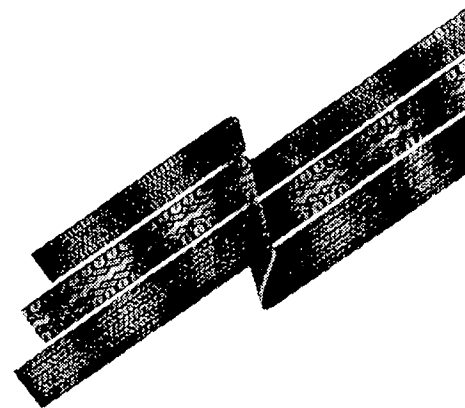
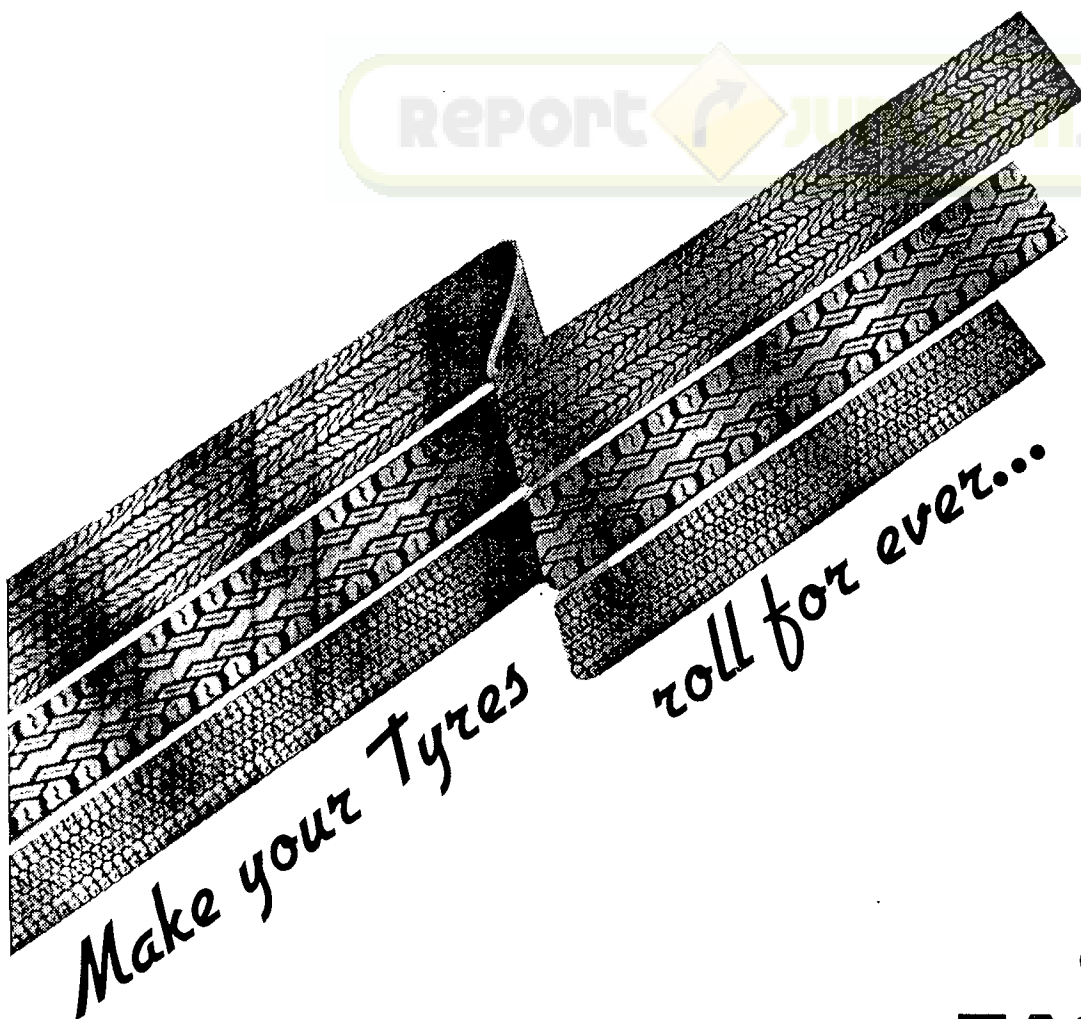


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**EASTERN
TREADS LTD**

EASTERN VISION

- A. To be 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.
- B. 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.
- C. To be the preferred business partner of all our stakeholders, by providing them with exemplary benefits.



BRANCHES OF EASTERN TREADS LIMITED

No.61, Opp: Akshara Printers,
Saroj Street, Ramnagar,
COIMBATORE - 9.
Tel : 09363108658

71, Lajpat Nagar,
New Bustand,
LUDHIANA - 141002.
Tel : 01615041107

6,7, Jayanarayan Estate,
Opp: Bagavan Park, IPCL Road,
Ranoli, BARODA - 391350.
Tel : 09376217179

127/4, Ground Floor,
Bisheshwarnath Road,
PS Qaisar Bagh,
LUCKNOW.
Tel: 09335913372

B1, Indira Complex,
Shop No.6, Harshdeep Tower,
Navlakha, INDORE.
Tel : 09302106904

155 A, Ground floor,
Saswad Road, Near Overbridge,
Phursungi P.O, Pune District,
PUNE, Maharashtra - 412308.
Tel : 09370093131

**EASTERN TREADS LIMITED****EASTERN TREADS LIMITED****BOARD OF DIRECTORS**

Mr. M.E. Meeran	-	Chairman
Mr. M.E. Mohamed	-	Managing Director
Mr. Navas M. Meeran	-	Director
Mr. M.S. Ranganathan	-	Director
Mr. M.S. Sebastian	-	Director
Mr. Naiju Joseph	-	Director
Mr. K.S. Neelacanta Iyer	-	Director
Mr. K.V. Rajagopalan Nair	-	Director (Nominee of KSIDC)
Mr. Baiju.T	-	Company Secretary

REGISTERED & CORPORATE OFFICE

No.C/IV/1, 4th Floor, Mather Square,
Opp: North Railway Station,
Ernakulam, Kochi - 682018

FACTORY

Oonnukal, Kothamangalam,
Ernakulam District

BANKERS

The Federal Bank Limited

AUDITORS

JVR & Associates, Chartered Accountants,
39/3639, Valanjambalam Lane,
South of South Overbridge,
Kochi - 682016.

REGISTRAR & SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited,
"Seema", 41/427, Rajaji Road,
Ernakulam, Kochi - 682018.

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of Eastern Treads Limited will be held at Hotel Cochin Tower, Lisie Junction, Ernakulam, Cochin - 682018 on Monday, 29th September, 2008 at 11.30 A.M to transact the following business:

(A) Ordinary Business :-

- (1) To receive, consider and adopt the Audited Balance sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. M.E. Meeran who retires by rotation and, being eligible, offers himself for re-appointment.
- (3) To appoint a Director in place of Mr. M.S. Ranganathan who retires by rotation and, being eligible, offers himself for re-appointment.
- (4) To appoint a Director in place of Mr. M.S. Sebastian who retires by rotation and, being eligible, offers himself for re-appointment.
- (5) To appoint Auditors and fix their remuneration. The retiring Auditors M/s. JVR & Associates, Chartered Accountants, Kochi -16 are eligible for re-appointment.

(B) Special Business :-

- (6) 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Article 18 of the Articles of Association of the Company, Mr. M. E. Mohamed, Managing Director be and is hereby re-appointed as the Managing Director of the Company for a period of three years with effect from 26th August, 2008 on such terms and conditions including remuneration and minimum remuneration as set out in the agreement submitted in the meeting as recommended by the Remuneration Committee and approved by the Board of Directors of the company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as the Board may consider necessary or expedient to give effect to this resolution."



- (7) 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 293(1)(d) and other applicable provisions if any of the Companies Act, 1956, consent of the members be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum of money on such terms and conditions and with or without security as the Board may think fit which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount of money so borrowed shall not at any time exceed the limit of Rs.25 Crores.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to effect to this resolution.”

By Order of the Board

Sd/-

Baiju.T

Company Secretary

Kochi
26.08.08



Notes :-

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The Proxy Form, to be effective shall be deposited at the Registered Office of the Company 48 hours prior to the time fixed for the meeting.
2. The required Explanatory Statement pursuant to Section 173(2) of the Companies Act in respect of the items under Special Business is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22nd September, 2008 to Monday, 29th September, 2008 (both days inclusive).
4. Members/Proxies are requested to bring their copy of the Annual Report and also the Attendance Slip duly filled in for attending the Meeting.
5. Members are requested to send their queries at least 7 days in advance addressed to the Company Secretary to facilitate clarifications during the meeting.



DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

(in pursuant of Clause 49 of the Listing Agreement):-

Name of Director	Mr. M.E. Meeran	Mr. M.S. Ranganathan	Mr. M.S. Sebastian
Date of Birth	08-01-1941	15.06.1948	26.05.1959
Date of appointment	02-07-1993	18.09.2003	18.09.2003
Qualifications	Matriculation	B.Com; CAIIB	B.Sc; B.Tech
Expertise in specific functional area	Founder of Eastern Group with over 43 years in spices and curry powder trade	Specialisation in Finance and Accounts	Specialisation in Total Quality Management and Rubber Technology
Details of other Directorship	Eastern Condiments (P) Ltd Eastern Mattresses (P) Ltd Adimali Industries Ltd Reenaz Properties (P)Ltd	Eastern Mattresses (P)Ltd Shehab Properties (P)Ltd	Eastern Mattresses (P) Ltd
Membership/ Chairmanship of committees of other public companies	Nil	Nil	Nil
Number of shares held in the Company	1401900	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :-

Item No.06

The present term of Mr. M.E. Mohamed, Managing Director is due to expire on 26th August, 2008. Under his stewardship, the Company has scaled great heights and has expanded its operations significantly and the Company has embarked on several new initiatives. Bearing in mind the above, the Remuneration Committee and the Board consider it essential to continue to secure his leadership of the Company. Hence, to strengthen the management structure to meet the Company's changing needs, the Board of Directors at their meeting held on 26th August, 2008 exercised their power in terms of Article 18 of the Articles of Association of the Company and have unanimously passed a resolution re-appointing Mr.M.E.Mohamed as Managing Director of the Company for a period of three years as recommended by the Remuneration Committee subject to the approval of the members in general meeting and on the following terms and conditions :-

- | | |
|-----------------------------------|---|
| 1. Basic salary | : Rs.15000 (Rupees fifteen thousand only) per month |
| 2. Housing | : 20 % of salary |
| 3. 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. |
| 4. Professional reading materials | : Maximum to the extent of Rs.1000 per month |
| 5. Telephone | : Free telephone facility at the residence |



The Board also recommends that in the event of loss or inadequacy of profit in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above, which is within the limits as per Schedule XIII.

The agreement between the Company and Mr. M.E. Mohamed is available at the registered office of the Company and is open for inspection by members during office hours.

Mr.M.E.Mohamed has done graduation in Civil Engineering, aged 66 years joined the Company on 28.06.1997 after pursuing a long and successful career in Kerala State Housing Board where he functioned as Executive Engineer. He was appointed as Managing Director of the Company from August 2005.

Details of other Directorships/Committee Membership held by him:

Directorship	Committee Membership
1. Eastern Condiments (P) Limited 2. Eastern Mattresses (P) Limited 3. Adimali Industries Limited 4. Freenaz Properties (P) Limited	Nil

Mr. M.E. Mohamed holds 85900 shares in the Company.

The above may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

In terms of Article 18 of the Articles of Association of the Company, Mr. M.E. Mohamed being a Managing Director will not be subject to retirement by rotation. The Directors therefore recommend and sought approval of the members at the Annual General Meeting for the re-appointment of Mr. M. E. Mohamed as Managing Director and to pay remuneration by passing the relevant resolution as mentioned at item No.6 of the Notice as an Ordinary Resolution.

Mr. M.E. Mohamed, Mr. M.E. Meeran, and Mr. Navas M. Meeran, are interested in the said resolution. Mr. M.E. Mohamed is related to Mr. M.E. Meeran, and Mr. Navas M. Meeran who are the promoters of the Company.

Item No.07

In view of the growing operations, the Company requires additional funds as working capital and for other requirements for expansion programme including for abundant caution the cash credit facilities extended by the Company's bankers, it is proposed to increase the power of borrowing limit of the Company to Rs.25 Crores.

Under Section 293 (1) (d) of the Companies Act, 1956 the Board of Directors cannot except with the consent of the Company in general meeting borrow money apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of paid up capital and free reserves of the Company, that is to say, reserves not set apart for specific purposes.

Accordingly, the sanction of the shareholders under Section 293 (1) (d) of the Act is being requested to enable the Directors to borrow money to the extent of Rs.25 Crores.

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

By Order of the Board

Sd/-

Baiju.T

Company Secretary

Kochi
26.08.08



DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the Annual Report along with the audited statements of account of your Company for the financial year ended 31st March, 2008.

Financial Performance

	For the year ended 31.03.2008 (Rs.in lacs)	For the year ended 31.03.2007 (Rs.in lacs)
Net Sales	3049.77	2303.83
Other Income	156.22	106.76
Total Income	3205.99	2410.60
Total Expenditure	3083.41	2332.44
Profit before Interest, Depreciation and Tax	122.58	88.56
Interest	19.60	11.62
Depreciation	34.14	34.22
Profit/Loss before tax	68.84	42.72
Provision for taxation	Nil	Nil
Net Profit/Loss after tax	68.84	42.72
Paid up Equity Share Capital	512.99	512.97
Reserves excluding Revaluation Reserves	20.00	20.00

Operations

During financial year sales from operations amounted to Rs.3049.77 lacs as against Rs.2303.83 lacs during the previous year, recorded a growth of 32.38%.

Operating profit before interest and depreciation amounted to Rs.122.58 lacs as against Rs.88.56 during the previous year, recorded a growth of 38.41%. Net profit after providing for interest, depreciation and tax amounted to Rs. 68.84 as against Rs.42.72 during the previous year registering an increase of 61.14%.

Your Company has achieved all time high profit and robust growth in its operations supported by a motivated management team, aggressive marketing initiatives, better working capital management and overall cost reduction measures adopted by the Company. The cost management and production efficiencies helped in maintaining a good profitable track record despite increase in input costs.

Current Scenario

As is the experience in other parts of the world, tyre retreading in India has gained greater acceptance in the commercial segment, especially truck/bus and light commercial vehicle (LCV) tyres, due to operational savings. New tyre prices gone up by 9-18%, so fleet owners and agriculture vehicles demand to retreading. Most of the public sector and private sector wish to buy branded and ISO Certified companies' products like ours. Mines work is booming, so consumption of hot rubber for mega sizes tyres demand will be more.



Tyre retreading in the commercial vehicle segment is poised for growth in the future. National Highway Projects coupled with reduction in overloading and improved condition of road network, higher level retreading will offer added financial benefits.

The company produces a large range, more than hundred and sixty designs of pre-cure retreading materials as well as the mould cure (die size and strip) tread rubber. Eastern brand of retreading products including tread rubber, procured tread rubber and other retreading materials are today sold both in India and in overseas markets.

The level of economic activity, performance of domestic automotive industry, and the faring of the transport sector directly influence the performance of the tyre and retreading industry in India. The practice of re-treading, which is gaining increasing acceptance, could pose a challenge to replacement demand in the medium term.

Due to radialisation of passenger cars (especially new generation) vehicles passenger car tyre retreading dropped drastically. Emerging of Truck radials attracts most of the fleet owners not only in the benefit of excess mileage also in fuel mileage. Earlier radial tyres were not re-treadable now casing strength helps us to do 1 to 2 re-treading. Exporting of compounds to Europe and Middle-East demand more.

There is an increasing trend in the scope for re-treading industry. Export market is steadily growing. There is a growth of organized re-treaders in Middle East region leading to demand for tread rubber. The general global demand is indicated to improve. Domestically the road transport industry is developing very fast and with infrastructure development like express highways, the demand for tyre servicing will increase.

Marketing Strategy

Steep price increase force us to adapt different compounds to suit customers and market conditions. Giving special discount to Dealers to boost their involvement and adapt to our cash and carry policy. For tax advantage and fast delivery of goods direct supply encouraged. BVC sales reduced drastically due to very high price. So we wish outsource of BVC from the market leader.

Raw Materials

Steep price increase in Crude Oil, forced all petroleum based raw materials into very steep hike and the availability is not consistent. Importing of raw material is also costlier.

Dividend

Your Directors could not recommend any dividend for the year in view of lack of distributable profits pursuant to the provisions of the Companies Act, 1956.

Public Shareholding

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



Fixed Deposits

The Company has not accepted any fixed deposits during the year to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

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

The Company has taken all possible efforts to conserve energy and absorb latest technology. The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption, Foreign Exchange Inflow and Outflow are given in Annexure "A" to this report.

Corporate Governance

As required by the existing Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is given in Annexure "B" forms part of the report.

Management Discussion and Analysis Statement

Report on Management Discussion and Analysis is given in Annexure "C" forming part of this report.

Auditors

M/s. JVR & Associates, Chartered Accountants, Kochi -16, were re-appointed as the Auditor of the Company at the previous Annual General Meeting. They will retire at the forthcoming Annual General Meeting. They are eligible for re-appointment and have consented to act as Auditors of the Company, if re-appointed.

Board of Directors

The present term of Mr. M.E. Mohamed, Managing Director is due to expire on 26th August, 2008. Under his stewardship, the Company has scaled great heights and has expanded its operations significantly and the Company has embarked on several new initiatives. Bearing in mind the above, the Remuneration Committee and the Board consider it essential to continue to secure his leadership of the Company and have decided to re-appoint him as Managing Director for a period of three years from 26.08.2008 with the same existing remuneration, subject to the approval of the shareholders at the ensuing Annual General Meeting. Necessary resolution relating to his re-appointment are being placed before the shareholders for approval.

Mr. M.E. Meeran, Mr. M.S. Ranganathan and Mr. M.S. Sebastian retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

None of the Directors is disqualified under 274(1)(g) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirement of Sub-Section 2AA of Section 217 of the Companies Act, 1956 your Directors confirms that :-