

EASTERN TREADS LIMITED

BRANCHES

BARODA

BUILDING NO. 618
NEAR MRF GODOWN
NH 8, PADAMBA POST
BARODA - 391 350

PATNA

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

LUCKNOW

AISHBAGH ROAD
NEAR D.A.V COLLEGE
LUCKNOW - 226 004

JAIPUR

181, SINDHI COLONY
BANI PARK, JAIPUR

COIMBATORE

122, SAROJINI STREET
RAM NAGAR
COIMBATORE - 641 009.

HYDERABAD

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

INDORE

B-11, INDRAPURI
A B ROAD, INDORE
MADHYAPRADESH - 452 001

BHUBANESWAR

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

CHANDIGARH

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

SILIGURI

NO : 45
NAZRULSARANI
ASHRAPARA
WEST BENGAL - 734 401

EASTERN TREADS LIMITED**BOARD OF DIRECTORS**

Mr. M. E. Meeran	- Chairman
Mr. Navas M. Meeran	- Managing Director
Mr. M. E. Mohamed	- Executive Director
Mr. T. S. Anantharaman	- Director
Mr. K.V. Rajagopalan Nair	- Director (KSIDC Nominee)
Mr. Naiju Joseph	- Director

SECRETARY

Mr. B. Anil Kumar

BANKERS

Canara Bank
Bank of Madura Ltd.
State Bank of Travancore

AUDITORS

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

MD	✓	BKC	✓
CS	✓	DPY	MA
P.O	✓	EW	MA
TRA	✓	AC	✓
AGM	✓	SH	✓
YE	✓		

REGD. OFFICE & FACTORY

Oonnukal, P.O. 686 693
Kothamangalam (via),
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 - 682 018.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifth Annual General Meeting of the Company will be held on Thursday, the 10th September, 1998 at 11.00 a.m. at the Registered Office of the Company at Oonnukal, (Via) Kothamangalam, Ernakulam District, Kerala to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ending 31st March, 1998, the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To elect Director in the place of Dr. Baby Kuriakose, Director who retires by rotation.
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 for holding office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To amend the Objects Clause of Memorandum of Association.

To consider and if thought fit to pass with or without modification, the following resolutions as Special Resolutions.

"RESOLVED THAT pursuant to Section 17 (1) (d) of the Companies Act, 1956, consent of the members be and are hereby accorded to the company to purchase, acquire, import and export of all types of mattress, durable envelopes, curing bags (tubes), butyl tubes and flaps and retreading machinery."

The other Objects Clause of the Company incorporated in the Memorandum of Association be and is hereby amended by adding Clause 11 after 10 in heading C of Principal Clause III as follows:

"To purchase, acquire, import and export all types of mattress, durable envelopes, curing bags (tubes), butyl tubes and flaps and retreading machinery."

"RESOLVED THAT pursuant to Section 17 (1) (d) of the Companies Act, 1956 the Company be and is hereby empowered to buy, sell, import, export, distribute all kinds of condiments, spices, spices powders, curry powders, pickles, whole spices and other food items."

The other Objects Clause of the Company incorporated in the Memorandum of Association be and is hereby amended by adding clause 12 after Clause 11 amended as above in heading C of Principal Clause III as follows:

"To buy, sell, import, export, distribute all kinds of condiments, spices powders, curry powders, pickles, whole spices and other food items."

NOTES:

- (a) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item No. 4 is 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 1st September, 1998 to Monday, the 7th September, 1998 (both days inclusive).
- (e) Members are requested to notify any change in their address to the Company.

By Order of the Board
Sd/-

Place : Oonnukal
Date : 30.07.98

B. Anil Kumar
Company Secretary

EXPLANATORY STATEMENT

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

Item No. 4

Our Company is planning to engage in the business of trading and exploring of all types of mattress, durable envelopes, curing bags (tubes), butyl tubes and flaps and retreading machinery. Our Company is also planning to explore the potential of curry powders' market on all India basis.

Even though there are general powers to do sale, purchase, import and export of all kinds of merchandise, as a matter of abundant caution it is felt that Memorandum of Association is to be amended by incorporating a suitable Clause.

According to Section 17(1) (d) of the Companies Act, 1956 Company need to obtain consent of the members of the Company by passing a Special Resolution for amending Memorandum of Association.

The Directors of your Company place the recommended resolutions at item No. 4 before the members for adoption.

This is re-submitted for the purpose of complying with the direction given by the Registrar of Companies, Kerala.

The proposed resolutions if approved, will supersede the resolutions passed at the Extra Ordinary General Meeting held on 15th January, 1998 for amending the Objects Clause and the same will stand having no effect accordingly.

None of the Directors is concerned or interested in the said resolution.

By Order of the Board
Sd/-

Place : Oonnukal
Date : 30.07.98

B. Anil Kumar
Company Secretary

EASTERN TREADS LIMITED**3****REPORT OF THE BOARD OF DIRECTORS***(for the year 1997-98)***To the members:**

Your Directors submit their Report and Accounts for the financial year ended 31st March, 1998 along with Auditors' Report thereon. Since the results are not favourable no dividend has been recommended.

Financial Results

During the year the Company achieved a turnover of Rs. 934.22 lacs.

Financial Performance:

	Year ended 31.03.1998	(Rs. in lacs) Year ended 31.03.1997
Net sales	934.22	506.55
Other Income	21.78	29.45
Total Expenditure	925.57	550.28
Interest	73.12	31.68
Gross Profit/(Loss) after interest but before depreciation	(42.69)	(45.97)
Depreciation	19.15	19.81
Profit/(Loss) before tax	(61.84)	(65.79)
Provision for taxation	Nil	Nil
Net Profit/(Loss) after tax	(61.84)	(65.79)
Paid up Equity Share Capital	485.80	481.05
Reserves excluding Revaluation Reserves	10.17	10.17

Operations:

As reported earlier, the Commercial Production of Tread Rubber commenced in November 1996. The Company achieved an average capacity utilisation of around 25% in the first year of operations. The quality of the product is excellent and is well accepted in the market. The Capacity utilisation of the plant has increased consistently and currently it is around 60%. The plant is expected to operate at the optimum capacity in the ensuing year.

Economy in General:

The economy in general witnessed a sluggish growth for the year 1997-98. The impact of fall in South Asian economy could be noticed in 1997-98. Therefore the Company could achieve only 69% of the target for the year 1997-98.

Government Policy:

The policy of the Government of India which introduced special additional customs duty has resulted in increase in the cost of materials like Synthetic Rubber, Carbon Black etc.

Tread Rubber Industry

Over the years, Tread Rubber Industry is facing intense competition especially from small scale manufacturers. However, your Company with its wide network of branches spread over the length and breadth of the Country has been able to establish its presence. The North - Eastern Parts/plains of India, poses a good market which remains untapped. Consequently, the Company in a bid to make its presence felt, has started a new branch at Siliguri, in the State of West Bengal. In order to provide all range of products to a tyre retreader, the Company has started dealing in various related accessories. With the era of globalisation, many new entrants are stepping their foot in India, which is likely to shoot up the retreading industry indirectly. It is worth noting that the Company is expected to achieve a turnover of 400 MT in the quarter ended 30.06.98.

Exports:

During the year under review the Company has started exploring export potential to African countries and Bangladesh. As a significant beginning, the Company has exported Tread Rubber to Bangladesh. In a stride to cover the world market, the Company is putting its maximum efforts led by a team of highly aspiring professionals.

Future Prospects:

Barring unforeseen circumstances your Directors are confident that the Company will do well in the current year. The turnover in the current year is expected to cross Rs. 20 Crores.

Conservation of energy, technology absorption and foreign exchange earnings and outgo**Conservation of Energy:**

The machines in the factory are of the latest technology and all possible efforts are taken to optimise energy consumption. Form A of the Annexure to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 has been annexed herewith.

Technology Absorption: Nil**Foreign Exchange Earnings and Outgo:**

Foreign Exchange to the tune of US \$ 6227 has been earned on account of export of goods to Mauritius during the year. On account of import of Carbon Black and Cissamer from South Korea and Thailand, there has been an outgo of foreign exchange.

The CIF value of the imported raw material for the year is US \$ 176780.

**Deposits:**

The Company has not accepted any deposits during the year ended 31st March, 1998.

Projections & Actuals:

The projections of profitability as reported in the prospectus and the actual profitability for the period 1997-98 are compared below:-

Particulars	Projected	(Rs. in lacs)
		Actuals
Production (in tons)	3349.00	1111.00
Sales	2506.35	934.22
Profit before depreciation & tax	398.95	(61.84)
Profit after tax	160.00	(61.84)

Notes: There was a general recession in the economy. Since the product requires more time in giving the mileage, creation of awareness also takes time. Now, awareness has started developing among retreaders about the advantages of the product.

Human Resource:

The industrial relations remained cordial during the year under review. Your company's Human Resource Management and Development initiative continues to attract, retain and develop the best managerial talent required to take your Company forward.

Your Board acknowledges the excellent performance of all the employees.

Public Shareholding:

There are a few shareholders of our Company who have not yet paid their allotment money and your directors would request them to pay the same at the earliest.

Directors:

Dr. Baby Kuriakose retires by rotation and he has not offered himself for the re-appointment.

Shri. Naiju Joseph, alternate director to Dr. Baby Kuriakose being eligible for appointment to the office of director, has himself proposed his candidature.

Auditors:

M/s G. Joseph & Associates, Chartered Accountants, the Auditors of the Company holding office until the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Particulars of Employees:

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are not forming part of the report, since there were no employees whose remuneration exceeds the limit prescribed.

Acknowledgements:

The Directors place on record their appreciation of the exemplary team-work and unceasing efforts put in by the employees at all levels. The Directors would like to thank the Banks, Financial Institutions, Government Authorities, Shareholders and our valued customers for their continued support and patronage.

For and on behalf of the Board

Place : Cochin

NAVAS M. MEERAN

Date : 29.06.98

Managing Director

**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 unit	5,238,70	5,73,728
Total Amount	11,566,19	5,72,061
Rate/unit (Average)	Rs. 2.21	Re. 1.00
(b) Own Generation		
(i) Through diesel generator	9,76,325	10,83,760
Unit per Ltr. of diesel oil	7.12	7.90
Cost unit	Rs. 1.47	Rs. 1.12
(ii) Through Steam Turbine/Generator		
Units	Nil	Nil
Units per Ltr. of fuel oil/gas		
2. Coal Quantity (tonnes)		
Total Cost	Nil	Nil
Average rate		
3. Furnace oil Quantity in (k. ltrs)		
Total Amount	Nil	Nil
Average rate		
4. Others/internal Generation quantity		
Total Cost	Nil	Nil
Rate/unit		

B. Consumption per unit of production

	Standards (if any)	Current Year (1)	Previous year (2)
Product (with details) unit			
Precured Tread		954 MT	240 MT
Bonding Gum		109 MT	25 MT
Black Vulcanising Solution		60 KL	165 KL
Electricity		15,00,195	15,19,621
Furnace oil		Nil	Nil
Coal		Nil	Nil
Others		Nil	Nil