



EASTERN TREADS LTD.

CYAN MAGENTA

BLACK

EASTERN TREADS LIMITED

B R A N C H E S

BARODA

RONALI RAILWAY STATION ROAD
PADAMALA BARODA - 391 350
GUJARAT.

PATNA

CA-18. PEOPLES COLONY
KANKAR BAGH
PATNA. BIHAR.

LUCKNOW

50/3. JAI NARAIN ROAD
HUSSAINGANJ
LUCKNOW - 226 001
UTTARPRADESH.

JAIPUR

SANTI SADAN
VISHWAKARMA INDUSTRIAL AREA
OPP. ROAD NO : 3
KALYAN NAGAR COLONY
JAIPUR - 302 018 RAJASTHAN.

COIMBATORE

122. SAROJINI STREET
RAM NAGAR
COIMBATORE - 641 009.

HYDERABAD

B C P COMPLEX
2-22. HYDERNAGAR
KUKATPALLY
HYDERABAD - 500 072
ANDHRAPRADESH.

INDORE

B-8, NAULAKHA COMPLEX
INDORE - 452 002
MADHYAPRADESH.

CHANDIGARH

FIRST FLOOR
SCO 98, SECTOR - 47
CHANDIGARH - 160 101
UNION TERRITORY.

BHUBANESWAR

FLAT NO : 5
NIHARIKA APARTMENTS
CUTTACK ROAD
BHUBANESWAR. ORISSA.

CENTRAL DEPOT

A-12/294, TRANSPORT NAGAR
GWALIOR - 3.

EASTERN TREADS LIMITED**BOARD OF DIRECTORS**

Mr. M. E. Meeran
 Mr. Navas M. Meeran
 Mr. M. E. Mohamed
 Mr. T. S. Anantharaman
 Mr. A.J. Pai (*KSIDC Nominee*)
 Mr. Naiju Joseph
 Dr. T. M. Kurian

SECRETARY

Mr. B. Anilkumar

BANKERS

Canara Bank
 Bank of Madhura Ltd.
 State Bank of Travancore

AUDITORS

M/s. G. Joseph & Associates
 'Keerthi', Kalathiparambil Rd.,
 Ernakulam.

REGD. OFFICE & FACTORY

Oonnukal, P.O. 686 693
 Ernakulam District, Kerala.

CORPORATE OFFICE

IVth Floor, Mather Square,
 Opp. North Rly. Station,
 Cochin - 682 018.

SHARE TRANSFER AGENTS

Welldone Corporate Services Ltd.,
 43/1340-D, Abhilash Building,
 Opp. Vijaya Hospital,
 St. Benedict Road, Cochin-682018.

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EASTERN TREADS LIMITED**2****NOTICE**

NOTICE IS HEREBY GIVEN THAT the fourth Annual General Meeting of Eastern Treads Limited will be held on Tuesday, the 26th August 1997 at 10.30 a.m. at the Registered Office of the Company at Oonnukal, (Via) Kothamangalam, Ernakulam Dist, Kerala, to transact the following business:

1. To receive and adopt the Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ending on that date and the Reports of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. T.S. Anantharaman who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint Auditors of the Company in the place of M/s. G. Joseph & Associates, Chartered Accountants, 'Keerthi', XXXIX/1245, Kalathiparambil Road, Cochin, who are eligible for re-appointment to hold office from the conclusion of this Meeting until conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

4. Appointment of Mr.M.E. Meeran as Director:
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr.M.E. Meeran be and is hereby appointed a Director of the Company."

5. Appointment of Mr. Navas M. Meeran as Director:
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Navas M. Meeran be and is hereby appointed a Director of the Company."

6. Appointment of Mr. M.E. Mohamed as Director:
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr.M.E. Mohamed be and is hereby appointed a Director of the Company."

NOTES:

(a) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 4, 5, and 6 are annexed.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(c) The instrument of Proxy should however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

(d) The Register of Members will be closed from Tuesday, the 19th August, 1997 to Monday, the 25th August, 1997 (both days inclusive). The Transfer Books of the Company will also remain closed for the aforesaid period.

(e) Members are requested to notify immediately any change in their address to the Company.

By Order of the Board of Directors

Place : Oonnukal,
Date : 21st July, 1997

B. Anilkumar
Sd/-
Company Secretary

EXPLANATORY STATEMENT

As required under Section 173(2) of the Companies Act, 1956

Item No.4

The Period of directorship of Mr.M.E. Meeran, who was appointed an Additional Director under Section 260 of the Companies Act, 1956 read with Regulation 72 of Schedule I of Table A, comes to an end at the ensuing Annual General Meeting. Mr. M.E. Meeran is eligible for re-appointment and the Company has received a nomination in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956. The Directors consider that his services would be useful to the Company and in the interest of the Company it is desirable that he be appointed a Director of the Company.

Mr. M.E. Meeran, the Director himself, Mr. Navas M. Meeran and Mr. M.E. Mohamed, Directors who are related to Mr. M.E. Meeran may be treated as concerned or interested in the said resolution.

No other Director is concerned or interested in the resolution.

Item No.5

The Period of directorship of Mr. Navas M. Meeran, who was appointed an Additional Director under Section 260 of the Companies Act, 1956 read with Regulation 72 of Schedule I of Table A comes to an end at the ensuing Annual General Meeting. Mr. Navas M. Meeran is eligible for re-appointment and the Company has received a nomination in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956. The Directors consider that his services would be essential to the Company and in the interest of the Company it is desirable that he be appointed a Director of the Company.

Mr. Navas M. Meeran, the Director himself, Mr. M.E. Meeran and Mr. M.E. Mohamed, Directors who are related to Mr. Navas M. Meeran may be treated as concerned or interested in the said resolution.

No other Director is concerned or interested in the resolution.

Item No.6

The period of directorship of Mr. M.E. Mohamed, who was appointed an Additional Director under Section 260 of the Companies Act, 1956 read with Regulation 72 of Schedule I of Table A comes to an end at the ensuing Annual General Meeting. Mr. M.E. Mohamed is eligible for re-appointment and the Company has received a nomination in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956. The Directors consider that his services would be useful to the Company and in the interest of the Company it is desirable that he be appointed a Director of the Company.

Mr. M.E. Mohamed, the Director himself, Mr. M.E. Meeran and Mr. Navas M. Meeran Directors who are related to Mr. M.E. Mohamed may be treated as concerned or interested in the said resolution.

No other Director is concerned or interested in the resolution.

By Order of the Board of Directors

Place : Oonnukal
Date : 21st July, 1997

B. Anilkumar
Sd/-
Company Secretary

EASTERN TREADS LIMITED**3****DIRECTORS' REPORT**

To All Members
EASTERN TREADS LTD.
Ladies and Gentlemen,

The Board of Directors of your company is pleased to present the Fourth Annual Report of the Company together the Balance Sheet as on 31st March, 1997, the Profit and Loss Account for the year ending on that date and the Report of the Auditors thereon. The year under review is a crucial one for us since your company has set up 9 branches all over India and has made its presence felt in the all India market. Moreover, the commercial production of Phase II of the Plant had commenced in November 1996.

Financial Results:

The summary of the Financial Results of your company for the year ending 31st March, 1997 vis-a-vis the figures for the previous year are given herewith for your consideration.

	Year ended 31.3.97 Rs.in lakhs	Year ended 31.3.96 Rs.in lakhs
Turnover	506.55	100.65
Other Income	29.45	26.34
Total Cost	550.28	107.13
(before depreciation)		
Profit/(Loss)	(45.97)	9.11
(before depreciation)		
Depreciation	19.81	8.01
Profit/(Loss) (before tax)	(65.79)	1.10
Provision for Taxation	--	--
Net Profit/(Loss) after Tax	(65.79)	1.10

The commercial production of Phase II of the Plant commenced on 30.11.1996. The production was 350 tonnes upto 30.11.1996 and the sales was Rs. 2.45 crore as on that date. After commencement of commercial production, the company achieved a production of 412 tonnes and sales was Rs. 2.72 crore from 30.11.96 till 31.3.1997. The production, sales and profit are below the projections essentially due to delay in commencement of commercial production in Phase II. The commercial production of Phase II was delayed due to teething problems after the trial production in March 1996.

Tread Rubber Industry Today:

Retreading Industry has always seen an increasing trend for the last one decade mainly because of high cost of new tyres which makes it difficult for the fleet owners to operate smoothly and thereby their dependence on retreading has gone up tremendously. The Automotive Tyre Manufacturers Association quoted in the "Economic Times" dated 14.6.97 that the tyre production on a yearly basis is increasing. In 1995-96 financial year the increase was by

40% over the financial year 1992-93 and in the first 10 months of 1996-97 the production has crossed the previous financial year's total production. Thus, at present our country is flooded with tyres and the economic condition of the fleet owners does not permit them to make frequent purchase of new tyres thereby making the scope for further growth of the retreading industry. In the past 8 months, your company has developed awareness about our product among the retreaders and manufacturers through our wide marketing network although it is very difficult to make a smooth entry into the market where already giants like Elgi Tyre & Tread Ltd., MRF Ltd., India Rubbers Ltd., Vamshi Rubbers Ltd., Indag Rubbers Ltd., Midas Rubbers and several small and big tread rubber manufacturers all over the country are existing and enjoying the fruits of the retreaders' satisfaction. Our approach from the very initial stage has been to develop ourselves through direct marketing by way of making direct contact with the end users and to provide them with the products of excellent quality at economical prices along with timely services. The sales volume of the first 5 months of the year 1997, speaks about the growth of the company. Moreover, in the retreading industry, the end consumers will get to know the performance after 4 to 5 months in terms of mileage obtained and then only the confidence level is developed in him to become a regular buyer. By now the teething period has come to an end. Apart from this, our entry into the Road Transport Corporation segment has further added to our growth in the form of orders and thereby we are confident to close the financial year 1997-98 with a turnover of Rs. 12 Crore.

Public Shareholding:

There are 1881 members as per the Register of Members of the company. There are still members who have not yet paid their allotment money and your directors would request them to pay the same at the earliest.

Assistance from Financial Institutions:

During the year, the balance of the term loan amounting to Rs. 89 lakhs was also released by the Industrial Development Bank of India.

Assistance from Canara Bank for Working Capital:

The Company has availed working capital to a limit of Rs. 125 lakhs from the Canara Bank, Banerjee Road, Ernakulam and a non-fund based facility of Rs. 40 lakhs for L.C and Rs. 20 lakhs for Bank Guarantee.

Directors:

The office of directorship of Shri M.E. Meeran, Shri Navas M. Meeran and Mrs. Nafeesa Meeran have become vacant in terms of Section 283(1)(h) of the Companies Act, 1956. Shri M.E. Meeran and Shri Navas M. Meeran have however been co-opted as additional directors as per Section 260 to hold office till the date of the ensuing Annual General Meeting.

EASTERN TREADS LIMITED

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Shri Naiju Joseph has been co-opted by the Board as an alternate director of the company in place of Dr. Baby Kuriakose who is now abroad. Shri. Naiju Joseph is to hold office till the date when Dr. Kuriakose would have held the office provided that he shall vacate office when the latter returns to India as per the provisions of Section 313 of the Companies Act, 1956. In addition the Board has co-opted Shri M.E. Mohamed and Dr. T.M. Kurian as additional directors to hold office till the date of the ensuing Annual General Meeting.

Nominations have been received for re-electing Shri M.E. Meeran, Shri Navas M. Meeran and Shri M.E. Mohamed as directors on the Board in the ensuing Annual General Meeting. Shri T.S. Anantha Raman, Director, retires by rotation in the ensuing Annual General Meeting in accordance with the provisions of Companies Act, 1956 and is eligible for reelection.

Auditors:

M/s G. Joseph & Associates, Chartered Accountants, Ernakulam, the auditors of the company hold office till the conclusion of the ensuing Annual General Meeting. They have expressed their willingness to continue as the auditors of the company. Therefore, the Board recommend that they be re-appointed to hold office till the conclusion of the next Annual General Meeting. The company has also obtained a certificate from them to the effect that their re-appointment if made, would be within the permissible limit contemplated under Sub-section (1B) of Section 224 of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and out go:**1. Conservation of Energy:**

The machinery that is in use at the factory is of the latest technology and all possible efforts are taken to optimise energy consumption. A detailed report in Form A of the Annexure to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 has been annexed herewith.

2. Technology Absorption : Nil**3. Foreign Exchange Earnings & Out go:**

No foreign exchange has been earned on account of export of goods during the year.

On account of import of Synthetic Rubber (PBR) from South Korea, there has been an outgo of foreign exchange.

The CIF value of the imported raw material for the year is Rs. 73,89,538.00

Particulars of Employees

There were no employees whose remuneration exceeds the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

Deposits

The Company has not accepted any deposits during the year ended 31st March 1997.

Projections & Actuals

The projections of profitability as reported in the prospectus and the actual profitability for the period are compared below :

Particulars	Projected (1996-97)	Actual (1996-97) (in Rs. lakhs)
Production (in tons)	2871	738.45
Sales	2148.30	506.55
Profit before depreciation & tax	337.34	(45.97)
Profit after tax	136.55	(65.79)

Notes:

1. The projected profits could not be achieved by the company owing to delay in the commencement of commercial production of Phase II of the Plant which took place on the 30th of November, 1996.
2. Moreover, nine branches were set up by the company all over the country which also involved huge initial expenditure.

Industrial Relations

The employees hard work and dedication has helped the company to achieve higher sales and better quality of the product. In spite of being a new company, we have introduced Provident Fund Scheme, medical facility, insurance coverage for the betterment and welfare of the employees thus opening up a new chapter in harmonious industrial relationship.

Acknowledgement

The company hereby places on record its gratitude towards all its employees for their co-operation and assistance. We also thank the Industrial Development Bank of India, Canara Bank, Kerala State Industrial Development Corporation, State Bank of Travancore, Bank of Madhura Ltd. and other Banks and all statutory bodies for their guidance and support.

We also thank the shareholders of the company for having chosen to be participants in the company's ventures.

Place: Ernakulam
Date: 28-6-1997

For and on behalf of the board,
Sd/-
Shri. M.E. Mohamed
Shri. Naiju Joseph
(Directors)

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy**A. Power and fuel consumption**

	Current Year	Previous Year
1. Electricity		
(a) Purchased		Commercial
Unit	5,73,728	Production
Total Amount	5,72,061	commenced in
Rate/unit (Average)	Re. 1.00	phase II in the
		year 1996-97
(b) Own Generation		
(i) Through diesel generator Unit	10,83,760	
Unit per Ltr. of diesel oil	7.90	
Cost unit	Rs. 1.12	
(ii) Through Steam Turbine/Generator		
Units	Nil	
Units per Ltr. of fuel oil/gas		
2. Coal (Specify quality and where used) Quantity (tonnes)		
Total Cost	Nil	
Average rate		
3. Furnace oil Quantity in (k.ltrs)		
Total Amount	Nil	
Average rate		
4. Others/internal Generation (please give details) quantity		
Total Cost	Nil	
Rate/unit		

B. Consumption per unit of production

	Standards (if any)	Current year	Previous year
		(1)	(2)
Product (with details) unit			
Precured Tread		240 MT	Commercial
Bonding Gum		25 MT	Production
Black Vulcanising Solution		165 KL	Commenced in
Electricity		15,19,621 units	Phase II
Furnace oil		Nil	only in 1996-97
Coal (specify quality)		Nil	
Others (specify)		Nil	