

Dated, 27<sup>th</sup> June, 2018

REF: ETL/BSE/N&AR/18-19

The Corporate Relationship Department,  
Bombay Stock Exchange Limited,  
Floor 25, PJ Towers, Dalal Street, MUMBAI – 400001.

Dear Sir,

Sub: Notice of AGM & Annual Report 2018.

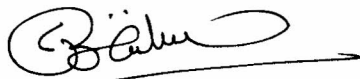
We hereby intimate that 25<sup>th</sup> Annual General Meeting (AGM) of the members of the Company is scheduled to be held on Friday, 20<sup>th</sup> July 2018, at 3.30 P.M at Hotel TGR Suites, Thannikal, Pukkattupady Road, Edappally Toll, Cochin, Ernakulam – 682024. Notice of the AGM along with Annual Report, for the fiscal 2018 have been sent to the members in permitted mode and the dispatch has been completed on 26<sup>th</sup> June, 2018.

Pursuant to the Listing Agreement read with Regulation 30(4) and Schedule III of SEBI (LODR) Regulations, 2015, we submit herewith the copy of Notice of AGM and the Annual Report sent to the shareholders.

Kindly take the information on your record.

Thanking you,  
Yours faithfully,

For Eastern Treads Limited



CS. BAIJU.T  
Company Secretary



**Eastern Treads Ltd.**

**CIN :** L25119KL1993PLC007213

**Reg. Office:** 3 A, 3rd Floor, Eastern

Corporate Office, 34/137 E, N H Bye-Pass,  
Edappally P. O., Kochi, Kerala - 682 024, India.

Phone : +91 484 3001 100

Fax : +91 484 3001 110

E-mail : [treads@eastern.in](mailto:treads@eastern.in)

Web : [www.easterntreads.com](http://www.easterntreads.com)

**Factory :** Oonnukal P.O, Kothamangalam  
Ernakulam, Kerala - 686 693.

Phone : +91 485 2855 448 / 338



Tireless journey  
Brilliant tracks

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# ANNUAL REPORT

2017-18

# MILESTONES

## 2013-2015

Launched Franchisee-Operations  
Retreading Machinery Supply  
Own Retreading Outlet

## 2015-2018

Dealer network in Nepal  
Production capacity - 12,000 MT  
Supply of Accessories  
Transition from a tread rubber manufacturer to enabler of tyre retreading ecosystem

## 2006-2012

Initiated Export Operations  
Production capacity - 6,000 MT

## 1998-2005

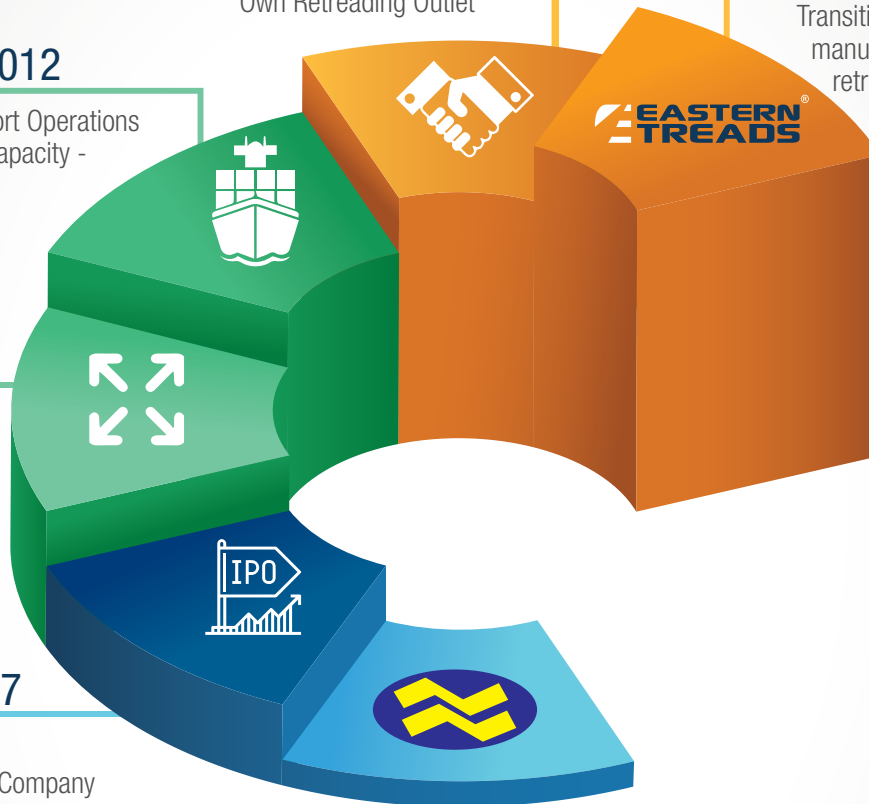
Expanded to ROI.

## 1994-1997

IPO & Listing  
Public Limited Company  
Investment by KSIDC  
Hot Press Process

## 1993

Incorporation  
Private Limited Company  
Production capacity – 4,800 MT  
Cold press Retread Process



**ETL**, a brand from the bouquet of the Eastern Group, focuses on manufacturing and marketing tyre-retreading materials like pre-cured rubber, bonding gum, vulcanizing solutions and many other accessories. The Company has a national presence across 17 States having tie-ups with 88 Dealers, 40 Exclusive Retreaders, 33 Infinity Zones and 2 own retreading units which being serviced through 10 depots and 2 C&F's across India. Its extensive product portfolio with Eastern Brand are sold through domestic and international business networks. **ETL** is transitioning from a tread rubber manufacturer to a leading enabler of tyre retreading ecosystem across the entire retreading value chain.

## EASTERN TREADS LIMITED

CIN: L25119KL1993PLC007213

### 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 Executive Officer
Mr. Mohammed Sherif Shah	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 - 682024, Kerala

#### OFFICIAL WEBSITE

[www.easterntreads.com](http://www.easterntreads.com)

#### WORKS

Oonnukal, Kothamangalam, Ernakulam

#### STATUTORY AUDITOR

Walker Chandio & Co LLP, Chartered Accountants,  
7<sup>th</sup> Floor, Modayil Centre Point,  
Warriam Road Jn., M G Road,  
Kochi 682 016, India

#### REGISTRAR & SHARE TRANSFER AGENT

Integrated Registry Management Services Private 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, NH Bypass, Edappally,  
Kochi, Ernakulam - 682024, Kerala

#### BANKERS

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

#### INTERNAL AUDITOR

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

#### SECRETARIAL AUDITOR

BVR & Associates Company Secretaries LLP,  
Swastika, First Floor, Chitteth House, PC Road,  
Vytila P.O., Cochin - 682 019

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Dear Shareholder,

I am privileged to get this opportunity to present you the financial and operating performance of Eastern Treads Limited (ETL) for the financial year 2017-18 and share our thoughts on the business outlook. Having started its journey 25 years ago, ETL has come a long way and today we are known as a highly reputed brand in the tyre retreading industry with a broad range of products that deliver excellent performance in diverse weather and road conditions. Over the years, we have successfully transitioned from a tread rubber manufacturer to a leading enabler of tyre retreading ecosystems in India.

As you would be aware, 2017-18 has been a year of significant changes with structural reforms like GST being introduced, changing business modalities in the sector. The year was also marked by an increase in competitive intensity resulting in pricing pressure adversely affecting margins. In addition, fluctuations in rubber prices impacted the business. As a result, ETL registered a revenue (net of indirect taxes) growth of 4% in FY17-18 but profitability was adversely affected. We have seen these changes as an opportunity to adapt and create the levers of long-term growth. We are leveraging the transitioning operating environment and our strong industry position to expand long-term growth opportunities. The focus has been on expanding revenues from open market and franchisee sales that have higher margins compared to institutional sales.

During the year, we announced renewal of supply agreement with Kerala State RTC, obtaining a repeat order to supply 1,375 MT of tyre retreading materials, we launched our Nepal operations and appointed our 73<sup>rd</sup> exclusive franchisee. We have also consolidated hot rubber tread production, previously partly outsourced to external small scale units. Apart from garnering a larger share of the domestic markets, we are also targeting several export markets, including developed countries, where supplies from our cost-efficient production can deliver substantial economic benefits. We anticipate this diversified contribution mix to start delivering higher volume growth on our existing base of manufacturing infrastructure. This we believe, will not only result in revenue expansion but also higher margin contribution based on improved utilization of capacity.

The construction of national highways hit an all-time high of about 10,000 km in 2017-18, translating to 28km/day. To further boost road infrastructure the Government has announced to construct 83,000 km over the next five years with a target of 45 km/day. Higher investments in road infrastructure and improving economic activity are great positive factors for us. In addition, we see consolidation of opportunities for organized players like us and our strong presence across the entire retreading value chain is already delivering high quality retreading solutions to our customers.

On this positive note, I would like to thank all our stakeholders for believing in us and being an integral part of our journey. I would also like to specially offer my appreciation to our Board for its continued guidance and for giving us the benefit of their rich experience. I also extend our gratitude to the investors, employees, vendors, business associates, customers bankers and legal authorities for placing their trust in the ETL nameplate. As a growing organisation I am optimistic about delivering a performance that is commensurate with our position as a leading tyre retreading solution provider.

With warm regards

Navas M. Meeran  
Chairman



**NOTICE** is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of Eastern Treads Limited will be held on Friday, 20<sup>th</sup> July 2018, at 3.30 PM at Hotel TGR Suites, Thannikal, Pukkattupady Road, Edappally Toll, Cochin, Ernakulam – 682024, Kerala to transact the following business:

#### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2018 together with the Reports of the Board of Directors and Auditor thereon.
2. To appoint a Director in place of Mrs. Shereen Navaz, having DIN: 00328770, who retires by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, seeks reappointment.
3. To ratify the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, Kochi as the Auditors of the Company to hold office till the conclusion of 29<sup>th</sup> Annual General Meeting in compliance with the provisions of Section 139 of the Companies Act, 2013 read with the resolution passed at the 24<sup>th</sup> Annual General Meeting and to authorise the Board of Directors to fix their remuneration from time to time.

By Order of the Board  
For Eastern Treads Limited

Kochi  
10/05/2018

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 than 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 Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 14/07/2018 to Friday, 20/07/2018 (both days inclusive).
5. 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.
6. 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.
7. Notice of this Annual General Meeting, Audited Financial Statements for 2017-18 along with Directors' Report and Auditors' Report are available on the website of the Company [www.easterntreads.com](http://www.easterntreads.com).
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. SEBI has mandated the submission of Permanent Account Number by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participants. Members holding shares in physical form can submit their PAN to the Company/RTA. SEBI has also mandated the submission of copy of the PAN card to the Company/RTA by the transferee(s) as well as transferor(s) for registration of transfer of securities.
11. 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, 2<sup>nd</sup> 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.
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. Members who are holding shares in the same name or in the same order of names, under different folios, 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 ten days in advance, so as to enable the Company to keep the information ready.
15. 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).
16. At the ensuing Annual General Meeting, Mrs. Shereen Navaz, Director, having DIN: 00328770 retires by rotation and seek reappointment. The information about the director as required to be provided pursuant to the Listing Agreement read with SEBI (LODR) Regulations, 2015 are furnished in the report on Corporate Governance.
17. 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.
18. 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.
19. 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.

## 20. Voting through Electronic means

- a) In compliance with Section 108 of the Companies Act, 2013, read with corresponding Rules and the Listing Agreement read with Regulation 44 of SEBI (LODR) Regulations 2015, the Company has provided a facility to its members to exercise their right to vote on resolutions proposed to be considered at the 25<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through e-Voting ("remote e-voting") Service facilitated by National Securities Depository Limited (NSDL). 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. 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. 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 i.e. 14/07/2018 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- b) The remote e-voting period commences on 17/07/2018 (9:00 am) and ends on 19/07/2018 (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 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.
- c) 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](mailto:evoting@eastern.in) with a copy marked to [evoting@nsdl.co.in](mailto: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:
 

<b><u>R EVEN (Remote e-voting Event Number)</u></b>	<b><u>USER ID</u></b>	<b><u>PASSWORD/PIN</u></b>
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    - 2) Please follow all steps from Sl. No. (2) to Sl. No. (12) above, to cast vote.



- d) 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. 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. If you forgot your password, you can reset the same by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL. 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).
- e) 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. Any person who acquires shares and become member of the Company after dispatch of the notice and holding shares as of the cutoff date 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). 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.
- f) 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. 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.
- g) 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.
- h) 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.

#### Route Map & Land Mark

25<sup>th</sup> AGM on Friday, 20<sup>th</sup> July 2018, at 3.30 PM

**Hotel TGR Suites,**

Thannikal, Pukkattupady Road, Edappally Toll, Cochin, Ernakulam, Kerala. PIN 682024



Dear Member,

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report on the business and operations of the Company and the audited Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2018 along with comparative Financial Statements for the financial year 2016-17 and opening Ind AS transition Balance Sheet as on 1<sup>st</sup> April 2016.

### Financial Highlights

The Company has adopted the Indian Accounting Standards, notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Financial statements for the financial year 2016-17 have been restated to conform to Ind AS. The following table shows the operational results of the Company for the year 2017-18 as compared to that of the previous year.

(₹ in lakhs)

	Year ended	
	31/03/18	31/03/17
Revenue from Operations	9,539.36	9,577.23
Other Income	22.32	70.48
Total Revenue	9,561.68	9,647.71
Expenditure	9,271.80	8,988.00
Profit before Interest, Depreciation and Tax	289.88	659.71
Financial Cost	326.92	296.67
Depreciation and Amortization	210.67	181.97
Profit (Loss) before Tax	(247.71)	181.07
Profit (Loss) after Tax	(229.39)	131.77
Other comprehensive income/ (loss) (net of tax expenses)	(6.51)	(12.44)
Total comprehensive (loss)/income for the period	(235.90)	119.33

FY 2017-18 was a challenging fiscal for the Company. The Company has addressed various issues on regulatory developments like implementation of GST, Ind AS etc. During the year the Company managed its revenue growth, the revenue (net of indirect taxes) has improved by 4%, when compared to the previous year. However the margin has impacted during the first half of the fiscal due to uncertainty caused by regulatory reforms as well as continuing industrial slowdown and managed the second half as effects of regulatory changes were absorbed. Due to the general slowdown of the industry during the year the Company has reported net loss for the year ended.

### Operational Highlights

During the year, the drop in Natural Rubber price was favorable to the industry, however the shortage of other ingredients including Carbon Black and Chemicals has restrained the Company from generating margin as anticipated. The volatility of Synthetic Rubber price, hefty price and poor availability of Carbon Black and Chemicals has also affected profitability. Carbon Black prices had increased by more than 50% due to strong demand and tight supply. In addition to these cost escalations our consumers were not in a position to absorb the price hike as they were struggling to manage recent regulatory developments. The operations are exhaustively discussed in 'Management Discussion and Analysis' forming part of the annual report.

### Dividend

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