



9th Annual Report 2001-2002

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**EASTERN
TREADS LTD.**

Eastern Precured treads.... The tyre perfect tread

EASTERN TREADS LTD.

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

BANKERS

Canara Bank

AUDITORS

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

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REGD. OFFICE

IVth Floor, Mather Square
Opp. North Railway Station
Kochi- 682 018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of the Company will be held on Monday the 30 th September 2002 at 10 am at Hotel Cochin Tower, Lisie Junction, Ernakulam, Kochi-18 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ending 31st March 2002, 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. M.E.Meeran 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 - 682016 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.

NOTES

- a) 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.
- b) 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.
- c) The register of Members will be closed from Wednesday 11th September,2002 to Tuesday the 17th September, 2002 (both days inclusive).
- d) Members are requested to notify any change in their address to the Company.

By Order of the Board

sd/-

Place : Kochi
Date : 04.09.2002

M.E.Mohammed
Executive Director

REPORT OF THE BOARD OF DIRECTORS

(For the year 2001 - 2002)

Dear Share holders,

Your Directors are pleased to present the Ninth Annual Report together with the Profit and Loss Account for the financial year ended 31st March, 2002 and Balance Sheet as on that date and the Auditors report thereon. Since the results are not favourable no dividend has been recommended.

FINANCIAL RESULTS

During the year your company achieved a turnover Rs. 561.75 lacs.

	Year ended 31-3-2002 (Rs. in lacs)	Year ended 31-3-2001 (Rs. in lacs)
Net Sales	561.75	1086.20
Other Income	39.10	14.56
Total Expenditure	665.04	1181.23
Interest	92.81	77.16
Gross Profit/(loss) after interest but before depreciation	(157.00)	(157.63)
Depreciation	36.75	32.47
Profit/(loss) before tax	(193.75)	(190.10)
Provision for Taxation	Nil	Nil
Net Profit/(loss) after tax	(193.75)	(190.10)
Paid up Equity Share Capital	487.42	487.42
Reserves excluding Revaluation Reserves	20.00	20.00

PRESENT ECONOMIC SCENARIO

The global and domestic economic trend was not conducive to industrial growth. The tread rubber industry in particular has been subjected to uncertainty due to price fluctuation in raw materials and unhealthy competition from the unorganised sector. The general economic recession has also contributed for the lack lustre performance of your company. Despite all these odds your company has achieved 50 percent of the projected level of business.

CHANGE IN MARKET STRATEGY

This year we have witnessed a mushroom growth of small units under the unorganised sector augmenting unhealthy competition. The market is flooded with new high tech cars and the need for new pattern/design of retread materials is keenly felt in the market. Your company has been aware of the trend and accordingly produced new designs to cater to the market requirement. Your company continues to scan the market environment for better exploitation.

R & D EFFORTS

Your company has a full fledged R & D centre and TQM area is very active.

I D B I

Your company has been successful in finalising a negotiated settlement with I D B I thereby reaping a benefit of interest waiver to the tune of Rs. 92.43 lacs.

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DIRECTORS

Mr. M.E.Meeran retires by rotation in the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association and he is eligible for re-appointment.

AUDITORS

M/s. G.Joseph & Associates, Chartered Accountants, the Auditors of the Company would be vacating office at the ensuing Annual General Meeting. They are eligible for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUTGO**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.

Technology Absorption

Nil

Foreign Exchange Earnings and Outgo

Nil

DEPOSITS

Your company has not accepted any deposits during the year ended 31.03.2002.

HUMAN RESOURCES AND INDUSTRIAL RELATION

During the year under review the company had a harmonious industrial relations. The HRD activities have gained momentum and besides man power planning, man power development is also getting the desired focussed attention. The administration of your company is professionally managed.

PUBLIC SHARE HOLDING

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

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) Amendment Rules 1999 are not forming part of the Report, since there were no employees whose remuneration exceeds the limit prescribed.

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PROJECTIONS AND ACTUALS

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

	1998 - 99 proj - Actl	1999 - 2000 Proj - Actl	2000 - 2001 Proj - Actl	2001 - 2002 Proj - Actl
Production (in tons)	3828.00 1555.83	3300.00 1287.25	2200.00 1595.55	2000.00 717.00
Sales	2864.00 1306.00	2050.00 1033.90	1830.00 1086.20	1100.00 561.75
Profit before Depreciation & Tax	467.17 (53.72)	328.00 (121.43)	280.00 (157.63)	220.00 (157.00)
Profit after Depreciation & Tax	208.05 (88.05)	296.00 (156.71)	242.00 (190.10)	190.00 (193.75)

The variation in projection visa vis actuals is due to general recession in the economy and severe competition from unorganised sector.

LISTING ARRANGEMENTS

Your Company's equity shares are listed on Cochin, Bombay & Madras Stock Exchanges

DIRECTOR'S RESPONSIBILITY STATEMENT

As per the latest amendment to the Companies Act, 1956, pursuant to Section 217(2AA), your Directors hereby state:-

- I. That in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. That your Directors had 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 the Company at the end of the financial year and of the profit or loss of the Company for that period;
- III. That your Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. That your Directors had prepared the Annual Accounts on a going - concern basis.

ACKNOWLEDGEMENTS

The Directors place on record their gratitude for the valuable assistance and co-operation extended to the Company by the Canara Bank, Banerji Road, Ernakulam, Government authorities, Suppliers, Business Associates and all our valued customers who reposed their trust in the Company during the year under review. We are grateful to Kerala State Industrial Development Corporation and Industrial Development Bank of India for the guidance, help and support extended by them all through out the period. Your Directors deeply appreciate the efforts put in by the employees at all levels. The Directors of your Company wish to thank the share holders who have shown great confidence in the Company.

For and on behalf of the Board
Sd/-

Navas.M.Meeran
Managing Director

Sd/

M.E.Mohamed
Executive Director

Place : Ernakulam
Date : 04.09.2002