



TOWARDS A GREENER FOOTPRINT

ANNUAL  
REPORT  
2015-16



# OUR DISTRIBUTION CHANNELS



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Navas M Meeran	Chairman
Mr. M.E. Mohamed	Managing Director
Mr. M.S. Ranganathan	Director
Mr. Naiju Joseph	Director
Mr. K.S. Neelacanta Iyer	Director
Mr. K.V. Rajagopalan Nair	Director (Nominee of KSIDC)
Mrs. Shereen Navaz	Woman Director
Mr. Rajesh S.	Chief Financial Officer
CS Baiju T.	Company Secretary

**REGISTERED & CORPORATE OFFICE**  
3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
NH Bypass, Edappally, Kochi,  
Ernakulam-682 024, Kerala

**WORKS**  
Oonnukal, Kothamangalam, Ernakulam

**BANKERS**  
The Federal Bank Limited

**AUDITORS**  
M/s. JVR & Associates, Chartered Accountants  
39/2790A, Wilmont Park Business Centre  
Near St. George's Church,  
Pallimuku, Kochi, Ernakulam - 682016

### SECRETARIAL AUDITORS

M/s. BVR and Associates Company Secretaries LLP  
Swastika, 53/3933, Lal Salam Road, Ponnurrunni, Vyttila,  
Kochi, Ernakulam - 682 019

### REGISTRAR & SHARE TRANSFER AGENTS

M/s. Integrated Enterprises (India) Limited,  
2<sup>nd</sup> Floor, 'Kences Towers' No.1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai-600017

### INVESTOR CORRESPONDENCE

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

## CONTENTS

Notice	03
Directors' Report	08
Corporate Governance Report	30
Management Discussion & Analysis	40
Auditor's Report	49
Balance Sheet	56
Statement of Profit and Loss	57
Notes to Financial Statements	58
Cash Flow Statement	75



Dear shareholder,

I am delighted to once again share with you the financial and operating performance of Eastern Treads Limited (ETL). The year 2015-16 was one in which the Company took some decisive steps towards meeting our potential as a high quality player in the retreading industry. In the backdrop of a weak economic environment and macro-headwinds, we have delivered strong volumes, margin expansion, profit growth and expanding cash flows. During the year, revenues were stable at ₹ 87.59 crores as lower input costs were passed to customers, whereas expanding volumes aided increasing utilization and improved operational performance. As a result, EBITDA was higher by 99% at ₹ 7.68 crores and PAT registered a strong growth of 116%.

Following global trends, the tyre retreading industry continues to gain foothold in India on the back of both monetary and environmental considerations. Macro factors such as improving road networks, increased economic activity and increased adoption of radial tyres are all expected to further support the long-term prospects for the industry.

During the year, ETL made some key strategic initiatives to expand its customer engagement ecosystem. Aggressive marketing activities were undertaken and the network expanded deeper into new regions. We have a growing base of franchisees and our products are used by a larger number of retreaders in the open market. New markets for exports have been explored and we are seeing stronger visibility from overseas clients. During the year, ETL launched in-house model retreading centers in Bengaluru and Chennai to exhibit product application processes and enhance brand and visibility. We enabled access to high quality retreading machinery for our channel partners. An ongoing training mechanism to build a larger specialized workforce is also in the pipeline.

On the back of these initiatives, our products gained greater market share by capitalizing on opportunities across domestic and global markets. ETL is gaining prominence as a premier tyre retreading solutions provider with a comprehensive range of products that deliver excellent performance in all weather and road conditions. Our objective is to emerge as a leader in the tyre retreading sector and derive advantage from long term adoption of retreading across various usage segments.

We continue to build on this momentum upon entering the next fiscal year by continuing to roll-out our strategic initiatives, improving the distribution system, introducing new high-quality products, and taking better tyre retreading solutions and services to customers through our own as well as franchisee tyre service centers, making us a one-stop solution for all retreading needs.

I would like to thank all our employees for their noteworthy efforts, focused work dedication and commitment which are enabling us to achieve our goals and meet bigger targets. I am confident that our dynamic team will drive us towards greater heights and face any challenges that may arise in future.

Finally, I would like to express my deepest gratitude to all my colleagues on the Board, for their contribution towards the performance of ETL. I would also like to extend my appreciation towards our Customers, Business Associates, Suppliers, Bankers and Legal Authorities for their loyalty and trust in us. And to all of our shareholders, I would like to express my sincere appreciation for their continued encouragement and support.

With warm regards



**Navas M Meeran**  
Chairman



**EASTERN TREADS LIMITED**  
CIN: L25119KL1993PLC007213  
3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
NH Bypass, Edappally, Kochi, Ernakulam, Kerala-682 024

## NOTICE

**NOTICE** is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of Eastern Treads Limited will be held at Gokulam Park Hotel & Convention Centre, Kaloor, Kochi, Ernakulam – 682017, Kerala on Saturday, 4<sup>th</sup> June 2016, at 3.00 P.M to transact the following business:

### A) Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2016 and the Profit and Loss Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend on Equity Shares for the financial year 2015-16.
3. To appoint a Director in place of Mr. Navas M Meeran, (DIN: 00128692) who retires by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s. JVR & Associates, Chartered Accountants, Kochi -16 as the Auditors of the Company in compliance with the provisions of Section 139 of the Companies Act, 2013 and to fix their remuneration.

By Order of the Board  
For **Eastern Treads Limited**

Kochi  
13/04/2016

**CS Baiju T.**  
Company Secretary

### Notes:-

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote on a poll instead of himself/herself and such proxy/proxies need not be a member of the company. Duly completed instrument of proxies in order to be effective must be reached the registered office of the Company not less than 48 hours before the scheduled time of the meeting.**
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company, provided a member holding more 10%, of the total share capital may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
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. Final Dividend of ₹ 0.50/- per equity share of ₹ 10/- each (5%) has been recommended by the Board of Directors for the year ended on 31<sup>st</sup> March, 2016. Interim Dividend for the year 2015-2016 of ₹ 0.50/- on per equity share of ₹ 10/- each (5%), was declared on 19<sup>th</sup> January,

2016 and paid on 17/02/2016. (Total Dividend of ₹ 1.00/- per equity share of ₹ 10/- each (10%) for the year 2015-2016). The Final dividend, if declared at the meeting, is proposed to be paid on or after 20/06/2016 to those members whose names appear:

- a) As Beneficial Owners as at the end of the business hours on 27/05/2016 as per the list to be furnished by the depository in respect of the shares held in electronic form and,
  - b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 27/05/2016.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 28/05/2016 to Saturday, 04/06/2016 (both days inclusive).
  6. For the convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, annexed to the Proxy Form. Members/ Proxies are requested to bring the attendance slip duly filled in and to affix their signature at the place provided on the Attendance Slip and hand it over at the counters at the venue.
  7. Members who hold the shares in the dematerialized form are requested to incorporate their DP ID Number and Client ID Number in the Attendance Slip/Proxy Form, for easier identification of attendance at the Meeting.
  8. Members and Proxies attending the meeting are requested to bring the annual report to the meeting as extra copies will not be distributed.
  9. The Company is having agreements with NSDL and CDSL to enable Members to have the option of dealing and holding the shares of the Company in electronic form. Any member desirous to dematerialise his holding may do so through any of the depository participants. The ISIN of the equity shares of the Company is INE500D01015.
  10. Members may note that transferees of shares of the Company in physical form shall furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.
  11. Members are requested to address all correspondence, including change in their addresses, to the Company or to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No:1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-600017. E-mail: yuvraj@integratedindia.in. Members whose shareholding are in electronic mode are requested to approach their respective depository participants for effecting change of address.
  12. The Shareholders are requested to update the Contact address and e-mail address and are requested to notify immediately any change in their address, exclusively on separate letter without clubbing it with any other request, for quicker attention directly to the Company's Share Transfer Agent.
  13. If any of the members are holding shares in the same name or in the same order of names, under different folios, then members are requested to notify the same to the Registrar and Share Transfer Agent for consolidation of their shareholding into a single folio.
  14. 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.
  15. Notice of this Annual General Meeting, Audited Financial Statements for 2015-16 along with Directors' Report and Auditors' Report are available on the website of the Company [www.easterntreads.com](http://www.easterntreads.com).

16. As per Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nomination are requested to send their request in Form No: SH-13 (which will be made available on request) to the Company or Registrar and Share Transfer Agent. The said nomination form can also be downloaded from the Company's website [www.easterntreads.com](http://www.easterntreads.com).
17. As per the Circulars issued by the Ministry of Corporate Affairs, Members are requested to provide their email address to the Company/ the Registrar and Transfer Agent or update the same with their depositories to enable the Company to send the documents in electronic form.
18. Voting through Electronic means
  - A. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and the Listing Agreement read with Regulation 44 of SEBI (LODR) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 23<sup>rd</sup> Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - B. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - C. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - D. The remote e-voting period commences on 01/06/2016 (9:00 am) and ends on 03/06/2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 27/05/2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - E. The process and manner for remote e-voting are as under:
    - a. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
      - (i) Open email and open PDF file viz; "Eastern Treads remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
      - (iii) Click on "Shareholder – Login"
      - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
      - (v) Password change menu appears. Change the password/PIN with new

- password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select “R EVEN” (Remote E-Voting Event Number) of Eastern Treads Limited
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [evoting@eastern.in](mailto:evoting@eastern.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- b. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:  

<b>R EVEN</b> (Remote e-voting Event Number)	<b>USER ID</b>	<b>PASSWORD/PIN</b>
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  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- F. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Telephone No:022 24994600.
- G. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- H. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- I. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 27/05/2016.
- J. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 27/05/2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [yuvraj@integratedindia.in](mailto:yuvraj@integratedindia.in).
- K. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Telephone No: 022 24994600.



- L. A member may participate in the AGM even after exercising the right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - M. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - N. CS. Satheesh Kumar. N, Company Secretary (Membership No. 16543) and Partner M/s. Satheesh & Remesh, Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - O. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - P. The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - Q. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company <http://www.easterntreads.com> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
19. As a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate has permitted the companies to serve the documents, namely, Notice of General Meeting, Balance Sheet, Statement of Profit & Loss, Auditors' Report, Directors' Report etc. to the members through e-mail. The shareholders holding shares in physical form are requested to register their email address with the Registrar & Share Transfer Agent by sending duly signed request letter quoting their Folio no. name and address. In case of shares held in demat form, the shareholders may register their e-mail addresses with their DPs (Depository Participants).
  20. At the ensuing Annual General Meeting, Mr. Navas M Meeran retires by rotation and seek re-appointment. Details pertaining to Mr. Navas M Meeran required to be provided pursuant to the Listing Agreement read with SEBI (LODR) Regulations 2015 are furnished in the statement on corporate governance.
  21. In pursuance of Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956 and Companies Act, 2013 the amount of Dividends that remain unclaimed / unpaid for a period of seven (7) years from the date on which they were declared, is required to be transferred to the Investor Education and Protection Fund (IEPF). Shareholders, who have not encashed their Dividend warrants including Interim Dividend, if any, are requested to make their claims without any delay.
  22. Pursuant to the prohibition imposed vide Section 118 of the Companies Act, 2013 read with Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, no gifts/coupons shall be distributed at the Meeting.

**EASTERN TREADS LIMITED**  
CIN: L25119KL1993PLC007213  
3A, 3<sup>rd</sup> Floor, Eastern Corporate Office, 34/137 E,  
NH Bypass, Edappally, Kochi, Ernakulam, Kerala-682 024

## DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report along with the audited statements of accounts of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### Financial Results

The performance of your Company has been satisfactory. The following table shows the operational results of the Company for the year 2015-16 as compared to that of the previous year.

	(₹ in lakhs)	
	Year ended	
	31/03/2016	31/03/2015
Revenue from Operations	8758.98	8,761.27
Other Income	11.49	107.42
Total Revenue	8770.47	8,868.69
Expenditure	8002.78	8,481.98
Profit before Interest, Depreciation and Tax	767.69	386.71
Financial Cost	137.61	154.46
Depreciation and Amortization	115.93	94.57
Profit Before Exceptional Income	514.15	137.68
Exceptional Income	0.00	104.06
Profit before Tax	514.15	241.74
Profit after Tax	341.16	157.59

### Financial Highlights

Your Company has reported fabulous performance during the financial year. EBIDTA has improved by 99%, compared with previous year. The profit before exceptional items has also increased significantly by showing a growth of 273%, the PBT as well as the Net Profit has reported tremendous growth of 113% and 116% respectively, compared with the previous year. PE Ratio (based on last quoted price on BSE) as on 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2016 was 15.28 and 14.11 respectively.

### Operational Highlights

The operations are exhaustively discussed in 'Management Discussion and Analysis' forming part of the annual report.

### Dividend

The Board in its meeting held on 19<sup>th</sup> January, 2016 declared and paid an Interim dividend @ 5% (₹ 0.50 per equity share of ₹ 10/- each). Based on the Company's performance, the Board has