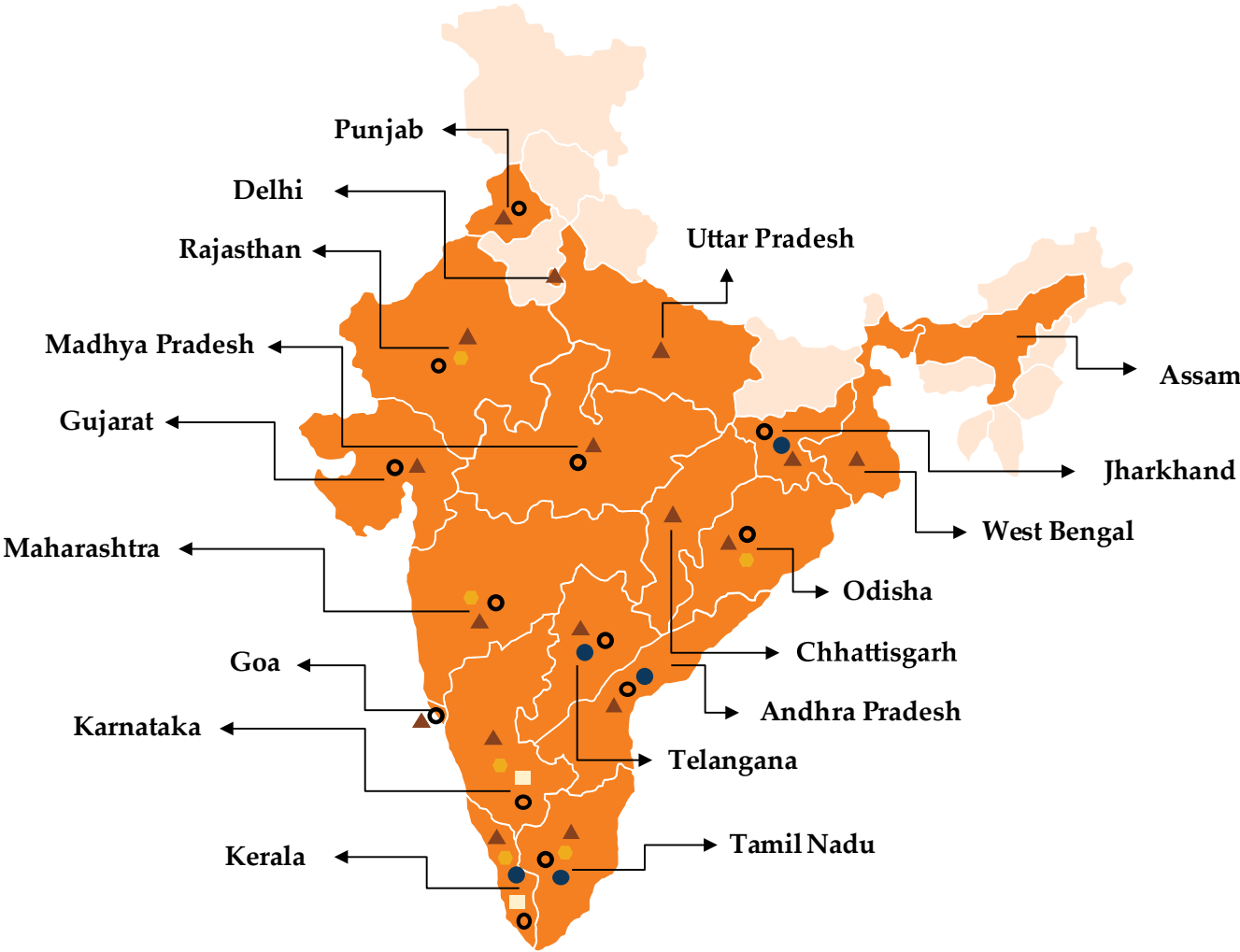




*Constant
growth.
Constant
improvement.*

ANNUAL
REPORT
2016-17

NETWORK ACROSS INDIA



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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 Neelakanta Iyer	Director
Mr. K.V. Rajagopalan Nair	Director (Nominee of KSIDC)
Mrs. Shereen Navaz	Director
Mr. Rajesh S.	Chief Financial Officer
CS Baiju T.	Company Secretary

REGISTERED & CORPORATE OFFICE

3A, 3rd Floor, Eastern Corporate Office,
34/137 E NH Bypass, Edappally, Kochi,
Ernakulam - 682024, Kerala

WORKS

Oonnukal, Kothamangalam, Ernakulam

BANKERS

The Federal Bank Limited, ICICI Bank Limited
HDFC Bank Limited, IDBI Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

Integrated Registry Management Services Private Limited,
2nd Floor, 'Kences Towers' No.1,
Ramakrishna Street, North Usman Road,
T. Nagar, Chennai - 600017

SECRETARIAL AUDITORS

M/s. BVR and Associates Company Secretaries LLP,
Swastika, 53/3933, Lal Salam Road, Ponnurrunni,
Vytilla, Kochi, Ernakulam - 682019

AUDITORS

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

INVESTOR CORRESPONDENCE

The Company Secretary, Eastern Treads Limited
3A, 3rd Floor, Eastern Corporate Office, 34/137 E,
NH Bypass, Edappally, Kochi,
Ernakulam - 682024, Kerala

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Dear Shareholders,

I am happy to share with you the financial and operating performance of Eastern Treads Limited (ETL) for the financial year 2017. The year was eventful with external headwinds that impacted business performance. In the second half of the year, the Government's demonetization initiative adversely impacted the cash-based Indian economy. The Indian tyre retreading industry was affected as ~80% of end users, comprising fleet owners, have traditionally been almost entirely cash operated.

Despite these macro uncertainties, ETL registered a topline growth of 7% in FY17. The Company introduced new superior products and enhanced its distribution network to drive growth in volumes. We have also expanded our overseas presence in key markets and our initiatives are already yielding positive results. However, profitability was lower due to intensifying competition, pressure from raw material prices and our continued commitment to investing in several aspects of the business with an eye to future growth. We have tried to manage the impact from increased rubber prices by actively maintaining higher raw material inventories but the transitional increase in working capital has increased interest cost. This is expected to normalize in FY18.

During the year, we have made some key strategic initiatives to expand customer engagement. Having invested in brand building, people and growing our footprint, we remain confident of emerging as a leading player in the tyre retreading sector. We believe that the Indian tyre retreading industry continues to gain traction and has a significant opportunity for long term growth based on monetary and environmental benefits. The long term growth story is intact, with macro factors such as improving infrastructure, increasing economic activity and shift towards radial tyres are all expected to further give impetus to the industry. ETL is well poised to derive this advantage from long term adoption of retreading across various usage segments. With the implementation of GST in the coming months and due to lasting effects of demonetization, we expect that organized players like us will gain more traction.

Over the years, ETL has gained prominence as a premier tyre retreading solution provider with a broad range of products that deliver excellent performance in diverse weather and road conditions. We will continue to build and expand presence in the ensuing fiscal year by expanding our distribution system and by offering comprehensive services to customers making us a one-stop solution for all retreading needs.

In conclusion, we are enthused about future opportunities and believe that our focused initiatives will help us to deliver enhanced business performance over the long term. I would like to thank all our colleagues for their high level of commitment that we believe will take the Company to greater heights in times to come. I would also like to express my deepest gratitude to all my colleagues on the board, for their significant contribution towards providing direction to ETL's performance. I am deeply thankful to our customers, business associates, suppliers, bankers and legal authorities for their loyalty and trust in us. Lastly, my sincere appreciation to all our shareholders for continued support in our journey to create long-term value.

With warm regards



Navas M Meeran
Chairman

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the members of Eastern Treads Limited will be held at Holiday Inn Cochin, Chakkaraparambu Junction, NH Bypass, Vennala, Kochi, Ernakulam – 682028, Kerala on Thursday, 6th July 2017, 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 31st March 2017 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 declare Dividend on Equity Shares for the financial year 2016-17.
3. To appoint a Director in place of Mr. Naiju Joseph, having DIN: 00419362, who retire by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers himself for reappointment.
4. To appoint M/s. Walker Chandio & Co LLP, Chartered Accountants, Kochi as Statutory Auditors of the Company, to hold office for a period of five consecutive financial years from the conclusion the 24th Annual General Meeting (subject to ratification of the appointment at every Annual General Meeting) in compliance with the provisions of Section 139 of the Companies Act, 2013 and to authorise the Board of Directors to fix their remuneration.

B) Special Business

5. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**.

“RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, subject to the provisions of Sections 196, 197, 198, 203 read with Schedule V, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable Rules made thereunder (including any statutory modification or re-enactment thereof) and other applicable provisions of the Companies Act, 2013, if any, and Article 18(a) of the Articles of Association of the Company, the appointment of Mr. M.E Mohamed, having DIN: 00129005, as the Managing Director of the Company for a period of five years with effect from 9th February, 2017, on following terms and conditions including remuneration and minimum remuneration as set out in the agreement be and is here by approved and ratified.

Terms & Conditions of appointment of Managing Director

1. Mr. M.E. Mohamed shall be the Managing Director and WKMP of the Company with effect from 9th February, 2017 for a period of five years.
2. The Managing Director shall be entitled to the following remuneration and perquisites:

- 1). Basic salary : ₹ 25000/- per month (*Eligible for revision on as determined by the Nomination and Remuneration Committee*)
- 2). Commission : 0.25% of the net profits of the Company. The Commission payable on a yearly basis linked with the performance of the Company
- 3). Perquisites : Perquisites shall be allowed in addition to salary, limited to the following:
 - a) Housing : 50 % of salary
 - b) 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.
 - c) Reading materials : Maximum to the extent of ₹ 2000 per month
 - d) Telephone : Free telephone facility at the residence
 - e) Use of car : The Company shall provide a car for business and personal use/reimburse the running and maintenance expenses of the car owned by the Managing Director for business and personal use.
- 4). Other benefits : As per the Rules applicable to the Senior Executives of the Company and/which may become applicable in future and/ any other allowances, perquisites as the Board may, from time to time decide.

RESOLVED FURTHER THAT the agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment including the remuneration (subject to revision of basic salary, allowances and perquisites, as may be deemed appropriate as per the applicable HR policies of the Company from time to time), as may be agreed by the Board of Directors and Mr. M.E. Mohamed, on the recommendation of the Nomination and Remuneration Committee.

RESOLVED FURTHER THAT so long as Mr. M.E. Mohamed functions as the Managing Director of the Company his office shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT the remuneration payable to Mr. M.E. Mohamed, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time and in the event of absence or inadequacy of profits in any financial year, the salary and perquisites are subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013.

RESOLVED FURTHER THAT pursuant to the provision of Section 196 and 203 of the Companies Act 2013 (as amended or reenacted from time to time), Mr. M.E. Mohamed, being as Managing Director, be and is hereby designated as Whole time Key Managerial Personnel (WKMP) of the Company on the terms and conditions of his appointment as recommended by the Nomination and Remuneration Committee pursuant the provisions of Section 178 of the Companies Act, 2013. Mr. M.E. Mohamed, shall perform the duties which may be performed by a WKMP under the Act, and any other duties assigned to him by the Board from time to time".

By Order of the Board
For Eastern Treads Limited

Kochi
04/05/2017

CS Baiju T.
Company Secretary

Notes:-

1. **A member entitled to attend and vote at the meeting is entitled to appoint 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. The required Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the item under Special Business is annexed herewith.
5. In terms of the relevant provisions of the Companies Act, 2013 and the rules made thereunder, it is proposed to appoint M/s. Walker Chandiok & Co LLP, (Firm Registration number: 001076N/N50001) Chartered Accountants, Kochi as Statutory Auditors of the Company in place of the retiring Auditors, M/s. JVR & Associates, Chartered Accountants, Kochi.
6. Dividend of ₹0.50/- per equity share of ₹10/- each (5%) has been recommended by the Board of Directors for the year ended on 31st March, 2017. The dividend, if declared at the meeting, is proposed to be paid on or after 15th July, 2017 to those members whose names appear:
 - a) As Beneficial Owners as at the end of the business hours on 30/06/2017 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 30/06/2017.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 01/07/2017 to Thursday, 06/07/2017 (both days inclusive).
8. 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.
9. 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.
10. Members and Proxies attending the meeting are requested to bring the annual report to the meeting as extra copies will not be distributed.
11. 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.

12. 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.
13. Members are requested to address all correspondence, including change in their addresses, to the Company or to the Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No: 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600017. E-mail: yuvraj@integratedindia.in. Members whose shareholdings are in electronic mode are requested to approach their respective depository participants for effecting change of address.
14. 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.
15. 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.
16. 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.
17. Notice of this Annual General Meeting, Audited Financial Statements for 2016-17 along with Directors' Report and Auditors' Report are available on the website of the Company www.easterntreads.com.
18. 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.
19. At the ensuing Annual General Meeting, Mr. Naiju Joseph, (DIN: 00419362) retires by rotation and seek reappointment. Mr. M.E Mohamed, Managing Director seeks the approval of shareholders to hold the office of Managing Director for a period of 5 years with effect from 9th February, 2017. Details pertaining to these directors required to be provided pursuant to the Listing Agreement read with SEBI (LODR) Regulations, 2015 are furnished in the statement on corporate governance.
20. In pursuance of Sections 124 of the Companies Act 2013 and other applicable provisions, if any the amount of dividends that remain unclaimed/unpaid for a period of seven 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 claimed their dividend including interim dividend, if any, are requested to make their claims without any delay. The details of such unclaimed dividends are available on the Company's website.
21. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant provisions of Companies (Management and Administration) Rules, 2014, companies can serve annual reports and other communications through electronic mode to those members who have registered their e-mail address either with the company or with the depository. Hence, 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.
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.

23. 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 the facility to exercise their right to vote on resolutions proposed to be considered at the 24th 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 03/07/2017 (9:00 am) and ends on 05/07/2017 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialised form, as on the cutoff date of 30/06/2017, 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:
 - (i). In case a Member receives an email from NSDL {for members whose email IDs are registered with the Company/Depository Participants(s)} :
 - 1) 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.
 - 2) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - 3) Click on "Shareholder – Login"
 - 4) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - 5) 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.
 - 6) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - 7) Select "R EVEN" (Remote E-Voting Event Number) of Eastern Treads Limited
 - 8) Now you are ready for remote e-voting as Cast Vote page opens.
 - 9) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - 10) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - 11) Once you have voted on the resolution, you will not be allowed to modify your vote.

- 12) 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 with a copy marked to evoting@nsdl.co.in
- (ii). 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] :
- 1) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

<u>R EVEN (Remote e-voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD/PIN</u>
2) Please follow all steps from Sl. No. (2) to Sl. No. (12) 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 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 cutoff date of 30/06/2017.
- J. Any person who acquires shares and become member of the Company after dispatch of the notice and holding shares as of the cutoff date i.e. 30/06/2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or 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 the same by using "Forgot User Details/Password" option available on 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 his 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 cutoff 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), 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.