the fixed assets and are further guaranteed by Promoter Directors of the Company	2,72,75,961	2,48,49,667
Long Term maturities of finance lease obligations - HP Loans for Vehicles	65,41,644	3,56,595
Loan from Director(Unsecured)	25,00,000	-
	3,63,17,605	2,52,06,262

Term Loan/HP Loans - These loans are repayable ranging from a period of 36 months to 60 months with equal monthly installments ranging from ₹10,241 to ₹6,00,000 at the rate of interest ranging from 9.25% to 13.20% p.a.

6. Long Term Liabilities

Creditors - For Capital goods	10,93,235	23,93,339
Deposit from Staff under Employee Car Loan Scheme	9,39,520	---
Security Deposit from Customers	1,96,76,725	99,72,169
Advance Lease Rent	23,12,183	---
	2,40,21,663	1,23,65,508

7. Long Term Provisions

Provision for Employee Benefits (Gratuity)	35,79,371	30,33,328
	35,79,371	30,33,328

8. Short Term Borrowings

From Banks - Cash Credit from The Federal Bank Limited (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)	10,27,02,544	2,89,63,347
	10,27,02,544	2,89,63,347

9. Trade Payables

Sundry Creditors: Due to Micro and Small Enterprises	60,31,499	11,72,267
Dues to creditors other than Micro and Small Enterprises	11,88,10,064	8,81,44,630
	12,48,41,563	8,93,16,897

10. Other Current Liabilities

Current maturities of long term debt	1,97,00,000	1,77,00,000
Current maturities of finance lease obligations - HP Loans	18,64,457	8,31,588
Advances from Customers	34,99,856	22,06,724
Advance Lease Rent	8,71,308	---
Unpaid Dividends	6,08,287	4,59,249
Other Payables	61,36,069	37,67,744
	3,26,79,977	2,49,65,304

11. Short Term Provisions

Provision for Taxation	74,21,500	1,65,67,200
Less: MAT Credit Entitlement	---	(38,09,176)
Provision for Dividend	---	26,16,000
Provision for Corporate Dividend Tax	---	5,32,565
	74,21,500	1,59,06,590

12. Tangible Assets

Amount in (₹)

	Cost			Depreciation		Net Carrying Amount			
	As at 01/04/2016	Addition	Deletions	As at 31/03/2017	Up to 31/03/2016	For the year	Up to 31/03/2017	As at 31/03/2017	As at 31/03/2016
1. Land & Land Development	8,99,987	1,27,59,575	3,89,891	1,32,69,671	---	---	---	1,32,69,671	899,987
2. Factory Building	2,11,48,593	28,14,058	---	2,39,62,651	71,72,279	6,41,008	78,13,287	1,61,49,364	13,976,314
3. Building – Others	1,02,94,366	---	---	1,02,94,366	5,51,453	5,45,591	10,97,044	91,97,322	9,742,913
4. Roads - Non RCC	10,91,410	26,440	---	11,17,850	3,89,768	2,11,153	6,00,921	5,16,929	701,642
5. Plant & Equipment	11,49,86,606	1,11,11,429	---	12,60,98,035	5,27,66,901	97,28,958	6,24,95,860	6,36,02,175	62,219,705
Plant & Equipment under Lease	1,14,58,766	1,04,07,377	---	2,18,66,143	1,55,505	31,44,855	33,00,360	1,85,65,784	11,303,261
6. Electrification and water systems	71,42,395	28,03,994	---	99,46,389	41,80,057	5,06,956	46,87,012	52,59,377	2,962,338
7. Lab Equipment	8,97,158	---	---	8,97,158	8,04,850	30,769	8,35,619	61,538	92,307
8. Furniture & Fixtures	34,65,621	84,882	---	35,50,503	13,90,364	2,45,389	16,35,753	19,14,749	2,075,256
9. Office Equipment	17,82,345	---	---	17,82,345	13,06,611	1,31,210	14,37,821	3,44,524	475,734
10. Computer & Accessories	65,18,287	4,30,890	---	69,49,177	49,85,262	8,44,074	58,29,336	11,19,841	1,533,025
11. Vehicles	66,76,670	88,07,248	---	1,54,83,918	31,47,381	14,63,552	46,10,933	1,08,72,984	3,529,289
Total	18,63,62,203	4,92,45,894	3,89,891	23,52,18,206	7,68,50,432	1,74,93,515	9,43,43,947	14,08,74,259	109,511,771

13. Intangible Assets

	Cost			Depreciation		Net Carrying Amount			
	As at 01/04/2016	Addition	Deletions	As at 31/03/2017	Up to 31/03/2016	For the year	Up to 31/03/2017	As at 31/03/2017	As at 31/03/2016
Computer Software	21,72,315	1,70,357	---	23,42,672	8,43,706	3,34,655	11,78,361	11,64,311	13,28,609

14. Capital Work In Progress

	Cost			Depreciation		Net Carrying Amount			
	As at 01/04/2016	Addition	Deletions	As at 31/03/2017	Up to 31/03/2016	For the year	Up to 31/03/2017	As at 31/03/2017	As at 31/03/2016
Building work in Progress	1,13,109	27,00,949	28,14,058	---	---	---	---	---	1,13,109
Carbon Automation WIP	---	1,02,42,075	1,02,42,075	---	---	---	---	---	---
Extruder WIP	---	1,29,675	---	1,29,675	---	---	---	1,29,675	---
K2 Intermix WIP	---	34,37,287	---	34,37,287	---	---	---	34,37,287	---
Water Tank WIP	---	31,602	---	31,602	---	---	---	31,602	---
Transformer	25,02,195	1,23,578	26,25,773	---	---	---	---	---	25,02,195
Total	26,15,304	1,66,65,165	1,56,81,906	35,98,564	---	---	---	35,98,564	26,15,304

15. Long Term Loans and Advances (Unsecured, considered good)

Capital Advance - Related Party		
Advance for Land	---	75,75,000
Capital Advance – Others		
Advance for Land/Machinery/Civil Works	4,10,574	51,94,396
Security Deposits	81,65,634	71,88,211
Sales Tax paid under Protest	50,32,005	50,32,005
	1,36,08,213	2,49,89,612

16. Other Non-Current Assets

Other Bank balances - Margin Money	90,000	3,68,700
	90,000	3,68,700

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

Raw Materials	2,22,50,802	1,35,57,407
Work in Progress	39,00,443	1,24,15,919
Finished Goods	7,05,46,372	3,66,98,750
Goods in Transit (Finished Goods)	25,05,329	33,97,560
Packing Materials	5,58,489	8,88,993
Fuel & Oil	2,90,202	1,64,990
Tools & Spares	1,44,23,144	1,53,69,397
	11,44,74,782	8,24,93,016

18. Trade Receivables (unsecured considered good)

Debtors		
Outstanding for a period exceeding six months	1,03,84,132	1,67,45,818
Other Debts	18,86,86,260	10,33,85,729
Less: Provision for Doubtful Debts	---	(37,85,704)
	19,90,70,392	11,63,45,843

19. Cash and Cash Equivalents

Balances with Banks in Current Accounts	93,54,457	29,04,621
Other Bank balances - Margin Money Accounts	19,40,402	18,46,168
- Unpaid Dividend Account	6,08,287	4,59,249
Cash in Hand	1,07,891	2,07,913
	1,20,11,037	54,17,950

20. Short Term Loans and Advances (unsecured considered good)

Staff Advances	4,23,961	5,11,566
Advances to Suppliers - Related Parties	1,21,60,563	40,17,770
Advances to Suppliers – Others	2,03,28,705	2,81,80,696
Other Advances	25,77,443	23,67,223
	3,54,90,672	3,50,77,254

21. Other Current Assets

Advance Income Tax	35,00,000	95,00,000
Vat/Service Tax Credit Receivable	17,59,216	19,33,204
Interest accrued on Margin Money	1,34,862	44,819
Other Current Assets	62,53,052	80,06,396
	1,16,47,130	1,94,84,419

22. Revenue From Operations

Sales		
a) Sale of Products :		
Domestic (Gross)	80,18,85,687	76,14,19,681
Less: Excise Duty Paid	8,07,88,406	5,03,19,894
	72,10,97,281	71,10,99,786
Export Sales (Gross)	2,62,58,137	1,73,22,251
Less: Excise Duty Paid	1,211	---
	2,62,56,926	1,73,22,251
Sale of Compound mix	7,09,97,442	12,43,04,661
Less: Excise Duty Paid	2,251	---
	7,09,95,191	12,43,04,661
Sale of Raw Materials (Gross)	9,23,25,729	1,30,17,752
Less: Excise Duty Paid	50,73,495	11,82,052
	8,72,52,234	1,18,35,700
Sale of Machinery & Accessories	22,40,671	---
	22,40,671	---
	90,78,42,304	86,45,62,398
b) Sale of services		
Job Work Receipts	1,72,63,498	76,85,119
Retreading Charges	65,47,692	27,35,318
	2,38,11,190	1,04,20,437
c) Other Operating Revenues		
Sale of Scrap & Waste(Gross)	20,29,816	9,77,417
Less: Excise Duty Paid	1,10,104	61,625
	19,19,712	9,15,792
	93,35,73,206	87,58,98,627

23. Other Income

Interest Received	8,76,223	3,96,012
Lease Rent Received	20,86,059	4,36,730
Other Income	57,29,858	3,16,401
	86,92,140	11,49,143

24. Cost of Raw Material Consumed

Opening Stock	1,35,57,407	1,12,23,561
Add : Purchases	40,77,27,325	32,37,30,393
Less : Closing Stock	2,22,50,802	1,35,57,407
	39,90,33,931	32,13,96,546

25. Changes in Inventory

Closing Stock - Finished Goods/Work in Progress	7,69,52,144	5,25,12,229
Opening Stock - Finished Goods/Work in Progress	5,25,12,229	5,69,10,242
	2,44,39,915	(43,98,013)

26. Operating Expenses

Tools & Spares consumed	48,07,715	50,39,359
Power & Fuel	2,39,91,460	2,38,63,760
Rates and taxes excluding taxes on income	1,23,38,306	1,28,99,546
Job Work Charges	20,08,555	11,63,729
Consumables	32,92,187	38,22,598
Packing Materials Consumed	79,49,812	74,36,740
General Factory Expenses	70,98,459	63,51,989
	6,14,86,494	6,05,77,720

27. Employee Benefit Expenses

Salaries and wages	6,77,74,530	6,47,23,407
Contribution to provident fund and other funds	46,90,754	40,07,860
Gratuity	5,46,043	5,71,151
Staff welfare expenses	44,19,078	40,51,255
	7,74,30,405	7,33,53,673

28. Financial Cost

Interest on Term Loan	42,58,781	31,50,183
Interest on Cash Credit	1,15,24,738	62,70,681
Other Borrowing costs	67,16,486	43,40,473
	2,25,00,005	1,37,61,337

29. Other Expenses

Payments to the Auditor as		
(a) Auditor:	7,00,000	6,20,000
(b) For Taxation matters	1,16,000	36,500
(c) For Management Services	1,11,012	76,000
Repairs to Building	1,29,604	4,70,789
Repairs to Machinery	5,23,983	9,49,792
Repairs & Maintenance – Others	31,20,774	34,19,196
Rent	66,92,977	53,78,452
Insurance	17,39,412	11,33,009
Professional Charges	26,88,034	20,93,968
Travelling Expenses	1,14,68,510	1,13,82,004
Business Promotion Expenses	1,90,54,829	1,06,15,898
Bad Debts/Provision for Bad Debts	---	37,53,245
Income Tax Paid	66,634	32,344
Freight Outward	1,17,39,378	99,51,215
Discount	3,09,04,742	3,13,96,351
Miscellaneous expenses	30,36,404	26,47,179
	9,20,92,293	8,39,55,943

30. Contingent Liabilities and Commitments (to the extent not provided for)

a. Claims against the Company not acknowledged as debt		
Demand by KVAT Authorities in appeal pending disposal	56,21,739	48,81,872
Demand by KVAT Authorities	85,958	7,88,125
Bank Guarantees outstanding	74,47,969	1,24,90,878
b. Estimated amounts of contracts remaining to be executed on capital account and not provided for	14,12,815	5,30,40,400

31. Details of Specified Bank Notes(SBN) - held and transacted during the period from 8th November, 2016

	SBNs	Other Denominations	Total
Closing Cash in Hand as on 08/11/2016	5,64,000	7,86,944	13,50,944
(+) Permitted Receipts	---	1,36,78,537	1,36,78,537
(-) Permitted Payments	---	14,28,856	14,28,856
(-) Amount Deposited to Banks	5,64,000	1,26,56,899	1,32,20,899
Closing Cash in Hand as on 30/12/2016		3,79,726	3,79,726

32. Disclosure in accordance with AS-15 on Employee Benefits

a) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year		30,69,856
Interest Cost		2,55,832
Service Cost		2,56,095
Benefits Paid		---
Actuarial Gain/(Loss) on obligations		43,291
Projected benefit obligation at the end of the year		36,25,074
b) Change in plan assets		
Fair value of plan assets at the beginning of the year		36,528
Expected return on plan assets		2,922
Contributions		---
Benefits paid		---
Actuarial Gain/(Loss) on plan assets		6,253
Fair value of plan assets at the end of the year		45,703
c) Reconciliation of present value of obligation and fair value of plan assets		
Present value of projected benefit obligation at the end of the year		3,625,074
Funded status of the plans		45,703
Funded status amount of liability recognised in the balance sheet		3,579,371
d) The components of net gratuity costs are reflected below		
Service Cost		256,095
Interest Cost		255,832
Expected return on plan assets		(2,922)
Net Actuarial Gain/(Loss) recognised in the year		37,038
Net gratuity costs		546,043
e) Principal Actuarial Assumptions used at the balance sheet date		
Particulars		Gratuity
Discount Rate		8% p.a.
Salary Escalation Rate		7% p.a.
Rate of Return on Assets		8% p.a.

33. Related Party Disclosures

Name of the related party and nature of relationship

List of the companies in which one of the directors has significant influence
Eastern Condiments Pvt Ltd
Eastern Mattresses Pvt Ltd
Eastern Retreads Pvt Ltd
Eastea Chai Pvt Ltd
Feroz Treads Pvt Ltd
Sheram Treads Pvt Ltd
Sumo Treads Pvt Ltd
Vazhakkulam Rubbers

Key Management Personnel	Relation
Navas Meeran	Chairman
M.E. Mohamed	Managing Director
Baiju T	Company Secretary
Rajesh S	Chief Financial Officer

Relative of Key Management Personnel	Relation
Alfa Rubbers	Proprietary Concern of Director
Rosekhan Industries	Proprietary Concern of Related Party
Sahara Treads	Proprietary Concern of Related Party
Soya Rubbers Pvt Ltd	Company of Related Party
Nilima Treads Pvt Ltd	Company of Related Party

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

	Current Period	Previous Year
Eastern Condiments Pvt Ltd		
Sharing of Expenses	7,09,221	6,89,661
Eastern Mattresses Pvt Ltd		
Sharing of Expenses	---	30,594
Sale of Finished Goods	1,971	---
Eastern Retreads Pvt Ltd		
Sale of Finished Goods	14,29,514	14,97,714
Sharing of Expenses	74,933	1,25,917
Eastea Chai Pvt Ltd		
Sharing of Expenses	36,875	30,575
Feroz Treads Pvt Ltd		
Purchase of Goods	1,38,84,171	1,33,69,159
Sale of Raw Materials	1,20,26,808	18,17,115
Sale of Finished Goods	---	37,38,814
Job Work Receipt	17,05,235	5,71,972
Vazhakulam Rubbers		
Purchase of Goods	1,27,83,181	1,18,34,408
Sale of Finished Goods	2,67,59,153	3,61,57,724
Sale of Raw Materials	62,14,201	---
Sale of Scrap	17,151	---
Sharing of Expenses	4,32,294	---
Job Work Payment	79,942	---
Job Work Receipt	5,11,534	2,21,142

Sumo Treads Pvt Ltd		
Purchase of Goods	45,56,619	---
Job Work Receipt	3,05,758	
Soya Rubbers Pvt Ltd		
Security Services Provided	5,91,237	6,11,610
Nilima Treads Pvt Ltd		
Purchase of Goods	1,35,63,740	---
Job Work Receipt	7,82,262	---
Alfa Rubbers		
Purchase of Goods	1,36,56,095	1,35,79,456
Sale of Raw Materials	76,59,467	2,29,665
Job Work Receipt	11,49,358	3,48,583
Job Work Payment	2,38,422	8,225
Rosekhan Industries		
Purchase of Goods	1,23,28,227	1,37,52,993
Sale of Raw Materials	1,04,39,756	12,96,577
Job Work Payment	17,827	1,43,296
Job Work Receipt	12,17,100	7,14,145
Sahara Treads		
Purchase of Goods	1,36,85,399	1,26,87,072
Sale of Raw Materials	1,39,68,427	2,687
Job Work Receipt	9,78,120	3,53,373
Rajesh S.		
Salary	21,99,996	21,99,996
Reimbursement of Expenses	4,62,535	3,64,172
Performance Incentive	5,00,000	10,00,000
Performance Incentive(2015-16) Reversed	10,00,000	---
Baiju T.		
Salary	8,94,840	7,98,960
Reimbursement of Expenses	26,804	36,057
Performance Incentive	53,690	1,43,813
Navas Meeran		
Loan Accepted	25,00,000	---

Amount Outstanding as at 31st March 2017

List of the companies in which one of the director has significant influence	Current Year	Previous Year
Eastern Condiments (P) Ltd	---	---
Eastern Retreads (P) Ltd	6,37,804 Dr.	15,981 Cr.
Sheram Treads (P) Ltd	---	---
Feroz Treads (P) Ltd	42,30,445 Dr.	12,96,936 Dr.
Eastern Mattresses (P) Ltd	---	75,75,000 Dr.
Eastea Chai (P) Ltd	---	---
Sumo Treads (P) Ltd	29,75,372 Cr.	13,30,500 Dr.
Vazhakulam Rubbers	1,19,57,281 Dr.	32,84,236 Dr.
<u>Key Management Personnel</u>		
M.E. Mohamed	---	---
Navas Meeran	25,00,000 Cr.	---
Rajesh S	5,00,000 Cr.	10,00,000 Cr.
Baiju T	53,690 Cr.	1,43,813 Cr.

Relative of Key Management Personnel		
Nilima Trends Private Limited	20,95,364 Cr.	5,90,847 Dr.
Soya Rubbers Private Limited	7,41,694 Dr.	7,99,487 Dr.
Alfa Rubbers	---	---
Sahara Trends	---	---
Rosekhan Industries	---	---

34. AS -19, Leases (Operating Lease - Leases as a lessor)

- The Company has given plant & equipment to its franchisees under operating lease on cancellable basis by giving 90 days notice by either party. The lease term varies from 3 years to 5 years.
- Total contingent rent recognised as income in the statement of profit and loss for the period. NIL
- Initial direct costs in connection with the leases are expensed in the statement of profit and loss for the period.

35. Basic and Diluted Earnings Per Share (EPS), of face value ₹ 10/-

	Current Period	Previous Year
<u>Numerator</u>		
Net Profit for the year	1,33,30,744	3,41,15,167
<u>Denominator</u>		
Weighted average number of equity shares outstanding during the year	52,32,000	52,32,000
Earnings per Share (annualised)	2.55	6.52

36. Major Components of Deferred Tax Asset/Deferred Tax Liability are:-

Item	As on 01.04.2016	Current Period	As on 31.03.2017	
	Asset/(Liability)	Asset/(Liability)	Asset	Liability
Depreciation	(7,18,72,240)	5,60,311	-	(66,26,929)
Provision for Gratuity	10,02,909	1,80,538	11,83,447	-
Total	(61,84,331)	7,40,849	11,83,447	(66,26,929)
NET DTL/DTA	(61,84,331)	7,40,849		(54,43,482)

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

Particulars	Opening Balance	Additions/Reversals	Closing Balance
Provision for Taxation	1,27,58,024	(53,36,524)	74,21,500
Provision for Gratuity	30,33,328	5,46,043	35,79,371

38. ADDITIONAL INFORMATION

a. Details of Finished Goods

Finished Goods purchased (Traded Items)		Amount in ₹	
Particulars	Current Period	Previous Year	
PCTR	7,40,78,059	2,98,58,311	
Cushion Gum	3,65,60,373	4,25,48,957	
CT	14,53,03,636	16,73,86,183	
Patches	24,77,479	25,75,638	
Others	1,79,03,020	1,42,26,893	
TOTAL	27,63,22,568	25,65,95,982	

Amount in ₹

Particulars	Sales Values**		Closing Inventory	Opening Inventory
	Current Year	Previous Year		
Manufactured Goods				
PCTR	35,35,70,148	35,53,60,953	6,14,38,363	3,42,33,316
Cushion Gum	1,84,40,359	1,32,51,962	---	12,259
Vulcanising Solution	3,56,62,473	3,94,40,753	14,53,528	8,10,859
CT	1,34,970	41,15,418	---	---
Others	14,71,02,288	13,75,20,963	5,71,369	1,28,113
Total	55,49,10,238	54,96,90,049	6,34,63,260	3,51,84,547
Traded Goods				
PCTR	9,33,25,685	3,70,94,420	57,16,430	14,25,410
Cushion Gum	5,35,22,500	5,53,69,093	8,95,540	9,45,880
CT	18,67,98,589	21,46,04,658	22,62,023	15,83,205
Others	2,12,05,004	87,19,971	7,14,449	9,57,268
Total	35,48,51,778	31,57,88,142	95,88,442	49,11,763

** Sale value is given exclusive of Excise Duty.

b. Details of Work in Progress

Amount in ₹

Particulars	Current Year	Previous Year
PCTR	31,31,478	37,92,799
Cushion Gum	3,32,814	29,45,383
Vulcanising Solution	2,67,585	88,660
CT	1,21,578	52,18,355
Others	46,987	3,70,722
Total	39,00,443	1,24,15,919

c. Raw Materials Consumed

Amount in ₹

Item	Current Year	Previous Year
Rubber	26,47,68,159	16,28,91,469
Carbon Black	6,31,94,224	7,12,35,783
Chemicals & Others	7,10,71,546	8,72,69,294
Total	39,90,33,931	32,13,96,546

d. Break-up of Indigenous & Imported Raw Materials Consumed

Particulars	Current Period		Previous Year	
	Amount	%	Amount	%
Indigenous	39,70,33,949	99.5	31,74,35,179	98.77
Imported	19,99,982	0.50	39,61,367	1.23
Total	39,90,33,931	100.00	32,13,96,546	100.00

	Current Period	Previous Year
a) CIF Value of imports made during the year	19,99,982	38,88,372
b) Earnings in Foreign Exchange (Export of Goods)	2,62,56,926	1,73,22,251
c) Expenditure in Foreign Currency	14,22,099	43,64,561
d) Amount remitted during the year in foreign currency	---	---

39. Information of the Company as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2017 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	60,31,499	11,72,267
Interest	---	---
The amount of interest paid by the buyer in MSMED Act, 2006 along with the amounts of the payment made to the terms of Section 16, of the supplier beyond the appointed day during each accounting year.	---	---
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	---	---
The amount of interest accrued and remaining unpaid at the end of each accounting year.		
The amount of further 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 enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.		

40. Previous year figures have been regrouped /reclassified wherever necessary to suit the current year's layout.

For **JVR & Associates**
Chartered Accountants

Navas M. Meeran
Chairman

Rajesh S.
Chief Financial Officer

Baiju T.
Company Secretary

Jomon K. George
Partner

Kochi
04/05/2017

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- Superior mileage reducing operating cost
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- Excellent grip for safety



Hot Rubber-Slab & Camel Back Treads

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



Bonding Gum

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



Black Vulcanising Cement

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



Repair Patches

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

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GERMANY EXPO



GERMANY EXPO



MALAYSIAN EXPO



FLEET MEET





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