



**EASTERN
TREADS**

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Report

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**Annual
Report**

1999 - 2000



EASTERN TREADS LTD.



EASTERN GROUP VISION

- ★ **TO BE THE PREFERRED SUPPLIER** CATERING TO THE BASIC NEEDS OF THE MASS MARKET BY PROVIDING PRODUCTS OF OUTSTANDING VALUE THROUGH THE ADOPTION OF GLOBAL STANDARDS AND INNOVATIVE PRACTICES.
- ★ **TO BE THE PREFERRED EMPLOYER** IN THE INDUSTRIES WE ARE IN, BY PROVIDING A CHALLENGING WORK ENVIRONMENT AND ADDING VALUE TO OUR PEOPLE THROUGH VARIED EXPOSURE AND CONTINUOUS EDUCATION.
- ★ **TO BE THE PREFERRED BUSINESS PARTNER** OF ALL OUR STAKE HOLDERS, BY PROVIDING THEM WITH EXEMPLARY BENEFITS.

M. E. MEERAN
CHAIRMAN

EASTERN TREADS LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr.B. Anil Kumar

BANKERS

Canara Bank
Bank of Madurai Ltd.,
State Bank of Travancore

AUDITORS

M/s. G. Joseph & Associates
39/4746, Old Thevara Road,
Cochin - 682 016

REGD. OFFICE & FACTORY

Oonnukal P.O. 686 693
Kothamangalam (Via),
Ernakulam District, Kerala.

CORPORATE OFFICE

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

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EASTERN TREADS LIMITED**2****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Company will be held on Friday, the 29th September 2000 at 11 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 2000, the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Naiju Joseph 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 39/4746, Old Thevara Road, Cochin - 682 016 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. Appointment of Mr.K.S. Neelacanta Iyer 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. K.S. Neelacanta Iyer be and is hereby appointed as a Director of the Company."

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, copy of which is enclosed 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 Saturday, the 16th September, 2000 to Friday, the 29th September, 2000 (both days inclusive).
- (e) Members are requested to notify any change in their address to the Company.

Place : Oonnukal
Date : 04-09-2000

By Order of the Board
Sd/-
B. Anil Kumar
Company Secretary

EXPLANATORY STATEMENT

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

Item No.04

The period of directorship of Mr.K.S. Neelacanta Iyer, who was appointed as 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. K.S. Neelacanta Iyer 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 as a director of the Company.

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

Place : Oonnukal
Date : 04-09-2000

By Order of the Board
Sd/-
B. Anil Kumar
Company Secretary

REPORT OF THE BOARD OF DIRECTORS**(For the year 1999-2000)**

Dear shareholders,

Your Directors are pleased to present the seventh Annual Report together with the Profit and Loss Account for the financial year ended 31st March, 2000 and Balance Sheet as on that date and the Auditors' Report thereon. In view of the adverse financial results, your Directors regret their inability to recommend a dividend for the year under review.

FINANCIAL RESULTS

During the year your Company achieved a turnover Rs. 1033.90 lacs.

	Year ended 31-3-2000 (Rs. in lacs.)	Year ended 31-3-1999 (Rs. in lacs.)
Net Sales	1033.90	1306.00
Other Income	27.21	37.88
Total Expenditure	1103.36	1320.29
Interest	79.18	77.31
Gross Profit/(Loss) after interest but before depreciation	(121.43)	(53.72)
Depreciation	35.29	34.33
Profit/ (Loss) before tax	(156.71)	(88.05)
Provision for taxation	Nil	Nil
Net Profit/ (Loss) after tax	(156.71)	(88.05)
Paid up Equity Share Capital	487.42	486.05
Reserves excluding Revaluation Reserves	20.00	10.17

PRESENT ECONOMIC SCENARIO

The general economic condition of the Nation is promising for the tread rubber industry to grow. Your Company have set up its pace to march towards growth by utilising all avenues and favourable conditions prevailing in the economy with a proactive approach against all unfavourable situations. Reduction in Excise duty for tread rubber and government's policy to rationalise Sales Tax Law all will do much better to the Tread Rubber Industry.

CHANGE IN THE MARKETING STRATEGY

The Board took a drastic decision to change the marketing strategy as a measure of cost cutting by closing down all the branches except two. The Company has switched over to dealer net work to market the products all over India. So far 23 dealers have been appointed at various places. Institutional sales to Road Transport Corporations also have picked up considerably and in the ensuing financial year the Company has set to achieve a target of 300 MTs per month for the remaining half.

CAPACITY UTILISATION

During the financial year under review the capacity utilisation has been as low at 33 %. However, as a result of the restructuring measures and Total Quality Management Programme the capacity utilisation has reached to 70 % in the month of July during the ensuing financial year. Your Directors are optimistic about the Company's bright future during the ensuing year and throughout the years to come.

DIRECTORS

Mr. T.S. Anantharaman has relinquished his Directorship. The Board places on record its gratitude and appreciation for his immense contributions and involvement in the Company's operations during his tenure as Director.