

COMPANY INFORMATION

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)
CS. Baiju.T	Company Secretary

REGISTERED & CORPORATE OFFICE

3A, 3rd Floor, Eastern Corporate Office, 34/137 E,
NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala

FACTORY

Oonnukal, Kothamangalam, Ernakulam

BANKERS

The Federal Bank Limited

AUDITORS

JVR & Associates, Chartered Accountants
39/3639, Valanjambalam Lane, South of South Overbridge
Kochi, Ernakulam 682 016

REGISTRAR & SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited,
2nd Floor, 'Kences Towers' No.1,
Ramakrishna Street,
North Usman Road,
T.Nagar, Chennai-600 017

INVESTOR CORRESPONDENCE

The Company Secretary
Eastern Treads Limited
3A, 3rd Floor, Eastern Corporate Office,
34/137 E, NH Bypass,
Edappally, Kochi,
Ernakulam-682 024, Kerala

EASTERN TREADS LTD.

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Dear shareholder,

Warm greetings to you all!

As all of you are aware, the last year was a tough year for the industry. The economic environment became challenging due to global slowdown and recession. As is the experience in other parts of the world, even though the tyre industry has come under pressure during the first half of the year, tyre retreading has gained greater acceptance in the commercial segment, due to operational savings.

During this tough economic environment, we focused our efforts on reducing operational costs, retaining our customers and introducing new value added products in the market which enabled us to survive the situation. The long term prospective of the Company seems to be bright.

I am happy to share with you that during the year your Company achieved its best ever performance in terms of sales and financial results. During the year, net sales increased by 23.23 % and profit after tax grew by 48.16 % over the previous year.

The Eastern group began as a trading concern 25 years ago, and now have successfully diversified into the manufacture and distribution of ready to use spices, tread rubber, rubberized coir mattresses, clothing, and beverages.

I take this opportunity to share some of the milestones that we have achieved.

In recognition of excellent performance on productivity in the field of tyre retreading materials, your Company has been awarded with FACT MKK Nair Memorial Award and has also achieved quality certifications and accreditations including ISO 9001-2000.

The excellent performance what we have achieved this year is only because we have outstanding set of employees who worked as a single team towards the objectives of the Company. For aligning the career ambitions of our employees with our growth we took various HR initiatives and conducted programmes such as TQM. With this diverse and highly skilled team of professionals we ventured into the states of Karnataka, Tamil Nadu, Gujarat, Rajasthan, Madhya Pradesh, Utter Pradesh, Punjab and Maharashtra.

Your Company has acquired the facility to manufacture tyre retreading materials in tune with its aggressive growth and future market expansion plans. The manufacturing processes are designed to provide consistent quality. We are equipped to retread almost every tyre size of all vehicles including passenger cars, light and heavy commercials and tractors, as well as OTR vehicles.

The business plan for the fiscal 2010-11 had been re-aligned to get higher growth and to capture the key position in the competitive environment to continue its passionate journey towards customer delight and loyalty.

Retreads are extremely environmental friendly since it saves substantial amount of fossil fuels and is the best practical option for tyre recycling. Hence, with environmental issues becoming more important to the general public, it is the retread's status as a recycled product is becoming more important.

Before I conclude, I wish to express my gratitude to our customers, business associates, employees, suppliers, bankers, shareholders and members of the Board for their continued confidence and support.

Warm regards

M.E. Meeran
Chairman

EASTERN TREADS LIMITED

3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam-682 024

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 17th Annual General Meeting of the members of Eastern Treads Limited will be held at the Registered office of the Company, at 3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam-682 024 on Wednesday, 22nd September, 2010 at 10.30 A.M to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 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. Neelacanta Iyer, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M.E. Meeran, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration, the retiring Auditors M/s.JVR & Associates, Chartered Accountants, Kochi -16 are eligible for re-appointment.

By Order of the Board
For Eastern Treads Limited

Kochi
11-08-2010

Company Secretary
Baiju. T

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 before the commencement of the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 15th September, 2010 to Wednesday, 22nd September, 2010 (both days inclusive).
3. Corporate members intending to send their authorised representative to attend the Meeting are requested to ensure that the authorised representative carries a certified copy of the Board Resolution, Power of Attorney or such other valid authorisations, authorising them to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their copy of Annual Report and Attendance Slip duly completed when attending the Meeting.
5. Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.

**Details of the Directors seeking reappointment at the Annual General Meeting
as required under Clause 49 of the Listing Agreement**

Name of Director	Mr. K.S. Neelacanta Iyer	Mr. M.E. Meeran
Date of Birth	12-03-1947	08-01-1941
Date of appointment	27-07-2000	02-07-1993
Qualifications	Graduate in Commerce, Fellow Member of the Institute of Chartered Accountants of India	Matriculation
Expertise in specific functional area	Practising Chartered Accountant, Senior Partner of M/s. Iyer and Cherian, Chartered Accountants, Cochin. Vast experience and expertise in Finance, Accounts and Company Law matters.	An industrialist of repute with interest in manufacturing industries, plantations and educational institutions. The Chairman of Eastern Group with over 43 years in spices and curry powder trade
Details of other Directorship	Core Power Systems Ltd	Eastern Condiments (P) Ltd Eastern Mattresses (P) Ltd Adimali Industries Ltd Reenaz Properties (P) Ltd Eastea Chai Private Limited
Membership/ Chairmanship of committees of other public companies	Nil	Nil
Number of shares held in the Company	Nil.	a. 1401900 Equity Shares of Rs. 10 Each. b. 400000 0% Preference Shares of Rs.100 each

None of the aforesaid Directors is related to each other. Mr. K.S. Neelacanta Iyer is not related to any other Director on the Board and to the promoters of the Company. Mr. M.E. Meeran, Promoter and Director is related to Mr. Navas M. Meeran and Mr. M.E. Mohamed, Directors of the Company.

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the 17th Annual Report along with the audited statements of account of your Company for the financial year ended 31st March, 2010.

Financial Performance

The performance of your Company has been satisfactory. The following table shows the operational results of the Company for the year 2009-10 as compared to that of the previous year.

(Rs. In Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
Net Sales	4773.97	3874.08
Other Income	151.67	143.96
Total Income	4925.64	4018.05
Total Expenditure	4754.01	3877.76
Profit before Interest, Depreciation and Tax	171.63	140.29
Interest	13.79	24.60
Depreciation	46.66	40.65
Profit/Loss before tax	111.18	75.04
Provision for taxation	8.50	0.00
MAT Credit Entitlement	-8.50	0.00
Net Profit/Loss after tax	111.18	75.04

Operations

During the financial year ended 31st March 2010 sales from operations amounted to Rs.4773.97 Lakhs as against Rs.3874.08 Lakhs during the previous year, recorded a growth of 23.23 %.

Operating profit before Interest, Depreciation and Tax amounted to Rs.171.63 Lakhs as against Rs.140.29 Lakhs during the previous year, recorded a growth of 22.34%. Net profit amounted to Rs.111.18 Lakhs as against Rs.75.04 Lakhs during the previous year registering an increase of 48.16 %.

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. The cost management and production efficiencies helped in maintaining a good profitable track record.

Dividend

In view of the inadequacy of profit, your Directors are not in a position to recommend any dividend.

Current Scenario

Slowdown in automotive industry and global economy in general negatively impacted the Indian tyre industry in the first half of the financial year, but since the last quarter the industry is working in their full capacity. Since the tyre industry is highly raw material intensive, any change in the prices of raw materials affects the profitability. The raw materials have experienced volatility in prices, especially during the last few months when price of domestic natural rubber increased drastically. With raw material costs accounting for 70% of the cost of production, combined with the manufacturers inability to pass on the increased cost to their customers due to intense competition, rise in prices of raw material have an impact on profitability.

Despite these challenges, your Company has registered growth in this financial year by better operational efficiency, appropriate price increase to offset the raw material prices and the introduction of new value added products in the market. The long term prospective of the Company seems to be bright.

As is the experience in other parts of the world, even though the tyre industry has come under pressure during the first half of the year due to the economic slowdown tyre retreading in India has gained greater acceptance in the commercial segment, due to operational savings. High quality retreading products gave acceptance in commercial segment which offer added financial benefits.

Retreading costs is approximately 20% of a new tyre and is therefore gaining popularity, due to this cost benefit compared to the replacement cost, the fleet owners and agriculture vehicles demand to retreading.

Your Company is one of the leading producers of pre-cured retreading materials as well as the mould cure tread rubber in India. Our range of retreading products with Eastern brand are today sold both in India and in numerous overseas markets.

Marketing Strategy

Over the years, the Company has developed a vast marketing network using dealers and depots and as such our products are now easily available in every corner of the country. Retreading extends the economic life of tyres and reduces running cost. It makes financial sense and is an integral part of good tyre management. Your Company promotes quality retreading products that can offer better value and more strength by producing reliable retreads that have good characteristics in mileage, heat dispersion and traction.

Globally the retreading industry has many markets, which offer great scope for the development of retreading. The Indian market itself offers biggest potential in the short to medium term.

Raw Materials

The high price of raw material affected the profitability of the operations to a large extent. Raw materials like Natural Rubber, Synthetic Rubber and Carbon Black mainly accounted for this. Prices of the basic raw material continued its upward trend during the year and the rubber prices have nearly doubled in the past one year. The increased demand for natural rubber from tyre sector has led the rubber price to its all time high. Your Company has

managed the situation by developing reliable and efficient raw material supply sources of National and International level, through which the raw material procurement system is functioning effectively.

Quality

The Company has focused on quality and productivity. The Company has achieved quality certifications and accreditations to its credit which includes FACT MKK Nair Memorial Productivity Award for excellent performance and ISO 9001-2000. Our Products are meant, and expected to perform, under different and extreme road conditions, from unmetalled village roads to newly constructed national highways, from extreme cold to hot and wet conditions prevailing in different geographical parts of the country.

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.

Listing and Dematerialisation:

The equity shares of the Company are listed on the Bombay Stock Exchange, Cochin Stock Exchange and Madras Stock Exchange. The facility for demat the shares are made available with both the depositories in India, NSDL and CDSL to give a choice to shareholders in selecting depository participant. As per the Securities and Exchange Board of India's (SEBI) instructions, the Company's shares have to be transacted in dematerialised form and therefore your Directors earnestly request you to convert your holdings to dematerialised form and derive the benefits of holding the shares in electronic form.

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

Your Company has been complying with the principles of good Corporate Governance over the years and is committed to the highest standards of compliance. The Company has complied with the Corporate Governance requirements, as stipulated under Clause 49 of the Listing Agreement. A separate section on Corporate Governance along with a certificate from the Auditors of the Company confirming the compliance is annexed as **Annexure "B"** and forms part of this Report.

Registered Office

The registered office of the Company has been shifted from C/IV/1, 4th Floor, Mather Square, Opp: North Railway Station, Ernakulam, Kochi – 682 018 to 3A, 3rd floor, Eastern corporate office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam-682 024 with effect from 28-04-2010

Management Discussion and Analysis Statement

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

Auditors

The Auditors M/s. JVR & Associates, Chartered Accountants, Kochi -16, were reappointed as the Auditor of the Company at the previous Annual General Meeting. They hold office until the conclusion of the ensuing Annual General Meeting. They are eligible and recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956.

Board of Directors

Mr. Neelacanta Iyer and Mr. M.E. Meeran retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommend their reappointment. None of the Directors is disqualified under Section 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 :

- (a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures ;
- (b) 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 your Company at the end of the financial year and of the profit of the Company for that year;
- (c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) prepared the Annual Accounts on a going concern basis.

Secretarial Audit

As directed by Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by a Practicing Company Secretary. The findings of the Secretarial Audit have been satisfactory.

Personnel

None of the employees are in receipt of remuneration in excess of the limit laid down under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

Human Resource Development and Industrial Relations

The Company has always focused on employees' development. The Company conducts programs such as TQM for the workmen and technicians to enhance pride in being an employee of the Company and also to create team synergy. The idea is to develop better understanding and increase the support and co-operation for the employees from their families. The TQM encourages team work and teams come back fully motivated to face future challenges.

Your Company organised various training programmes for upgrading the skill and knowledge of its employees in different operational areas. At the middle management level, the focus of the programme is to inculcate leadership qualities. Your Company had been sponsoring its employees for training programmes / seminars / conference organised by reputed professional institutions.

Your Company continues to take various initiatives for the development of its human resources and has maintained healthy and harmonious industrial relations at all locations. Your Company lays great emphasis on optimizing people performance through various people processes. It begins with best practices in recruiting people and moves through learning and development, engagement, employee feedback and rewards and recognition.

Acknowledgement

Your Directors wish to take this opportunity to place on record their gratitude and sincere appreciation for the timely and valuable assistance and support received from Bankers, Share Transfer Agents, Customers, Suppliers, regulatory authorities. The Board values and appreciates the valuable committed services of the employees towards performance of your Company during the year, without which it would not have been possible to achieve all round progress and growth. Your Directors are thankful to the shareholders for their continued patronage.

For and on behalf of the Board of Directors

Kochi
11.08.2010

M.E Meeran
Chairman

M.E Mohamed
Managing Director

Annexure “A” To The Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' report.

(A) Conservation of Energy

In pursuit of continual improvement towards energy conservation and compliance with environmental regulations, many initiatives have been taken in 2009-10.

Power and fuel consumption	2009-10	2008-09
1. Electricity		
(a) Purchased		
Unit (Kwh)	18,66,184.00	14,98,982.00
Total Amount (Rs.)	74,56,785.00	71,68,957.00
Rate/Unit (Average) (Rs.)	3.99	4.78
(b) Own generation		
(i) Through diesel generator		
Unit (Kwh)	36,250.97	580.00
Unit per litre of Diesel Oil	3.07	3.75
Rate/Unit (Rs.)	11.27	9.07
(ii) Through steam turbine/generator	0.00	0.00
2. Coal (Specify quality and where used)	0.00	0.00
3. Furnace Oil	0.00	0.00
3. Others/Internal generation	0.00	0.00

Consumption per unit of production

	2009-10	2008-09
Products (with details) unit		
Pre-cured Tread (MT)	1761.07	84.00
Bonding Gum (MT)	0.00	1.40
Black Vulcanizing Solution (MT)2	21.82	11.60
Master Batch Compound (MT)	60.41	55.13
Job work done (MT)	5438.33	6944.32
Electricity (Kwh)	261.26	224.70
Furnace oil	0.00	0.00
Coal	0.00	0.00
Others (specify)	0.00	0.00

(B) Technology Absorption

The Company had not undertaken any R & D activities worth mentioning in this report during the period.

(C) Foreign Exchange Earnings and Outgo

There has not been any foreign exchange inflow during the year under report. CIF value of the raw material imported is Rs.1,59,80,462.83