



TREADS | LOGISTICS



ANNUAL REPORT

2018 - 19



**EASTERN
TREADS®**

SHIPNEXT 



INFINITY ZONE
QUALITY RETREADING FOR INFINITE MILEAGE



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. Rajesh Jacob	Director (Nominee of KSIDC)
Mrs. Shereen Navaz	Director
Mrs. Rani Joseph	Director
Mr. Mohammed Sherif Shah	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

WEBSITE & E mail

www.easterntreads.com, trends@eastern.in

WORKS

Oonnukal, Kothamangalam, Ernakulam
Vannapuram, Thodupuzha, Idukki, Kerala

STATUTORY AUDITOR

Walker Chandiok & Co LLP, Chartered Accountants,
7th Floor, Modayil Centre Point,
Warriam Road Jn., M G Road,
Kochi 682 016, India

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

INVESTOR CORRESPONDENCE

The Company Secretary, Eastern Treads Limited
3A, 3rd 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,
State Bank of India

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, Vyttila P.O.,
Cochin - 682 019

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Dear Shareholders,

It gives me great pleasure to share with you all an update on the performance of Eastern Treads Limited (ETL) for the financial year 2018-19. ETL began its journey 26 years ago and we are proud to say that with over two decades of our presence we now stand as a well-known and highly reputed brand in the tyre retreading industry. In 2018, India's economy gained momentum with stabilisation of GST. Implementation of GST, in particular will now potentially consolidate the largely unorganised retreading industry. India's growth had accelerated to 7.3 per cent for 2018-19. Economic activity continued to recover with strong domestic demand and growth was majorly led by a strong consumption pattern during 2018. Despite the uncertainties in global scenario such as US-China trade war, rising oil prices, India continued to remain on its strong growth trajectory.

With Kerala battling its worst floods in nearly 100 years, tyre and related manufacturers having exposure to the State have been among those who have been hit hard. Despite this challenging environment, we exhibited resilience by continuing to deliver a steady performance. Our topline grew by 2.4 per cent and this growth was led by combination of product mix and productivity increase initiatives. Though margins were under pressure during the year due to rise in input cost materials and Kerala floods, we were able to maintain our gross margins at a fairly steady level of 13 per cent. Our focus continues to remain on increasing revenues from the higher margin open market and franchisee sales.

We continue our momentum to judiciously expand volumes across all our sales channels. We have recently entered into strategic contracts with Maharashtra State Road Transport Corporation (MSRTC), West Bengal Transport Corporation and Gujarat State Road Transport Corporation (GSRTC) to supply Tyre retreading materials. This augurs well for us as it will drive increased utilisation of the production facilities which will be conducive to deliver strong volumes. Exports are also seeing an accelerated performance with increased sales from South America, Africa and Nepal. During the year, we have also made an equity investment of 55% in Shipnext Solutions Private Limited, a company engaged in managing fleet management aggregation in IT platform.

ETL is transitioning from a tread rubber manufacturer to a leading enabler of tyre retreading ecosystem in India. Currently we are present pan- India across 17 states along with presence in overseas market. Given the strong presence across the entire retreading value chain we are confident of improved performance going forward. Improving road network, increased economic activity, higher radialisation and implementation of GST are all positives for long term growth of the sector. We are focused on every facet of business and have put in place an effective decision-making framework and strategic building blocks, which, we believe, will continue to hold us in good stead in the long run.

Overall, it was a year of sustained performance and none of this would have been possible without the dedication and determination of our people. I would like to thank each and every employee and those working with us across the value chain for their commitment and service to the Company. I would also like to thank the Board of Directors for their unstinted support and continued guidance. Most importantly, I would like to thank you, our shareholders, for your overwhelming trust and confidence and for being an integral part of our journey.

With warm regards

Navas M Meeran
Chairman

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the members of Eastern Treads Limited will be held on Tuesday, 30th July 2019, at 3.00 PM at Hotel TGR Suites, Thannikal, Pukkattupady Road, Edappally Toll, Cochin, Ernakulam – 682024, Kerala to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2019, the Consolidated Financial Statements for the said financial year together with the Reports of the Board of Directors and the Auditors.
2. To appoint a Director in place of Mr. Navas M Meeran, having DIN: 00128692 who retires by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, seeks reappointment.

Special Business

3. Re-appointment of Mr. K.S. Neelacanta Iyer (DIN: 00328870) as an Independent Director of the Company.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 and SEBI (LODR) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. K.S. Neelacanta Iyer (DIN: 00328870), whose initial period of office as Independent Director expired on 31st March, 2019 and subsequently appointed as an Additional Director in the category of Independent Director with effect from 9th May, 2019 in the intermittent vacancy of independent director, pursuant to second proviso to the Rule 4 (iii) of the Companies (Appointment and Qualification of Directors) Rules, 2014, be and is hereby re-appointed as an Independent Director of the Company for a second term for a period of five years with effect from 9th May, 2019 to 8th May 2024, or till such earlier date of retirement/ termination/vacation as may be determined by any applicable statutes, rules, regulations or guidelines and the term shall not be subject to retirement by rotation.”

4. Re-appointment of Mr. M.S. Ranganathan (DIN: 00254692) as an Independent Director of the Company.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 and SEBI (LODR) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M.S. Ranganathan (DIN: 00254692), whose initial period of office as Independent Director expired on 31st March, 2019 and subsequently appointed as an Additional Director in the category of Independent Director with effect from 9th May, 2019 in the intermittent vacancy of independent director, pursuant to second proviso to the Rule 4 (iii) of the Companies (Appointment and Qualification of Directors) Rules, 2014, be and is hereby re-appointed as an Independent Director of the Company for a second term for a period of five years with effect from 9th May, 2019 to 8th May 2024, or till such earlier date of retirement/ termination/vacation as may be determined by any applicable statutes, rules, regulations or guidelines and the term shall not be subject to retirement by rotation.”

5. Appointment of Mrs. Rani Joseph (DIN: 07423144) as an Independent Director of the Company.

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (LODR) Regulations, 2015, Mrs. Rani Joseph (DIN: 07423144) who was appointed as an Additional Director in the category of Independent Director of the Company by the Board of Directors with effect from 9th May, 2019 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 up to the date of this Annual General Meeting, who is eligible for appointment under the relevant provisions of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, for a period of five years with effect from 9th May, 2019 to 8th May 2024, or till such earlier date of retirement/ termination/vacation as may be determined by any applicable statutes, rules, regulations or guidelines and the term shall not be subject to retirement by rotation.”

6. Appointment of Mr. Rajesh Jacob (DIN: 06443594) as Nominee Director of the Company.

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajesh Jacob (DIN: 06443594), who was appointed as an Additional Director of the Company in the capacity of Nominee Director {as nominated by Kerala State Industrial Development Corporation Limited, (KSIDC)} pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and being eligible, offer himself for appointment, be and is hereby appointed as a Nominee Director of the Company, till such date upon withdrawal by KSIDC, not liable to retire by rotation at the Annual General Meeting.”

7. Consent for increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:-

“RESOLVED THAT pursuant to the provisions of Section 186 and 188 of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act (including any modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company, to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, as they may in their absolute discretion deem beneficial and in the interest of the Company, subject that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future, shall not exceed a sum of ₹10 Crores (Rupees Ten Crores only) over and above the limit of Sixty percent of the paid-up share capital, free reserves and securities premium account of the Company or one hundred percent of free reserves and securities premium account of the Company, whichever is higher, as prescribed under Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors (including Committee thereof constituted or a person authorised by the Board for this purpose) be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution”.

8. General Approval for transaction with Related Parties.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of the Section 188 and other applicable provisions of the Companies Act, 2013, and The Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, and subject to such other approvals as may be necessary, approval of the Members be and is hereby accorded to the Board of Directors of the Company to enter into contracts/arrangements for sale, purchase or supply of any goods and materials whether directly or through appointed authorized agents or for availing or rendering of any services, on such terms and conditions as may be decided by Board of Directors of the Company, as appropriate, as per the rules and regulations governing such transactions under the applicable provisions of the Act for a period of 5 Years with effect from 1st April 2019, for an aggregate amount not exceeding Rupees Ten Crores per financial year, over and above the exemption under Section 188, with each of the following Related Parties namely 1) Shipnext Solutions (Private) Limited and 2) Eastern Retreads (Private) Ltd.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, desirable or expedient and to take all necessary steps, for and on behalf of the Company and is authorised and empowered to negotiate, fix the price and agree upon other terms and conditions and enter into legal agreement and contracts, to the extent, the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provisions under the Companies Act, 2013”.

By Order of the Board
For Eastern Treads Limited

Kochi
27/05/2019

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 Wednesday, 24th July 2019 to Tuesday, 30th July 2019 (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 2018-19 along with Directors' Report and Auditors' Report are available on the website of the Company 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, 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.
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.
16. At the ensuing Annual General Meeting, Mr. Navas M Meeran, having DIN: 00128692 retires by rotation and seek reappointment. The Board recommends the appointment Mr. K.S. Neelacanta Iyer (DIN: 00328870), Mr. M.S. Ranganathan (DIN: 00254692) and Mrs. Rani Joseph (DIN: 07423144), Independent Directors for a term of 5 years with effect from 9th May, 2019 to 8th May 2024 and Mr. Rajesh Jacob (DIN: 06443594), Nominee Director till such date upon withdrawal by KSIDC. The information about the director as required to be provided pursuant to the Listing Agreement read with SEBI (LODR) Regulations, 2015 are furnished hereunder.

Details of Directors seeking reappointment at the AGM

1) Name of Director	: Mr. Navas M. Meeran	Dr. Rani Joseph
2) DIN	: 00128692	07423144
3) Date of Birth	: 23 July 1969	15 November 1952
4) Date of appointment	: 26 August 1997	09 May 2019
5) Qualifications	: Post Graduate in Business Management	MSc in Chemistry, B.Tech and Ph.D in Polymer Technology
6) Expertise in specific functional area	: He is the current Chairman of the Eastern Group of Companies, a fast developing and progressive group based out of Kerala. Post Graduate in Business Management. He hails from a respectable business family in Adimali renowned for manufacturing and exporting of spices and curry powder. After graduating in Commerce, Mr. Meeran joined the family business and has over 33 years of experience and having immense practical experience in tyre retreading industry. His distinct entrepreneurial talent coupled with his hard work and persistence has contributed substantially to the growth of the group to its present stature. Through his leadership, Eastern has gained global presence, and its growth in the international market continues to soar. He is the past Chairman of Confederation of Indian Industry (CII), Southern Region and Co-Chair-CII Expert Group on Doubling Farmers' Income, Member-CII National Council. Apart from this, he is also the Chairman of M E Meeran Foundation for Entrepreneurship.	She was the head of the department, Polimer Science and Rubber technology of Cochin University of Science and Technology and the Director of JJ Murphy Research Centre. She has 38 years of experience in post graduate teaching and research and giving consultancy services in Rubber Processing and Technology Member of many academic and other bodies like NBA Desk Appraisal Committee, Business Advisory Committee Skill Development Mission of Government of Kerala and many bodies like MRSI, SPSI, ACS and Chairman of IRI Kerala Branch and National Education committee of IRI. Published research papers in internationally reputed journals and presented invited lectures/ contributory papers in National and International Conferences. Contributed chapters to RAPRA handbooks and published book, Practical Guide to Latex Technology. Research areas are Nano composites, Polymer blends, Polymers for optical recording, Photorefractive and photo conducting polymers, Electrically conducting polymers, Fibre reinforced composites etc. Involved in the skill development programme of the RSDC and ASAP of the Government of Kerala.
7) Details of other Directorship in listed Companies	: Nil	Nil
8) Membership/ Chairmanship of committees of other Listed companies	: Nil	Nil
9) Number of shares held in the Company	: Equity : 1322250 Preference : 720000	Nil

1) :	Mr. K.S. Neelakanta Iyer	Mr. Rajesh Jacob	Mr. M.S. Ranganathan
2) :	00328870	06443594	00254692
3) :	12 March 1947	15 December 1970	15 June 1948
4) :	09 May 2019	09 November 2018	09 May 2019
5) :	Graduate in Commerce, Fellow Member of ICAI	Graduate in Commerce, Member of ICMAI	B.Com; CAIIB
6) :	He has vast experience and expertise in Finance, Accounts and Company Law matters. He is a Practicing Chartered Accountant.	Having more than 22 years of experience in Finance, accounts & Project implementation. Presently working as AGM (F&A) at KSIDC. Conducted study of different Industrial sectors and recommend the Government for policy decisions, prepared and implemented rehabilitation schemes of sick units & monitored various assisted units. Acting as Director & observer of various companies.	He has more than three decades of service in public sector banks in various capacities. Specialised in Finance and Accounts, has wide expertise in finance and administration.
7) :	Nil	Nil	Nil
8) :	Nil	Nil	Nil
9) :	Nil	Nil	Nil

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 26th 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. 24/07/2019 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.