EASTERN TREADS®

ANNUAL REPORT
2020 - 21

Tyres Never Retire


EASTERN TREADS®
SHIPNEXT
INFINITY ZONE
QUALITY RETREADING FOR INFINITE MILEAGE
EASTERN PATCHES
EASTERN TREADS

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. Sachin Saxena	Chief Executive Officer
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, treads@easterntreads.com

WORKS

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

STATUTORY AUDITOR

Walker Chandiok & Co LLP, Chartered Accountants,
6th 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,
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

CONTENTS

"However difficult life may seem,
there is always something you can do and succeed at."
... Stephen Hawking

Dear Shareholders,

It is a great privilege and pleasure to share an update on the performance of Eastern Treads Limited (ETL) for the year ended March 31, 2021. The last year was an exceptionally challenging one as Covid 19 disrupted normal life and business activities not only in India but across the globe. Severe impediments to movement of people and goods curtailed economic activity. Your Company's operations were also seriously impacted during the initial months of the first lockdown.

Though the lock down and movement restrictions were progressively relaxed, disruptions in operations in road transport and automobile sector continued, which adversely affected Company's sales during the year. The revenue declined by 13.74% YoY but volume dipped by around 8.13% due to the market not picking up high end products. We managed the downfall by appointing new franchisees as some of the franchisees could not commence their operations due to impact of the pandemic.

The Company has used the adverse environment of the Covid period to focus on profit improvement through effective cost management. Despite the deceleration in revenue, I am happy to inform you that your Company has reported small cash profits during this accounting period through a series of cost reduction initiatives. PBIT grew from ₹2.14 Cr in the previous year to ₹2.42 Cr during the current year, an improvement of 13.8%.

Following the shut down in the first quarter of the period under report, your Company made quick recovery in the second and third quarters. The growth could not be continued in the fourth quarter due to Covid related disruptions. This experience of working through the regulatory restrictions on movement of passenger and goods traffic on the roads has been managed effectively by your Company. We anticipate, based on the various Government initiatives with regard to management of intra and inter-state movement that there will be a more graded regulation of freight movement as is in evidence during the management of the second lockdown.

The tire replacement segment continues to dominate the tire market. With rising cost of fuel and the inability to pass on costs to customers in both the freight and passenger segments, there will be even stronger emphasis on management of tire costs. This we believe will strengthen the tire retreading business.

I am confident that cost efficiency that has been the focus of your Company, combined with increasing emphasis on environmental concerns around disposal of tires will strengthen tire retreading growth. The norms proposed recently to align Indian standards for new tire safety with international standards towards safer tires will have an impact on the tread industry also to move with International standards thereby impacting large unorganized sector engaged in tire retreading. This should bode well for improved consumer awareness for higher quality retreads and improved realization for your Company. This will also create new opportunities for tire recycling which your Company is uniquely poised to capture.

In addition to our pan-India presence with an extensive network across 20 states, we have started to strengthen our presence in overseas markets as well. We are also leveraging fleet owner relationships through our subsidiary, Shipnext Solutions (P) Ltd, a logistics technology company. Your Company continues to explore newer avenues to continue to enhance shareholder value such as higher performance tire retreading materials, contracts to retread for fleet tire management services and also the introduction of new products under the Eastern brand.

Our people have managed the most challenging business environment of the year gone by and I thank our employees and the supply chain and dealer network for showing tremendous resilience through this trying time. I am confident that we will continue to innovate, experiment and improve with the dedication and determination of our people. During the year we have identified areas of operations in your Company that could benefit from the infusion of talented and experienced management professionals and will induct fresh talent to propel your business towards financially sustainable growth in the coming years.

I take this opportunity to thank the Board for their 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 28th Annual General Meeting of the members of Eastern Treads Limited will be held on Tuesday, 10 August 2021 at 3.00 PM through Video Conferencing (VC) /Other Audio Visual Means (OAVM) 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 2021, 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 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.

Special Business

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

   "RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification from time to time or any re-enactment thereof for the time being in force (the "Act") read with Schedule V to the said Act, the Articles of Association of the Company and subject to such other approvals as may be necessary, the approval of the Members be and hereby accorded for the payment of remuneration to Mr. M.E Mohamed, having DIN: 00129005, Managing Director with effect from 1st April, 2021, for remaining duration of his appointment, up to 8th February, 2022.

   RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and the remuneration payable, 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 aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Managing Director, subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013".

   RESOLVED FURTHER THAT the Board of Directors (including any Committee of Directors) be and is hereby authorised to vary and or revise the terms and conditions of appointment including the remuneration from time to time to the extent the Board of Directors may deem appropriate, within the overall limits under the Act and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution."

By Order of the Board
For Eastern Treads Limited

Kochi
23 June 2021

CS Baiju T.
Company Secretary

Notes

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the Annual General Meeting ("AGM") venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the AGM through VC/OAVM.

In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

5. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Audited Financial Statements for 2020-21 along with Directors' Report and Auditors' Report will also be available on the Company's website, https://www.easterntreads.com/reports/Annual+Reports websites of the Stock Exchange i.e. BSE Limited www.bseindia.com and on the website of NSDL https://www.evoting.nsdl.com.

6. The Company has fixed Wednesday, 04 August 2021 as the 'Cut-off Date' to record the entitlement of the shareholders to cast their voting through remote e-voting/ e-voting during the AGM. Any person who is not a member on the cut-off date should treat this notice for information purposes only. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.

7. Instructions for Members for Remote E-voting and joining the AGM are as under:

   a) The remote e-voting period begins on 07 August 2021 at 9:00 am and ends on 09 August 2021 at 5:00 pm. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 04 August 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 04 August 2021.

b) How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

a) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

b) Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.

c) A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

d) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID. For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID. For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

e) Password details for shareholders other than Individual shareholders are given below:

a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c. How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your eight digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii. If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

d. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

i. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

ii. Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

e. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

f. Now, you will have to click on "Login" button.

g. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to cast your vote electronically on NSDL e-Voting system?

a) After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle.

b) Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.

c) Now you are ready for e-Voting as the Voting page opens.

d) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

e) Upon confirmation, the message "Vote cast successfully" will be displayed.

f) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

g) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

8. General Guidelines for shareholders

a) 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend the AGM through VC / OAVM on their behalf and to vote, to the Scrutinizer by e-mail to sathveeka001@gmail.com with a copy marked to evoting@nsdl.co.in.

b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Asst. Vice President – NSDL at evoting@nsdl.co.in

9. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

a) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to treads@easterntreads.com.

b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to treads@easterntreads.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

c) Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

d) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

10. The instructions for members for e-voting on the day of the AGM are as under:-
    a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
    b) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
    c) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
    d) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
11. Instructions for members for attending the AGM through VC/OAVM are as under**:**
    a) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
    b) Members are encouraged to join the Meeting through Laptops for better experience.
    c) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
    d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
    e) Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at evoting@easterntreads.com from 03 August 2021 (9:00 a.m) to 05 August 2021 (5:00 p.m). The same will be replied by the company suitably. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
12. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 04 August 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. 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" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 04 August 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
13. CS. Satheesh Kumar N., Company Secretary (Membership No. 16543), Partner M/s. Satheesh & Remesh, Company Secretaries has been appointed for as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

14. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of 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 authorised by him in writing, who shall countersign the same. 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 https://www.evoting.nsdl.com 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, where the shares of the Company are listed.
15. As per SEBI Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of transmission or transposition and re-lodged transfers of securities. Further, SEBI had fixed 31 March, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this members holding shares in physical form are requested to consider converting their holdings to dematerialized form. 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. Members can also contact the company or its Registrars and Transfer Agents for assistance in this regard.
16. 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.
17. 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. 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.
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. 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.
20. 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: SH13 to the Company or Registrar and Share Transfer Agent. The said nomination form can be downloaded from the Company's website www.easterntreads.com.
21. 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.
22. 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.

23. The required Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the item under Special Business is annexed herewith.

24. At the ensuing Annual General Meeting, Mrs. Shereen Navaz having DIN: 00328770 retires by rotation and seek reappointment. The relevant details, pursuant SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are as furnished hereunder.

Details of Directors seeking reappointment / fixation of remuneration at the AGM

1)	Name & DIN	:	Mrs. Shereen Navaz, (DIN: 00328770)
2)	Date of Birth	:	28th October 1977
3)	Date of appointment	:	31st March 2015
4)	Qualifications	:	Graduate in English Literature
5)	Expertise in specific functional area	:	She occupies the position of woman director in the Board. She is actively involving in the business of the group and occupying directorship in various companies and has wide expertise in administration. She has involved in the growth and development of various educational institutions.
6)	Directorship in Other Listed Companies (OLC)	:	NIL
7)	Membership/ Chairmanship of committees of OLC	:	NIL
8)	Number of shares held in the Company	:	NIL

1)	Name of Director	:	**Mr. M.E. Mohamed** (DIN: 00129005)
2)	Date of Birth	:	21st September 1942
3)	Date of appointment	:	28th June 1997
4)	Qualifications	:	Civil Engineer
5)	Expertise in specific functional area	:	He joined the Company after pursuing a long career in Kerala State Housing Board as Executive Engineer. He was appointed as Managing Director from August 2005 and was reappointed with effect from 26/08/2008 and 26/08/2011. Presently he is occupying the position of Managing Director for a period of 5 years with effect from 09/02/2017. Under his stewardship, the Company has scaled great heights and has expanded its operations and has begun several new initiatives. He is having rich and varied experience in the industry and his involved in the operations over a long period of time.
6)	Directorship in Other Listed Companies (OLC)	:	NIL
7)	Membership/ Chairmanship of committees of OLC	:	Nil
8)	Number of shares held in the Company	:	13500 Equity Shares
9)	Past & Proposed Remuneration		Nil remuneration paid, Proposed is as stated in the Explanatory Statement

The Company is primarily engaged in the business of manufacturing and dealing of tread rubber, rubber based adhesives, tyre retreading accessories and retreading services and is being in operation since 1993. Company has no foreign collaborations and equity participation by foreign collaborators. Reasons for loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits were discussed in Directors report. Refer the financial performance provided in the Directors report in this regard.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:-

Item No.03

Mr. M.E Mohamed was appointed as the Managing Director of the Company with effect from 09 February, 2017 for a period of 5 years. Even though the terms of appointment of Mr. M.E. Mohamed as the Managing Director include the payment of remuneration, he has waived his right to remuneration. Hence, no remuneration has been paid to Managing Director till 31 March 2021.

Keeping in view that Mr. M.E Mohamed has rich and varied experience in this industry and has been involved in the operations of the Company over a long period, as recommended by Nomination and Remuneration Committee, pursuant to the provisions of Sections 196, 197 and other applicable provisions read with Schedule V of the Companies Act, 2013 and the Rules made thereunder, the Board at its meeting held on 23 June 2021 revised his remuneration and perquisites as detailed below. In the event of inadequacy of profits calculated as per Section 198 of the Companies Act, 2013 in any Financial Year(s) Managing Director shall be entitled to a minimum remuneration subject Schedule V to the Act. Considering Mr. M.E Mohamed's experience, seniority and the trend in the industry, the terms of his remuneration are considered to be fair, just and reasonable and are recommended for your approval.

Mr. M.E Mohamed is one of the promoter of the Company. His brief resume and the statements as required under Schedule V of the Companies Act, 2013 is furnished herein. Pursuant to Section 190 of the Companies Act, 2013 a copy of the Agreement dated 09 February, 2017 and the draft supplementary agreement proposed to be executed by the Company with the Managing Director (on approval by Members of this Resolution) are kept and available for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this Annual General Meeting ("AGM") and also at the venue of AGM.

None of the Directors, Key Managerial Personnel of the Company and their relatives other than Mr. M.E. Mohamed, is in any way concerned or interested, financial or otherwise, in the said Resolution. The Board recommends the confirmation of revision in remuneration and other terms and conditions of appointment of Mr. M.E Mohamed as Managing Director for the remaining period with effect from 01 April 2021 as set out in the resolution being item No.3 of the accompanying Notice for approval by the Members

Terms of Remuneration (per Month)

1). Basic salary	:	₹69,000/- *(Eligible for revision as determined by Nomination and Remuneration Committee)*
2). House Rent Allowance	:	50 % of Basic salary
3). Allowance	:	₹11,500/-
4). Perquisites		Perquisites shall be allowed in addition to salary, limited to the following:
a) Medical benefits	:	As per the terms of Company medical insurance policy
b) Telephone	:	Mobile charges on Actual basis
c) Electricity & Water		Payment of electricity and water charges at the residence. Expenditure incurred by the Company on Electricity and water shall be valued as per the Income Tax Rules, 1962.
d) Car	:	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. Provision of car for use on Company's business will not be considered as perquisites use of car for personal purpose shall be valued as perquisite as per the Income Tax Rules, 1962.
5). 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.

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the 28th Annual Report on the business operations of the Company and the audited standalone and consolidated Ind AS financial statements for the financial year ended 31st March, 2021 along with comparatives.

Financial Summary and Highlights

The following table shows the operational results of the Company for the year 2020-21 as compared to that of the previous year.

(₹in lakhs)

	Standalone		Consolidated	
	Year ended		Year ended	
	31/03/21	31/03/20	31/03/21	31/03/20
Revenue from Operations	6,660	7,745	7,440	7,832
Other Income	49	33	34	24
Total Revenue	6,709	7,778	7,474	7,856
Expenditure	6,255	7,317	7,054	7,431
Profit before Interest, Depreciation and Tax	454	461	420	425
Depreciation/Amortisation/ Impairment	212	247	214	250
Profit before Finance Costs and Tax	242	214	206	175
Finance Costs	331	324	336	325
Profit (Loss) before Tax	(89)	(110)	(130)	(150)
Tax Expense	(32)	2	(32)	2
Profit (Loss) for the year	(57)	(112)	(98)	(152)
Other comprehensive income/ (loss)	2	(6)	3	(6)
Total comprehensive loss for the year	(55)	(118)	(95)	(158)

Impact of COVID-19 on operations

FY 2020-21 was an extraordinary and challenging fiscal year. During the month of March 2020, World Health Organisation declared COVID -19 to be a global pandemic. The spread of this pandemic affected the normal business operations in many countries, including India. The country has witnessed several disruptions in normal operations due to lockdowns imposed by the Government and other restrictions on movement of people, transportation and supply chain along with other stringent measures to contain Covid-19 spread. Due to nationwide lockdown during the first quarter, the operations of the Company were affected and totally disrupted until the end of April 2020.

Though the lockdown and transport movement restrictions were progressively relaxed subsequently, disruptions in operations of entities in road transport and automobile sector continued, which adversely affected Company's sales during the year. We observed sales dip in some areas, but through our conscious efforts, we were able to manage the sales by identifying new customers and active supports by existing customers. Even with a dip of around 25.17% sales on tonnage basis from some set of customers, we were able to get growth in volume sales by 17.04%, by adding new customers as well as by focusing on reinforcing customer relationship. This helped the Company to manage the sales with marginal dip of 8.13% when compared to previous year.

The Company is in a comfortable liquidity position to meet its commitments. There could be impact of increased input costs due to changes in current market scenario and hence, there will be some impact on our profitability in the short term; however, it is difficult to assess the exact quantum at this stage. The Company has taken adequate measures across the organization to control costs, and to address any evolving situation resulting from the pandemic.

Even though we are facing tough situations during the current year as Covid-19 bounced back with its second wave, we are expecting to revive our operations once normalcy regained. We also see that the prevailing slowness enable further acceptance of our cost effective products, thereby expanding the market share. The future depends on how the society respond to coronavirus and its economic outcome. The Company will take all efforts to adapt to the changing business environment and respond suitably to fulfil the needs of its customers.

Standalone and Consolidated Performance

During the year, the Company could not achieve a better financial performance due to the continued weakness in demand due to Covid 19 Pandemic, which created disruption across the globe. As the use of private vehicles were limited due to movement restrictions and the public transport services were disrupted during lockdowns, the sales were significantly impacted. The revenue for FY 2021 was ₹6709 Lakhs, lower by 13.74% over the previous year's revenue of ₹7778 Lakhs. Strong control over organizational expenses allowed the Company to report cash profit. Compared to previous FY the PBIT has improved by 13.80%.

Through our subsidiary Shipnext Solutions Private Limited, we were able to strengthen our relationship with fleet-owners, who are our end customers. We hold 55% shareholding in Shipnext. Shipnext has focused its operations to provide cost effective, flexible, efficient and prompt services in logistic sector. With the intention to provide information technology in B2B and B2C logistic space, it is in the verge of launching fleet owner app that works on a chat based model. Even though disruptions continued in logistic industry due to localised restrictions across states, we were able to manage our revenue growth in subsidiary. On a consolidated basis, the revenue for FY 2021 was ₹7474 Lakhs, lower by 4.86% over the previous year's revenue of ₹7856 Lakhs. Compared to previous FY the PBIT has improved by 17.71%. The operations are exhaustively discussed in 'Management Discussion and Analysis' forming part of the annual report.

Reserves

In view of the loss incurred during the year, the Board of Directors of your Company has decided not to transfer any amount to the reserves for the year under review.

Dividend

In view of loss incurred during the year under review and losses of earlier years, your Directors do not recommend any dividend during the year under review.

Material Changes and Commitments

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report

Capital and Debt Structure

About 34.55% of the paid up equity share capital held by large number of public shareholders. Your Company neither issued any shares with differential voting rights nor granted any stock options or sweat equity and instruments convertible into equity shares.

As per the terms of issue (as varied), the outstanding Zero Coupon Redeemable Preference Shares are liable to be redeemed at the rate of rupees One Crore every year in a phased manner. The Company has the option to stretch the redemption until 9th February 2029, being the date of expiry of twenty years from the date of the original allotment.

While the first tranche of redemption of rupees One Crore was made in FY 2016-17, no redemption was made in subsequent financial years including FY 2020-21. The Board of Directors at its meeting held on 14th February, 2019 approved the proposal to convert 9,00,000 Outstanding Redeemable Preference Shares of ₹100 each aggregating to ₹900 Lakhs into Equity Shares of ₹10 each by issue of equity shares through Preferential Allotment route to the Preference Shareholders as consented by them on that date.

The outstanding Redeemable Preference Shares shall upon approval of equity shareholders be treated as Convertible Preference Shares with effect from the date of Equity Shareholders' approval till the date of the completion of the conversion. Considering that Kerala State Industrial Development Corporation (KSIDC) is also a Promoter Shareholder, the Board has expressed the need to obtain their consent prior to proceeding with the Equity Shareholders' approval. Company is in the process of getting approval from KSIDC to take further steps for the proposed conversion of Preference Shares.

Directors and Key Managerial Personnel

Mr. M.E. Mohamed, Managing Director, Mr. Mohammed Sherif Shah, Chief Financial Officer and CS. Baiju T., Company Secretary are the Whole-time Key Managerial Personnel (WKMP). Mr. Sachin Saxena was appointed as Chief Executive Officer and WKMP of the Company with effect from 23 June 2021. Mr. K.S. Neelacanta Iyer, having DIN: 00328870, Mr. M.S. Ranganathan, having DIN: 00254692 Mrs. Rani Joseph, having DIN: 07423144 are the Independent Directors of the Company. None of the Directors is disqualified under Section 164 of the Companies Act, 2013. Mrs. Shereen Navaz, having DIN: 00328770, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. The Board recommends her appointment.

The Board has considered the declarations given by independent directors under Section 149(7) with respect to meeting the criteria of independence, compliance with the Code for Independent Directors. Independent directors further declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and are independent of the management.

Board Meetings

Five Board meetings were held during the year. Details of Board meetings are included in Corporate Governance Report.

Committees of the Board

The Company is having five Board Committees, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Share Transfer Committee. Details of all the committees along with their main terms, composition and meetings held during the year under review are provided in the Report on Corporate Governance, forming part of this Annual Report. The Board has accepted all recommendations of the Audit Committee during the year under review.

Board Evaluation

The Board has annually evaluated the performance of the Board, its committees and individual directors. The Board evaluated the performance of Non-Executive and Independent Directors. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions. Further details of Board evaluation are provided in the Report on Corporate Governance.

Remuneration of Directors and Employees

The Board has considered the Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes and independence of a director. The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure -1 and forms part of this Report. No Directors of the Company has received any remuneration from the subsidiary company.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134 (3) and (5) of the Companies Act, 2013, your Directors confirm that:

(a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures.

(b) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of the Company for that period.

(c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.

(d) Prepared the Annual Accounts on a going concern basis.

(e) Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(f) Had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Internal Financial Controls

Internal financial control and their adequacy are included in the Management Discussion and Analysis, forming part of this report.

Frauds reported by the Auditor, if any.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso to Section 143(12) of the Act.

Performance and financial position of the subsidiaries, associates and joint ventures

Pursuant to Section 129(3) of the Companies Act, 2013 ("Act"), the consolidated financial statements of the Company and its subsidiary, prepared in accordance with the relevant Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of this Annual Report.

Pursuant to the provisions of the said section, a statement containing the salient features of the financial statements of the Company's subsidiary in Form AOC-1 is given in this Annual Report as Annexure - 2. Further, pursuant to the provisions of Section 136 of the Act, the standalone financial statements of the Company, consolidated financial statements of the Company, and the relevant consolidated financial statements and separate audited financial statements along with other relevant documents, in respect of subsidiary, are available on the website of the Company. Except Shipnext Solutions Private Limited, the Company do not have subsidiaries, associates and joint ventures.

Deposits

The Company has not accepted any fixed deposits during the year to which the provisions of Section 73 of the Companies Act, 2013 are applicable.

Corporate Social Responsibility

Company has generally taken corporate social responsibility (CSR) initiatives. However, the present financial position of the Company does not mandate the implementation of CSR activities pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013.

Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement. Company has invested ₹2.59 Lakhs in Shipnext Solutions Private Limited and hold 55% shareholding, 1441550 Equity shares of ₹1/- each at the agreed purchase price of Re.0.18 per share. The Board of directors of the Company has further agreed to provide financial assistance to Shipnext Solutions Private Limited in the form of loan or to give guarantee or provide security in connection with a loan taken by it up to limit ₹450 Lakhs on requirement basis. Shareholders authorised the Board to provide financial assistance to subsidiary company not exceeding ₹10 Crores over and above the limit as prescribed under Section 186 of the Companies Act, 2013.

Contracts or Arrangements with Related Parties

There were no materially significant related party transactions which could have had a potential conflict with the interests of the Company. Transactions with related parties are in the ordinary course of business on arm's length and are periodically placed before the Audit Committee and Board for its approvals and the particulars of contracts entered during the year, in Form AOC-2 is enclosed as Annexure - 3.

The Board of Directors, as recommended by the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. The policy on Related Party Transactions is available on the website of the Company. The details of the transactions with related parties during the financial year are provided in the financial statements.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company continues its efforts to improve energy conservation and utilization most efficiently to nurture and preserve the environment and to exploit all its avenues to adopt latest technology in its operations. The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, regarding Conservation of Energy, Technology Absorption, Foreign Exchange Inflow and Outflow are given in Annexure - 4 to this report.

Risk Management

Company has developed and implemented a risk management policy, and formed a Risk Management Committee to address and evaluate various risks impacting the Company and a report on risk management is provided in this Annual Report in Management Discussion and Analysis.

Vigil Mechanism

A Vigil Mechanism for directors and employees to report genuine concerns has been established as required under the provisions of Section 177 of the Companies Act, 2013. The Vigil Mechanism Policy has been uploaded on the website of the Company.

Material Orders of Judicial Bodies / Regulators

No significant and material orders were passed by Courts, Tribunals and other Regulatory Authorities affecting the going concern status of the Company's operations.

Secretarial Audit Report

The secretarial audit report on the compliance of the applicable Acts, Laws, Rules, Regulations, Guidelines, Listing Agreement, Standards etc. as stipulated by Section 204 of the Companies Act 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 forms part of this report as Annexure - 5. The findings of the audit have been satisfactory.

Statutory Auditors and Auditors' Report

M/s. Walker Chandiok & Co LLP, Chartered Accountants, Kochi, were appointed as the Auditors of the Company at the Annual General Meeting held on 06 July 2017 to hold office for a period of 5 consecutive years. Necessary certificate and consent has been obtained from the Auditors as per Section 139(1) and 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 for their continuance as the Auditors of the Company. They Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI. Since ratification by Shareholders every year for the appointment of the Statutory Auditors is not required the Notice of ensuing Annual General Meeting does not include the proposal for seeking Shareholders approval for ratification of Statutory Auditors appointment.

The Auditors' Report on the financial statement of the Company forms part of this Annual Report and it does not contain any qualifications, reservations or adverse remarks or disclaimer. The Auditor's observations are suitably explained in notes to the Accounts and are self-explanatory.

Cost Records and Cost Audit

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 the Cost Audit Report is not mandatorily applicable to our Company for the financial year, hence, no such audit has been carried out during the year. The Cost accounts and records as required to be maintained under Section 148 (1) of Act are duly made and maintained by the Company.

Compliance with Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

Corporate Insolvency Resolution Process

No application filed for corporate insolvency resolution process, by financial or operational creditor or by the Company under The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal during the year.

Corporate Action

The Board of Directors approved the proposal to convert 9,00,000 outstanding Redeemable Preference Shares into Equity Shares by issue of equity shares through Preferential Allotment route to the Preference Shareholders. Company is in the process of getting required approvals to take further steps for the proposed conversion of Preference Shares.

Annual Return

In compliance with Section 92 and Section 134 of the Companies Act,2013 the Annual Return in the prescribed format is available at https://www.easterntreads.com/reports/Annual+Reports

Listing and Dematerialisation

The equity shares of the Company are listed on the BSE Limited. Shareholders are requested to convert their holdings to dematerialized form to derive its benefits by availing the demat facility provided by NSDL and CDSL.

Corporate Governance Report

Your Company has been complying with the principles of good Corporate Governance over the years and is committed to the highest standards of compliance. Pursuant to the Listing Agreement read with Regulation 15(2) of the SEBI (LODR) Regulations 2015, the compliance with the corporate governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V shall not apply the Company. However, as a good Corporate Governance practice the Company has generally complied with the Corporate Governance requirements and a report on Corporate Governance is annexed as Annexure - 6 and forms part of this Report.

Management Discussion and Analysis Report

As required under SEBI (LODR) Regulations 2015 the Management Discussion and Analysis Report is annexed as Annexure – 7 and forms part of this Report.

Employee Wellbeing and Safety

Your Company has implemented policies and procedures with the objective of ensuring employee safety, security and wellbeing at the workplace. As stated in our Code of Conduct, we are committed to provide a gender friendly workplace, equal opportunities for men and women, prevent/redress sexual harassment and institute good employment practices. The Company has adopted policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the year:

a)	Number of complaints pending at the beginning of the year	:	Nil
b)	Number of complaints received during the year	:	Nil
c)	Number of complaints disposed off during the year	:	Nil
d)	Number of cases pending at the end of the year	:	Nil

Acknowledgement

Your Directors wish to place on record their gratitude to Bankers, Share Transfer Agents, Auditors, Customers, Suppliers and Regulatory Authorities for their timely and valuable assistance and support. The Board values and appreciates the professionalism, commitment and dedication displayed by employees at all levels. Your Directors are thankful to the shareholders for their continued support and confidence.

For and on behalf of the Board

Kochi
23 June 2021

Navas M Meeran
Chairman
DIN: 00128692

Annexure - 1

DIRECTORS'/ EMPLOYEES REMUNERATION

[Pursuant to Section 197(12) of Companies Act, 2013 read with
Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1) Ratio of the remuneration of each Director to the median remuneration of the employees and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2020-21 are as follows:

Name of Director / KMP	M.E Mohamed	Mohammed Sherif Shah	Baiju T
Designation	Managing Director	Chief Financial Officer	Company Secretary
Ratio of remuneration of each Director / to median remuneration of employees *	--	NA	NA
% increase in remuneration of Directors* & KMP in the FY 2020-21	--	5%	5%

* None of the Directors received any remuneration other than sitting fees during the financial year 2020-21.

2) In the financial year, there was a reduction by 5% in the median remuneration of employees.

3) There were 190 permanent employees on the rolls of Company as on 31st March, 2021.

4) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2020-21 was 4%, whereas the percentile increase in the managerial remuneration for the same financial year was 5%. The increase in remuneration was in line with the performance of the Company, industrial standards and individual employee's performance.

5) It is hereby affirmed that the remuneration paid during the year 2020-21 is as per the Remuneration Policy of the Company.

6) None of the employees is in receipt of remuneration in excess of the limit laid down under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure - 2

FORM NO. AOC -1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in Lakhs)

1	Name of the subsidiary	:	**Shipnext Solutions (P) Ltd**
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	:	NA
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	:	₹ In lakhs
4	Share capital	:	26.21
5	Reserves & surplus	:	(-)142.34
6	Total assets	:	373.35
7	Total Liabilities	:	373.35
8	Investments	:	Nil
9	Turnover	:	782.84
10	Profit before taxation	:	(-)40.83
11	Provision for taxation	:	0.02
12	Profit after taxation	:	(-)40.81
13	Proposed Dividend	:	Nil
14	% of shareholding	:	55%
	Names of subsidiaries which are yet to commence operations	:	NA
	Names of subsidiaries which have been liquidated or sold during the year	:	NA

Part "B":

Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures	:	NIL

For and on behalf of the Board

Kochi 23 June 2021	Navas M. Meeran Chairman DIN: 00128692	Mohamed Sherif Shah Chief Financial Officer	Baiju T. Company Secretary

Annexure - 3

FORM NO. AOC-2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements
entered into by the Company with related parties

Referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013
Including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts, arrangements, or transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis:

There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2021, as required to be reported under Section 134 of the Companies Act, 2013 Rule 8(2) of the Companies (Accounts) Rules, 2014 and SEBI (LODR) Regulations read with policy for determination of materiality of events/ information of the Company.

For and on behalf of the Board of Directors

Kochi
23 June 2021

Navas M Meeran
Chairman
DIN: 00128692

Annexure – 4

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As per Section 134(3) (m) of the Companies Act, 2013
read with Rule 8 of the Companies (Accounts) Rules, 2014

A. Conservation of Energy

(i). Steps taken or impact on conservation of energy	Towards conservation of energy, company has been focusing on continual improvement for efficient utilization of all kinds of energy sources. With innovative methods in manufacturing process, maintenance and distribution systems, we have reduced the energy utilization. The Company continue using fire wood/rubber wood, as the fuel for thermic fluid heater saving fossil fuels. Company is planning to utilize alternate sources of energy like liquefied gas in its operations; Company has also integrated various stages of its production processes into combined one, towards saving fuel consumption. Most of the projects related to energy conservation were done without much capital investment.
(ii). Steps taken by the Company for utilising alternate sources of energy	
(iii). Capital investment on energy conservation equipment.	

B. Technology Absorption

As an integral part of our continual efforts for implementing innovative technology for enhancing customer satisfaction we have successfully invented new retreading rubber matching with original new tyre performance. Utilizing high performance retread rubber helps to extend life of tyre twice or thrice depends on casing strength of the original tyre. The R&D department is further working on new compounds and processing methodologies to meet both national as well as international requirements at optimum costs.

The Company would undertake appropriate R&D activities depending up on the future requirements too. The Company use latest technology and operates at international standards. No technology has been imported by the Company during the period.

C. Foreign exchange earnings and Outgo

The Foreign Exchange inflows and outgo during the year are as follows:-

Particulars	(₹ in Lakhs)
Foreign exchange inflows	126.01
Foreign exchange outgo	115.29

Annexure - 5

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended 31st March 2021
Pursuant to section 204(1) of the Companies Act, 2013
and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

To
The Members
EASTERN TREADS LIMITED
CIN: L25119KL1993PLC007213.

We, BVR & Associates Company Secretaries LLP, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Eastern Treads Limited [CIN: L25119KL1993PLC007213] (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Eastern Treads Limited's books, papers, minutes book, forms and returns filed and other records produced to us and according to the information and explanations given to us by the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31/03/2021 complied with the provisions of the Companies Act, 2013 (Act) and the Rules made there under, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements, etc.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Eastern Treads Limited ("the Company") for the financial year ended on 31/03/2021 according to the provisions of:

1. The Companies Act, 2013 and the Rules made there under.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under.
3. The Depositories Act, 2018 and the Regulations and Bye-laws framed there under.
4. Foreign Exchange Management Act, 1999 and the applicable rules and regulations made there under.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
    a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
    b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
    c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
    d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
    e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
    f) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
    g) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
    h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
    i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
6. The Listing Agreement has been entered into by the Company with BSE Limited.

7. As informed to us the following other Laws specifically applicable to the Company as under:

   1) The Factories Act, 1948.
   2) The Competition Act, 2002.
   3) The Kerala Panchayat Raj Act, 1994.
   4) Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013.
   5) The Petroleum Act, 1934
   6) The Rubber Act 1947

We have also examined compliance with the applicable clauses of the following:

1) Secretarial Standards issued by The Institute of Company Secretaries of India.

   During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations noted against each legislation.

   In respect of other laws specifically applicable to the Company, we have relied on information/ records produced by the Company during the course of our audit and the reporting is limited to that extent.

We report that, during the year under review:

1) The status of the Company during the financial year has been that of a Listed Public Company.

2) The Company has not been a subsidiary of another company whereas company has a subsidiary company, invested during the financial year 2018-19. The Company has invested into the Equity Share Capital (55%) of Shipnext Solutions Private Limited.

3) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Woman Director. Adequate notice is given to all directors to schedule the Board Meetings, and agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

4) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct and Ethics for Directors and Management Personnel.

5) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities.

6) The Company has not advanced loans, given guarantees and provided securities to directors and/or persons or firms or companies in which directors were interested.

7) The Company has made loans, provided securities and guarantees to its subsidiary company, viz Shipnext Solutions Private Limited during the financial year, and the Company has complied with the provisions of the Companies Act, 2013 and any other statutes as may be applicable.

8) The amount borrowed by the Company from its directors, members, bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.

9) The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s)/financial institution(s) or non-banking financial companies. The Company has not issued Debentures / collected Public Deposits.

10) The Company has created /modified or satisfied charges on the assets of the Company and complied with the applicable provisions of Companies Act 2013 and other Laws.

11) All registrations under the various States and Local Laws as applicable to the Company are valid.

12) The Company has not issued and allotted the securities during the period under scrutiny.

13) The Company has not declared and paid dividends to its shareholders during the period under scrutiny

14) The Company has not issued debentures and not accepted fixed deposits.

15) The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.

16) The Company being a listed entity has complied with the provisions of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

17) The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

We further report that:

1. The Company has followed the Secretarial Standards issued by the Institute of Company Secretaries of India.

2. The Company has complied with the provisions of Equity listing Agreements and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with BSE Limited.

3. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

4. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including the provisions with regard to disclosures and maintenance of records required under the Regulations.

   However, there was a purchase of 3200 shares by Mr. M E Mohamed, Managing director of the company through his Portfolio Management Services account. The audit committee reviewed the matter at its meeting held on 29-06-2020 and noted the intimation in this regard where he submitted that this was an inadvertent trade made without intent to violate the Insider Trading Policy or the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the purchase of the shares was carried out by a fund manager and he was not in a position to track all his investments through his portfolio management service account due to COVID-19 restrictions. Board has notified the omission, intimated the information to the stock exchange and initiated proper actions to rectify such omission.

5. The provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable for the company during the period under scrutiny.

6. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to grant of Stock Options and implementation of the Schemes are not applicable for the company during the period under scrutiny.

7. The provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 are not applicable for the company during the period under scrutiny.

8. The Company has complied with the provisions of the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

9. The provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 with regard to buy back of Equity Shares are not applicable for the Company during the period under scrutiny.

10. The Company has complied with the provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

11. The Company had complied with the provisions of The Competition Act, 2002 with regard to prohibition of anti-competitive agreements, abuse of dominance and ensuring of competition advocacy. As per the verification, the Company is ensuring fair competition in the market among its competitors.

12. The Company has not received any Investor Complaints under Regulation 13 of Securities Exchange Board of India ((Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. The Company is not required to submit the Corporate Governance Report as required under the Regulation 27(2) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as the Company's paid up equity share capital not exceeding Rupees Ten Crores and net worth not exceeding Rupees Twenty Five Crores as on the last day of Previous Financial Year.

14. The Company has conducted a Board Meeting on 22/03/2021 to consider and approve the IP License agreement and the same was intimated to the BSE.

15. The Company were stand closed between 24th March 2020 and 24th April 2020 due to the Pandemic situation and has resumed the operations thereafter, and the same was intimated to the BSE.

We further report that:

The compliance with regard to the following Acts is pointed out below:

1. The Factories Act, 1948

   a. Factory license valid as on the report date, till 31st December 2021.

   b. Statutory registers as per Factories Act has been maintained.

2. The Competition Act 2002

   Overall Compliance under the Act complied by the Company.

3. The Kerala Panchayat Raj Act 1994.

   a) The Panchayati Raj License is valid up to 31/03/2021.

   b) The License to Dangerous and Offensive Trades is valid up to 31/03/2021 and the Company has complied with the provisions of this Act. Necessary steps were taken by the Company for renewing the License.

4. Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013

   a. The Company has a Policy and has constituted a committee against the Sexual Harassment of Women at Work Place and the policy has been published in the website of the company.

   b. As per the information and records available from the Company there were no complaints during the financial year in this regard and the Company ensures protection to the women employees.

5. The Petroleum Act, 1934
   a. Overall Compliance under the Act complied by the Company.
   b. The Company has obtained a valid license from the Petroleum & explosives safety organization and the license is valid up to 31/12/2022
6. The Rubber Act 1947
   a. Overall Compliance under the Act complied by the Company.
   b. The License from Rubber Board for acquisition and sale is valid till 31/03/2023 .
7. The Company has obtained integrated consent to operate license from Kerala State Pollution Control Board and the same is valid up to 30/06/2023.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For BVR & Associates Company Secretaries LLP

CS N BALASUBRAMANIAN
Designated Partner,
FCS No. F6439, C P No.: 4996
UDIN: F006439C000490076

Ernakulam
21 June 2021

'ANNEXURE'

To
The Members
EASTERN TREADS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
5. Wherever required, we have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BVR & Associates Company Secretaries LLP

CS N BALASUBRAMANIAN
Designated Partner,
FCS No. F6439, C P No.: 4996
UDIN: F006439C000490076

Ernakulam
21 June 2021

Annexure – 6

CORPORATE GOVERNANCE REPORT

Your Company is generally complying with the requirements of the Corporate Governance practices. Pursuant to the Listing Agreement read with Regulation 15(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the requirement of compliance with the corporate governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V is not mandatory to the Company. However, as a good Corporate Governance practice a report on the implementation of the Corporate Governance provisions by your Company is furnished below:

Company's Philosophy on Corporate Governance

The Company has established a reputation for honesty and integrity. While focusing on Corporate Governance, we practice the highest standards of ethical and responsible business culture and thereby enhance the value of all stakeholders. It is a combination of voluntary practices and compliance with laws and regulations in all areas of its operations and in its interactions with the stakeholders. It provides direction and control to the affairs of the Company.

Your Company is fully committed to practice sound Corporate Governance and uphold the highest business standards in conducting business. The Company has always worked towards building trust with all its stakeholders based on the principles of good corporate governance. Your Company is guided by a key set of values for all its internal and external interactions. The Company is open, accessible and consistent with its communication.

Board of Directors

The Board is made up of one Executive Director and Seven Non-Executive Directors that includes Woman Directors and Independent Directors. The Chairman of the Board is a Non-Executive Director. The Composition, category and attendance of each Director at the Board and Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies is as follows:

Name of the Director	Category	Attendance Particulars		No. of other Directorships		Committee membership	
		Board Meetings	Last AGM	Director#	Chairman	Member	Chairman
Mr. Navas M Meeran	P, C & NE	5	Yes	14	2	None	None
Mr. M.E. Mohamed	MD & ED	5	Yes	4	None	None	None
Mrs. Shereen Navaz	P&NE	4	Yes	5	None	None	None
Mr. M.S. Ranganathan	NE & I	5	Yes	1	None	None	None
Mr. K.S. Neelakanta Iyer	NE & I	5	Yes	1	None	None	None
Mr. Naiju Joseph	NE	5	Yes	1	None	None	None
Mr. Rajesh Jacob	NE & N	1	No	4	None	None	None
Mrs. Rani Joseph	NE & I	5	Yes	2	None	None	None

C: Chairman; P: Promoter/promoter group; E: Executive Director; N: Nominee Director (Nominee of KSIDC)
I: Independent Director; NE: Non-Executive Director; MD: Managing Director;
 # Includes directorships in Public and Private Ltd companies.

Mrs. Shereen Navaz, wife of Mr. Navas M Meeran, Chairman occupy the position of woman director in the Board. No other director of the Company is relative of any other director of the Company. Mr. Navas M Meeran, Chairman hold 80% (720000 shares of ₹100 each), zero coupon redeemable preference shares of the Company. Regarding the details of number of shares held by non-executive directors, please refer the Annual Return, available at the website of the company, www.easterntreads.com. None of the Directors of the Company holds any convertible instruments in the Company. None of the above directors are holding directorship in other listed companies.

Knowledge in the industry in which the Company operates, its business, policies and culture, attributes and competencies to use their knowledge and skills, Strategic thinking and decision making, Financial skills, Technical or Professional skills and knowledge to direct the business of the Company are the core skills, expertise and competencies identified by the Board of Directors, as required in the context of its business and sector(s) for it to function effectively and those actually available with the Board. 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 notice to Annual General Meeting.

Number and date of Board meetings held

Five Board meetings were held during the year. The Board meets at least once in a quarter with a gap of not more than one hundred and twenty days between any two meetings except in case of the Board meeting held on 29 June 2020. MCA and SEBI has relaxed this requirement during this period. The details of the Board meetings are as under.

Sl. No.	Date	Board Strength	Directors present	Sl. No.	Date	Board Strength	Directors present
1	29 June 2020	8	6	4	08 February 2021	8	8
2	07 September 2020	8	7				
3	12 November 2020	8	7	5	22 March 2021	8	7

Independent Directors

The Company has complied with provisions of Listing Agreement read with SEBI (LODR) Regulations 2015 and the Provisions of Section 149(6) Companies Act, 2013 with respect to the appointment of Independent Directors. The Company obtained declarations from all the Independent Directors pursuant to Section 149(7) of the Companies Act, 2013.

Appropriate orientation sessions were given to Directors to get involvement on Company's culture, organization structure, business, constitution, board procedures and risks and management strategy of the Company. The appointment letters and familiarisation programmes imparted to independent directors is disclosed in the Company's website: www.easterntreads.com. The Board evaluated the performance of Non-executive and Independent Directors. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

The Independent Directors held a meeting on 22 March 2021 without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting and they have reviewed the performance of non-independent directors and the Board, performance of the Chairman and information flow structure of the Company.

Audit Committee

The Audit Committee is duly constituted in accordance with the Listing Agreement read with SEBI (LODR) Regulations 2015 and of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014. It adheres to the terms of reference, prepared in compliance with Section 177 of the Companies Act, 2013, and SEBI (LODR) Regulations 2015. The Members of the Committee are:

Name	Category	Position
Mr. K.S. Neelakanta Iyer	Non-Executive Independent Director	Chairman
Mr. M.S. Ranganathan	Non-Executive Independent Director	Member
Mr. M.E. Mohamed	Managing Director	Member

Two third of the members are Independent Directors and all the members are financially literate. The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations. The Audit Committee shall oversee financial reporting process and disclosures, review financial statements, internal audit reports, related party transactions, financial and risk management policies, auditors' qualifications, compliance with Accounting Standards etc. and oversee compliance with Stock Exchanges and legal requirements concerning financial statements and fixation of audit fee as well as payment for other services etc.

Five Audit Committee meetings were held during the year 2020-21 at the Registered Office of the Company on 29 June 2020, 07 September 2020, 12 November 2020, 08 February 2021 and 22 March 2021. All the meetings were attended by the Chairman and all the members of the Committee, representatives of Internal and Statutory Auditors and Chief Financial Officer. The Company Secretary acts as Secretary to the Audit Committee and no personnel has been denied access to the audit committee. The Chairman of the Audit Committee was present at the Company's Annual General Meeting held on 15 September 2020 to answer the shareholders' queries.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Listing Agreement read with SEBI (LODR) Regulations 2015 and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014. The Company Secretary acts as the Secretary to the Committee and the Committee Members are:

Name	Category	Position
Mr. M.S. Ranganathan	Non-Executive Independent Director	Chairman
Mr. K.S. Neelakanta Iyer	Non-Executive Independent Director	Member
Mr. Naiju Joseph	Non-Executive Director	Member

The Committee formulates criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board the policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees and evaluation of Independent Directors and the Board. It identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

The Nomination and Remuneration Committee held meeting on 12 November 2020 with required quorum. The Chairman of the committee was present at the Company's Annual General Meeting held on 15 September 2020 to answer the shareholders' queries.

Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other employees. The Company's remuneration policy is driven by the success and performance of the individual employee and the performance of the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The said policy is available on the website of the company, www.easterntreads.com.

The details of remuneration/sitting fee paid to Directors during the financial year are as given in the Annual Return available at www.easterntreads.com. There is no other pecuniary relationship or transactions between the Company and the non-executive directors. Even though the terms of appointment of Mr. M.E. Mohamed as the Managing Director include the payment of remuneration, he has waived remuneration. Hence, no remuneration has been paid to Managing Director during the financial year. The Board recommends revision in remuneration to Managing Director for his remaining period of appointment.

Share Transfer Committee

The Share Transfer Committee was constituted on 25 June 1996 in compliance with the requirements of Listing Agreement. The Company Secretary acts as the Secretary to the Committee and the Compliance Officer. The members of the Committee are:

Name	Category	Position
Mr. Navas M Meeran	Promoter / Non-Executive Director	Chairman
Mr. M.E. Mohamed	Managing Director / Executive Director	Member
Mr. M.S Ranganathan	Non-Executive Independent Director	Member

One Share Transfer Committee meetings was held during the financial year and reviewed the transmission of shares, issue duplicate share certificates and matters connected with the transfer of shares.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted in compliance with the requirements of the Listing Agreement and Section 178 of the Companies Act, 2013. CS Baiju T. Company Secretary is the Compliance officer, who acts as the Secretary to the Committee and the Members of the Committee are:

Name	Category	Position
Mr. Naiju Joseph	Non-Executive Director	Chairman
Mr. M.S. Ranganathan	Non-Executive Independent Director	Member
Mr. K.S. Neelakanta Iyer	Non-Executive Independent Director	Member

The Stakeholders Relationship Committee looks into shareholders' complaints relates to transfer of shares, non-receipts of balance sheet besides complaints from SEBI, Stock Exchanges, Court and various Investor Forums. It oversees the performance of the Registrars and Transfer Agent, and recommends measures for overall improvement in the quality of investor services.

The Company is in compliance with the SCORES, initiated by SEBI for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders' complaints. No complaints from the shareholders were received during the financial year and there were no outstanding complaints as on 31 March 2021.

Risk Management Committee

The Risk Management Committee was constituted in compliance with the requirements of the Listing Agreement. The Company Secretary acts as the Secretary to the Committee and the members of the Committee are:

Name	Category	Position
Mr. M.S. Ranganathan	Non-Executive Independent Director	Chairman
Mr. M.E. Mohamed	Managing Director / Executive Director	Member
Mrs. Rani Joseph	Non-Executive Independent Director	Member

The Risk Management Committee reviewed the risk management plan of the Company and its status of its implementation. The risk management plans and procedure implemented by the Company in its operation are adequate with respect to the operational risks in the business of the Company.

General Body Meetings

The location and time for last three Annual General Meetings are as follows:

Year	Venue	Date	Day	Time	Special Resolution passed
19-20	Registered Office, through (VC) / (OAVM)	15/09/2020	Tuesday	3.00 PM	No
18-19	Hotel TGR Suites, Ernakulam	30/07/2019	Tuesday	3.00 PM	Yes
17-18	Hotel TGR Suites, Ernakulam	20/07/2018	Friday	3.30 PM	No

No Extraordinary General Meeting was held during the financial year and no special resolutions were put through postal ballot last year and at present no proposal to pass any special resolution through postal ballot.

Financial Calendar (*Tentative*)

Annual General Meeting	:	Tuesday, 10 August 2021
1st, 2nd and 3rd Quarterly Financial Results	:	Within 45 days of the end of each quarter
Audited yearly results for the year ended 31 March 2022	:	Within 60 days of the end of financial year

Means of Communication

The quarterly financial results, after their approval by the Board of Directors, are promptly issued to the Stock Exchange (BSE). These Quarterly Financial Results are normally published in “Business Line”, “Deepika” and are also posted on the Company’s website: www.easterntreads.com. The Company’s website also displays all official news releases, if any and the presentations made to institutional investors or to the analysts. All material information about the Company is promptly sent to the Stock Exchanges.

Annual General Meeting	Book Closure & Record Date
Date : 10 August 2021 Time : 3.00 P.M Mode : VC /OAVM Venue *(Deemed)* : Registered Office Eastern Corporate Office, NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala	Book Closure : Nil Cut-off Date : Wednesday, 04 August 2021 (for entitlement to e-voting)

Related Party Transactions

During the year, the Company had not entered into any transaction of a material nature with any of the related parties which may have potential conflict with the interest of the Company. The transactions of purchase/sale of finished goods, raw materials and job work with related parties have been made in the ordinary course of business and at arm’s length. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly. Disclosures of related party transactions as required are given in notes to the Financial Statements as well as in Form AOC-2 in Annexure – 3 of this report. Policy on dealing with related party transactions are available on the Company’s website: www.easterntreads.com

Compliance by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. No penalties or strictures imposed on the Company by Stock Exchanges or SEBI and other Statutory Authorities on matters related to capital markets during the last three years. The Board quarterly reviews the compliance report on applicable laws to the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any.

Code of Conduct

The Board approved and adopted the Code of Conduct including Code of Conduct for Prevention of Insider Trading and Whistle Blower Policy as applicable to the Board Members and the Senior Management Personnel of the Company. The Code has been posted on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code and a declaration to this effect signed by the Managing Director is annexed to this report.

Listing on Stock Exchange

The equity shares of the Company are listed on the BSE Ltd. The Company has paid the annual listing fees for the year 2020-21 to BSE Ltd and the annual custodial fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within due dates.

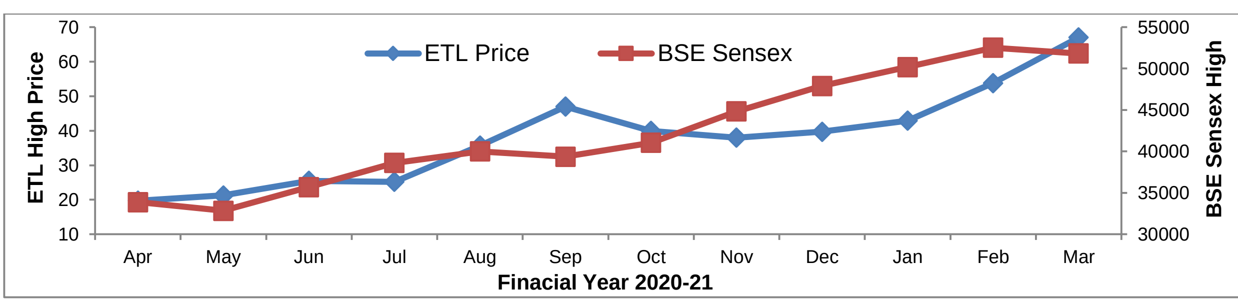
Stock Code & Demat ISIN Number	Registrar and Share Transfer Agent
Scrip Code No. : 531346 Trading Symbol : EASTRED Demat ISIN Number : INE500D01015	Integrated Registry Management Services (P) Ltd 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-600017 Phone: 044 28140801, 28140803, Fax; 044 – 28143378, 28142479 E-mail: corpserv@integratedindia.in

Market Price Data: High, Low during Each Month in Last Financial Year

Amount in ₹

Month	BSE		Month	BSE	
	High Price	Low Price		High Price	Low Price
April, 2020	19.75	16.75	October, 2020	39.95	33.25
May, 2020	21.25	17.60	November, 2020	38.00	31.50
June, 2020	25.50	18.85	December, 2020	39.70	32.50
July, 2020	25.20	20.30	January, 2021	42.90	30.90
August, 2020	35.70	25.20	February, 2021	53.80	38.20
September, 2020	47.00	30.70	March, 2021	67.00	51.45

Performance in Comparison to Broad-based Indices such as BSE Sensex



Share Transfer System

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Share Transfer Committee of the Board of Directors constituted for this purpose. A summary of transfer / transmission of the securities of the Company so approved by the Share Transfer Committee have placed at every Board meeting. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

The physical share transmission/transposition were processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects and confirmation is given to NSDL and CDSL. No request for share transmission/transposition was pending as on 31/03/2021. Shares held in dematerialized form are electronically traded and the Registrars and Share Transfer Agent of the Company periodically receive from the Depository, the beneficiary holdings so as to enable them to update their records. Company obtained half yearly certificate in compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulations 2015 from a Company Secretary in practice and submitted the certificate with the Stock Exchanges within the prescribed time limit.

Distribution of Shareholding as on 31 March 2021

Category	No. of shareholders	% of shareholders	No. of shares holding	% Shares
Equity				
Up to 500	1665	78.98	312309	5.97
501 – 1000	253	12.00	216970	4.15
1001 – 2000	70	3.32	106231	2.03
2001 – 3000	46	2.18	120012	2.29
3001 – 4000	16	0.76	57193	1.09
4001 – 5000	14	0.66	65788	1.26
5001 – 10000	20	0.95	163590	3.13
Above 10000	24	1.14	4189907	80.08
Total	**2108**	**100.00**	**5232000**	**100.00**
Preference				
Above 10000	2	100.00	900000	100.00
Total	**2**	**100.00**	**900000**	**100.00**

Shareholding Pattern as on 31 March 2021

Category	Equity				Preference		
	No. of holders	%	No. of shares	%	No. of holders	No of shares	%
Promoters	8	0.38	3424200	65.45	2	900000	100
Body Corporate	19	0.90	189909	3.63	--	---	---
NRI / OCB	51	2.42	78255	1.50	--	---	---
Public	2020	95.83	1509052	28.84	--	---	---
Others (Clearing Member)	9	0.43	925	0.02	--	---	---
Others (LLP)	1	0.05	29659	0.57	--	---	---
Total :	**2108**	**100.00**	**5232000**	**100.00**	**2**	**900000**	**100**

Dematerialization of Shares and Liquidity

As on 31 March 2021, 87.90% of the Company's total paid up equity capital representing 4599100 equity shares as in dematerialised form. The balance 12.10% equity representing 632900 shares are held in physical form.

Convertible Instruments

Outstanding GDRs, ADRs, Warrants, Convertible instruments, conversion date and likely impact on equity are not applicable.

Plant Location

1. Oonnukal P.O, Kothamangalam, Ernakulam District, Kerala
2. Vannapuram, Thodupuzha, Idukki, Kerala

Credit Rating

The credit ratings obtained by the Company during financial year 2020-21 from CRISIL are as follows:

Total Bank Loan Facilities rated	:	₹3470 Lakhs
Long term ratings	:	CRISIL BB-/Stable
Short term ratings	:	CRISIL A4+

Commodity price risk or foreign exchange risk

Commodity prices of natural rubber will affect the Company due to its disparity in demand and supply, weather conditions, market expectations etc. which will affect the price fluctuations. The Company manages these price fluctuations by actively managing the sourcing and private purchases. With continuous monitoring and market intelligence the purchase department take appropriate strategy to deal with the market volatility. The export and import operations of the Company is exposed to foreign exchange risk which can impact on the profitability. Presently the Company has not executed foreign currency hedging to manage this risk.

Investor Education and Protection Fund

Pursuant to Section 124 of the Companies Act 2013, the amount of dividends that remain unclaimed/unpaid for a period of seven years from the date on which they were declared, and such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of Investor Education and Protection Fund. No dividend amount or share is required to be transferred to Investor Education and Protection Fund during the year. The details of unclaimed dividends are available on the Company's website, www.easterntreads.com. The information relating to outstanding dividend accounts and the dates when due for transfer to IEPF are as follows:

Financial year ended	Date of declaration of dividend	Last date for claiming Unpaid	Dividend Transfer to IEPF
31 March 2015	28 July 2015	02 September 2022	October 2022
31 March 2016	19 January 2016	24 February 2023	March 2023
31 March 2016	04 June 2016	10 July /2023	August 2023
31 March 2017	06 July 2017	11 August 2024	September 2024

Investor Correspondence

For share transfer, communication regarding share certificates, change of address and any other query relating to the shares or Annual Report of the Company, the members may contact in the following addresses:

Integrated Registry Management Services (P) Ltd 2nd Floor, 'Kences Towers' No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai-600017 Phone: 044 28140801, 28140803, Fax; 044 – 28143378, 28142479 E-mail: yuvraj@integratedindia.in	The Company Secretary Eastern Treads Limited, 3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala. Phone: 0484 7161247 Email : baijut@easterntreads.com

Demat Suspense Account/ Unclaimed Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

Secretarial Certifications

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Audit for the purpose of reconciliation of total admitted capital with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital of the Company.

The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

DECLARATION ON CODE OF CONDUCT

To the best of my knowledge and belief and on the basis of declarations given to me by the Directors and the Senior Management Personnel of the Company, I hereby affirm that a Code of Conduct for the Board Members and the Senior Management Personnel of the Company which includes Code of Conduct for Prevention of Insider Trading and Whistle Blower Policy has been approved by the Board of Directors and all Directors and the Senior Management Personnel have fully complied with the provisions of the Code of Conduct of the Company.

For and on behalf of the Board of Directors

Kochi
23 June 2021

M.E. Mohamed
Managing Director
Din: 00129005

CERTIFICATE

In pursuance of Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. On the basis of the confirmations received from the Directors of Eastern Treads Limited (CIN: L25119KL1993PLC007213) having Registered office at 3A, 3rd Floor, Eastern Corporate Oftice,34/137 E, NH Bye Pass, Edappally, Kochi, Kerala - 682024, we hereby confirm that none of the Directors on the Board have been debarred or disqualified from continuing as a Director of company(ies) by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, the Reserve Bank of India or such statutory authorities as on March 31, 2021.

For Satheesh and Remesh
Company Secretaries

Kochi
22 June 2021

N. Satheesh Kumar
Partner
Company Secretary in Practice
C P No.6607
UDIN: A016543C000495538

Annexure - 7

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

As an integral part of the automobile industry, tyre and related segments contributes ~0.5% of the GDP of India. While the entire year was affected by Covid-19 pandemic, a slight growth in GDP was reported in fourth quarter, driven mainly by manufacturing sector. Even with the growth at 1.6% in the 4th quarter, GDP reported a contraction of 7.3% for the entire fiscal year. As the second wave of Covid-19 pandemic hit the country drastically, it may affect the growth in the coming months also.

The recovery and growth which remains highly uncertain at present, will depend on the removal of localised lockdowns, accelerated pace of vaccination and other measures to prevent a third Covid-19 surge. There's a direct correlation between the GDP and automotive industry which directly impacts the tyre and tyre retreading industries. In tyre related industry, the heavy vehicle tyres like truck and bus generates approximate 55% of total revenue in India whereas globally passenger car contributes a major portion. Whereas in tyre replacement segment the demand was more from truck and bus tyres, contributes ~61% and the balance by PVs and 2/3 wheeler's and in case of OEM's truck and bus tyres gives ~35%. Hence, replacement segment is important both for tyre industries and for retreading industries as it contributes ~70% of total revenues and on a tonnage basis, the replacement segment contributes ~60% which indicates its prominence than OEMs market.

Replacement demand for tyres depends various factors like vehicle population, road conditions, overloading norms, retreading intensity etc. Retreading industry in India estimated to be worth more than ₹5,000 Crore with more than 20,000 retreaders scattered in organised and unorganized sector. Now tyre retreading is widely accepted as a cost effective, environment friendly re-manufacturing process, which rebuild a worn out tyre with similar tyre life and performance of a new tyre. Tyre related industry is the major consumer of rubber as it consumes around 80% natural rubber and 20% synthetic rubber. The sector is raw-material intensive, with raw material accounting for 70% of the total costs of production and the raw material price fluctuations keep the industry profitability under pressure.

As Covid-19 continues its disruption, all business sectors, especially MSME sector has affected badly and is handling the situation. Due to the uncertainty around the situation and as Covid is spreading on a daily basis, the Company is facing many challenges and is reorienting its operations wherever possible to manage cash and liquidity issues as well as to ensure its growth and profitability. Even at this challenging situation, our branded products are regaining its demand in the markets and we are expecting good orders from customers including various RTC and other major customers.

The future depends mainly on measures taken to contain spread of the Covid-19 pandemic as well as mitigation of its second and third wave. Early attainment of herd immunity will be the key to regain economic growth. This will be possible by massive vaccinations, and the Government took right directions in this regard. We expect that the rapid vaccination and fiscal measures will equip the business for quicker pace than the last year. Further the revival measures taken by the Government will support the economy to regain its traction in the current year. While keeping this in mind aggressive marketing activities are undertaken to ensure our growth. With the expectation of normal monsoon, we are anticipating good orders from agriculture sector, as the tyre retreading will be the solution to reduce tyre cost in all segments.

Opportunities and Threats

During the past few years the tyre and tyre retreading industry has faced many challenges such as demonetisation, GST, less quality imported tyres, radialisation of tyres etc. However, on a positive note these challenges helped to consolidate the market. Now the customers prefer quality products, which is safe to use in their operations and ETL stands to benefit from this trend.

India has the second largest road network in the world bridging a total of 5.89 million kilometres and has 151,019 km of National Highways as of March 2021. 64.5% of goods transport and 90% of passenger traffic uses road network in the country and the road transportation has gradually increased over the years with improvement in connectivity. Highway construction in India increased at 17.00% CAGR between FY16-FY21 and despite pandemic and lockdown, 13,298 km of highways were constructed in FY21 and a total of 200,000 km of national highways is expected to be completed by 2022. India's vast geography with this improving networks and connectivity will further improve the road transportation and is important for tyre and related industries to grow further. This will result increased demand for tyres both for OEM and replacements, which is vital for tyre retreading.

In addition to longer life and better riding comfort, with strong casings radial tyres can be successfully retreaded multiple times compared to bias-ply tyres and the vehicle industry is on its move with radial tyres. Retreading such tyres requires greater degree of sophistication, which is positive for organized players like ETL. Thus, growth of radial tyre usage will have a positive impact on the overall market, and also on the Company’s performance. Retreading industry has faced heavy competition in the domestic market by introduction of low-quality imported truck tyres which are sold at lesser prices. To mitigate these risks, ETL continue to undertake various initiatives to increase plant efficiency, lower production costs and eventually drive sales up.

Even though the entry of branded tyre companies into retreading industry led to higher competition, it gives improved awareness about retreading and its benefits, helping to grow the overall market and now tyre retreading is an integral part of fleet management. ETL is the pioneer in manufacturing and marketing of tyre retreading materials. The Company is confident of maintaining a strong position in the market as it has developed several distinct strengths such as robust brand image, best-in-class service capability and wide portfolio of quality products.

Recently proposed safer and stringent norms for tyres will require tyres to meet a certain benchmark, including rolling resistance, wet grip, and rolling sound emission. These norms will further align Indian standards with international and are in the right direction to improve road safety and fuel efficiency. As these norms improve the quality of tyre it may result tyre prices continue to escalate. New regulations may propose for tyre recycling which would further change the way tyre manufacturers work in a long run. This will further enlarge the scope of organized retreading like ours.

Segment-wise or product-wise Performance

The Company manufactures quality tread rubber, rubber compounds, cushion/bonding gum and black vulcanizing cement. The contribution of these products to the current year’s turnover is 82%, 1%, 8% and 9% respectively.

Outlook

The retreading industry is gaining prominence in the domestic market whereas it is an established business in key global markets. Improving road network, increased economic activity, higher radialisation and implementation of GST are all positives for long term growth of the sector. Monetary advantages and environmental considerations are aiding popularity of retreaded tyres. ETL aims to be the leading retreading player in India and also exports to key markets worldwide. Having transformed from a tread rubber manufacturer, we are at the forefront of building a comprehensive ecosystem across the entire retreading value chain.

We are on the path to build comprehensive and industry leading capabilities that would generate long term opportunities in India and worldwide. With an increasing distribution presence, high quality products and services, ETL is hopeful of enhancing its share of the various markets it addresses. Our main objective is to become a one-stop shop for our customers’ requirements and deliver substantial economic returns to their businesses.

ETL aspires to deliver superior operational performance through value enhancement initiatives for its customers along with economies of scale that aid long-term volume growth. The manufacturing processes are supported by technically talented workforce. We have limited capex requirement for expansion over next 2-3 years, as sizeable production capacities are available currently. However, we will continue to invest in R&D initiatives for new product development to remain at the forefront of the industry.

Over the years, ETL has invested aggressively in educating and growing the market, benefits of which will be seen in the medium to long term. We have achieved Pan-India presence with an extensive network across 20 States and are further expanding our distribution footprint. We also have presence in overseas markets, catering to higher global demand for tread rubber. All these initiatives are expected to give ETL the platform from which we can achieve success in expanding our business.

Risks and Concerns

Risks and opportunities are inevitable and inseparable components of all businesses. The Company's Directors and management take proactive decisions to protect stakeholder interests. The Company has in place a Risk Management Policy covering risk, risk exposure, potential impact and risk mitigation process. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. These are monitored and reviewed under the guidance of Audit committee and Risk Management Committee. Various departmental heads who meet regularly to identify processes exposed to risks.

The Company's Risk Management Committee, periodically reviews the risks in the organization, identifies new risk areas, develops action plans and monitors and reports the compliance and effectiveness of the policy and procedure to the Audit Committee and Board. The Company's performance primarily depends on the performance of the tyre replacement market. This market has several growth levers like growth of the economy, development of infrastructure, commercial vehicle sales and other trends relating to the transportation sector. The Company's Board of Directors perceives the following risks as current high risks areas:

- **Financial Risk**

  In the course of our business activities, financial risks may arise from changes in interest rates, exchange rates, raw material prices, or share and fund prices and ETL is exposed to certain financial risks namely interest risk, currency risk and liquidity risk. The financial risks are managed in accordance with the risk management policy/practices. We use cash and carry, advance payments and bank guarantees to mitigate credit risk on account of material supplied to customers and payments received. There is an ongoing follow-up which arrests any delay of payments from customers.

- **Fluctuation in Raw Material Price and Other Input Costs**

  Risks can arise due to unexpected changes in commodity prices, which are following the global move can impact margins. We purchase a variety of raw materials and products which we use in our production. Major risks could arise from a few raw materials which we use such as Natural Rubber, Synthetic Rubber and Carbon Black. The Company manages this by actively managing the sourcing and private purchases.

  As we import many categories of products we are also exposed to foreign currency fluctuation which could lead to a significant fluctuation in these raw material costs. We have maintained raw material inventories to mitigate this risk which adversely impacted working capital and put pressure on interest costs. We generally factor in normal variations of raw material prices and input costs when fixing product prices with customer but any exceptional fluctuations in input costs combined with market pricing patterns may have an adverse impact on profitability.

- **Changes in Governments' Policies**

  Unanticipated changes in Government policies may affect the company's financial position.

- **Operational Risk**

  Preventive maintenance is carried out periodically to achieve increased machine availability. Adequate inventory of stocks at each stage of operation is maintained to run production schedules uninterrupted.

✍ **Product Risk**

Research and development efforts are undertaken to continuously develop new products categories and expand the portfolio, along with improved service and value to our customers.

Internal Control System and their Adequacy

ETL has implemented suitable controls to ensure the achievement of its operational, compliance and reporting objectives. The Company has adequate policies and procedures in place for its current size as well as the future growing needs. The Company has a well-defined and structured internal control mechanism, commensurate with the size and nature of the business and complexity of its operations. Internal audit is conducted periodically to provide comprehensive risk-based combined assurance plan.

These policies and procedures play a pivotal role in the deployment of the internal controls. They are regularly reviewed to ensure both relevance and comprehensiveness, and compliance is ingrained into the management review process. ETL follows stringent procedures to ensure accuracy in financial information recording, asset safeguarding from unauthorised use, and compliance with statutes and laws. All employees adhere to high standards of ethical conduct inspired by formally stated and regularly communicated policies.

The internal control is supplemented by an extensive audit by internal and external audit teams and periodic review by the top management, Audit Committee and Board of Directors. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. During the year, the Company has taken steps to review and document the adequacy and operating effectiveness of internal controls.

Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis. The statutory auditors, as part of their audit process, carry out a systems and process audit to ensure that the ERP and other IT systems used for transaction processing have adequate internal controls embedded to ensure preventive and detective controls.

During the period external agencies were appointed as internal auditors. The internal audit reports were reviewed quarterly by Audit Committee as well as by the Board. Internal audit evaluates legal and compliance issues and supports in assessment of Internal Control Systems and identification of other important issues as a powerful tool for risk control and governance. The system is designed to adequately ensure the reliability of financial and other records for preparing financial information and other data and for maintaining accountability of our assets. Further, the Board reviews the effectiveness of the Company's internal control system.

The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. The external auditors have evaluated the system of internal controls in the Company and have reported that the same is adequate and commensurate with the size of the Company and the nature of its business. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

Financial Performance and Operational Performance

Despite the disruptions faced due to Covid-19 pandemic and related restrictions, ETL has delivered a better performance. Revenue was lower due to weakness in demand due to lock down and movement restrictions. We have tried to focus on limiting the financial impact of the operating environment by cutting operating costs, rationalizing working capital and outstanding debt.

Based on the directives issued by the authorities due to the nationwide lockdown, the operations of the Company at its offices and factories were temporarily suspended with effect from 25 March 2020. All facilities were closed between 25 March 2020 and 24 April 2020. The Company had near zero revenues during this period. After 24 April 2020 the Company's factory started functioning to limited capacity, in adherence to Government regulations and protocols. During the month of May, based on the relaxation in Lockdown Conditions announced, Company has resumed operations partially and started billing.

The operations at manufacturing locations have started with day-shift basis within the conditions as applicable. There was a considerable improvement in June and thereafter as compared to April and May. However, the second wave of the Covid-19 pandemic has interrupted the sales momentum during Q4 due to state wise and localized lockdowns and movement restrictions.

Profitability was lower due sagged market, absorption of fixed cost and pressure from raw material prices. We have tried to manage the impact from increased raw material prices by actively maintaining raw material inventories but the transitional increase in working capital has increased interest cost. Even though the Company took efforts to mitigate the increase in input cost and shifted some of this cost to its customers, it could not increase the price in line with the extensive escalation of costs due to resistance in accepting the hike, as the retreaders were under high pressure to transmit the increase to end customers.

Tight control over operating expenses has allowed consistent cash profit. ETL continues to undertake cost saving initiatives and is moving into more profitable areas of business, based on higher value-addition to customers. Significant financial highlights in FY2020-21 are as follows;

- **Revenue**

  Total Revenue reported ₹6709 lakhs compared to the previous year's figure of ₹7,778 lakhs.

  Revenues (net of indirect taxes) reported a dip by 13.74% YoY.

- **Earnings Before interest, Tax, Depreciation and Amortisation (EBITDA)**

  During the fiscal 2020-21 EBIDTA has declined by 1.52%.

  Reported EBIDTA of ₹454 lakhs when compared to the previous year's figure of ₹461 lakhs.

- **Profit Before Tax (PBT)**

  PBT was at (-)₹89 lakhs in FY 2020-21, compared with previous year's (-)₹110 lakhs.

- **Profit After Tax (PAT)**

  PAT stood at (-)₹57 lakhs in FY 2020-21 as compared to (-)₹112 lakhs in FY 2019-20.

- **Earnings Per Share (EPS)**

  EPS in FY 2020-21 stood at (-)₹1.10 compared to EPS of (-)₹2.15 in fiscal 2019-20.

Over the longer term, our cost efficient manufacturing capabilities may also open up new opportunities in developed markets where adoption of retreaded tyres is deeply entrenched. As a leading provider of tyre retreading services across the entire retreading value chain we are present across 20 States through 20 depots and 95 dealers servicing to 1,500 plus multi branded retreaders, 39 exclusive retreaders and 28 branded Infinity Zones and 1 tyre retreading center. We are at the forefront of building a comprehensive ecosystem and have developed a robust distribution infrastructure to penetrate the market further and establish a pan-India presence.

Human Resource Development and Industrial Relations

ETL recognises that a committed, empowered and thinking team is the most important asset to maintain the company's progress and to retain its leadership position in the industry. Development and retention of talent, providing employees with cross functional experiences, extending enriched learning, an array of awards and recognition programme, and supporting personal and professional aspirations are some leading HR practices being followed at the Company. Hiring of apt talent and ensuring role optimisation to improve efficiencies has been a key focus area. The Company recognizes the need for change management and talent management throughout the business and their criticality to its future growth and success as any other element of its commercial strategy.

We pursue management practices designed to enrich the quality of life of our employees, developing their potential and maximizing their productivity. Cordial and harmonious relationship is maintained between the management and employees at every location. We continue to organize various training programs with experts engaged to interact with our employees at various levels. A significant emphasis is placed on training personnel, increasing their skill levels, and fostering ongoing employee engagement and recognition with a holistic development perspective. ETL had total employee strength of 337 employees as on 31st March 2021.

Cautionary Statement

Statements in this Annual Report, particularly those that relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

Important factors that could influence the Company's operations include economic developments within the country, global and domestic demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations. The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.

INDEPENDENT AUDITOR'S REPORT

To the Members of Eastern Treads Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Eastern Treads Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – COVID 19

4. We draw attention to Note 2.37 of the accompanying standalone financial statements which describes the uncertainties due to the outbreak of COVID-19 pandemic and the management's evaluation of its impact on the Company's operations and accompanying standalone financial statements of the Company as at the balance sheet date, the extent of which is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses for trade receivables Refer note 1.17 of the accompanying standalone financial statements for significant accounting policy and note 2.31 for credit risk disclosures)	Our audit work included, but was not limited to, the following procedures: • Obtained an understanding of the process adopted by the Company in estimating expected credit loss including the key inputs and assumptions. Since assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred;

Trade receivables comprises a significant portion of the current assets of the Company. As at 31 March 2021, the Company has reported trade receivable of ₹ 2,557.67 lakhs (net of provision towards expected credit loss of ₹ 104.32 lakhs). These significant judgements in applying the expected credit loss (ECL) method arises due to the nature of the customers that the Company deals with, which mainly construed the state-owned road transportation entities and various dealers / traders from the unorganized sector. Further, the payment plan varies from customer to customer, resulting in complexity in estimation of amount to be recorded expected credit loss. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the expected credit loss, we have determined this matter as a key audit matter.	• Assessed and tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the process, validation of data and related approvals. • For a selected sample, performed procedures to evaluate: - Appropriateness of exposure at default, probability of default and loss given default in the calculation of ECL; - Timely identification of exposures with a significant increase in credit risk and appropriateness of the Company's method of determining the stages; and - Arithmetic accuracy of ECL calculation • Tested the methodology applied in the credit loss provision calculation by comparing it to the requirements of Ind AS 109, Financial Instruments, and appropriateness and reasonableness of the assumptions related to credit loss rate including the historical bad-debts applied in their assessment of the receivables allowance; • Evaluated responses to direct confirmation request circulated to customers and ensured the reconciling items have been adequately recorded in the books of account; • Tested the documents received as security against the trade receivables and amount received subsequent to year-end on sample basis; and • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 2.31 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.
Existence of inventory (Refer note 2.7 of the accompanying standalone financial statements) As at 31 March 2021, the Company held inventory of ₹1,042.52 lakhs as disclosed in Note 2.7 to the standalone financial statements. Inventory mainly consists of raw materials, work in progress, finished goods, stores and spares and others. As per the Company's inventory verification plan, management performs physical verification of inventory at all locations, under the supervision of finance team, quarterly	Our audit work in respect of testing the existence of inventory included, but was not restricted to, the following procedures: • Obtained understanding of management process of inventory management including the changes required thereto as a result of COVID-19 related restrictions, and evaluated the design and tested the operating effectiveness of key controls with respect to physical verification of inventory; • Evaluated the design effectiveness of controls over inventory management process / inventory physical verification process and tested key controls for their operating effectiveness; • Observed the physical count procedures carried out by the management subsequent to year end at the factory and compliance with the stock count instructions by the management's personnel; observing steps taken by management to ascertain the existence of inventory on the date of the count (including identification of non-moving, obsolete / damaged inventory) along with roll-back procedures to confirm valuation of inventory at year end;

Due to COVID-19 outbreak and related restrictions, management was unable to perform the year end physical verification of inventory on 31 March 2021 at the factory. The physical verification was carried out subsequent to year end Considering the above, we have reassessed our audit approach with respect to assessing the existence and condition of physical inventory as at year end and adopted alternate audit procedures as further described in our audit procedures. Considering the significance and size of the inventory at the year end, reliance on roll-back and other alternate procedures, existence of inventory is considered as a key audit matter for the current year audit.	• Obtained management's inventory count records (count sheets) and tested the reconciliation of the differences in inventory quantity between the physical count and the Company's perpetual inventory records and accounting of such variances basis management approval; • Tested the reconciliation of differences, if any, between management physical count and inventory records including accounting of such variances basis management approval; • Tested management's roll-back procedure of the inventory count performed at the factory on sample basis from date of count to 31 March 2021 and as the physical verification of inventory was undertaken by management subsequent to year end, tested completeness, arithmetical accuracy and validity of the data used for the procedures; • Performed independent physical inventory count at the factory on a sample basis subsequent to year end and reconciled the same to the management counts (wherever applicable); and • Performed cut off testing for purchase and sales transactions made near the reporting date to assess whether transactions are recorded in the correct period by testing shipping records, sales / purchase invoices (as applicable), for sample transactions.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 23 June 2021 as per Annexure II expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 2.30 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, during the year ended 31 March 2021; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 21206229AAAACA8340

Place: Kochi
Date: 23 June 2021

Annexure I

Annexure I to the Independent Auditor's Report of even date to the members of Eastern Treads Limited, on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head ('Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has granted unsecured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a). in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

(b). the schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular.

(c). there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date
State Tax on Professions, Trades, Callings and Employment Act, 1996	Professional tax	2.93	2020-21	Various dates

(b) The dues outstanding in respect of income-tax, sales-tax, goods and service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues:

Name of the statute	Nature of dues	Amount (₹in lakhs)	Amount paid under protest (₹in lakhs)	Period to which amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	20.97	--	AY 2012-13	Assessing Officer, Income Tax

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No. 206229
UDIN: 21206229AAAACA8340

Place: Kochi
Date: 23 June 2021

Annexure II

Annexure II to the Independent Auditor's Report of even date to the members of Eastern Treads Limited on the standalone financial statements for the year ended 31 March 2021

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Eastern Treads Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
   A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 21206229AAAACA8340

Place: Kochi
Date: 23 June 2021

BALANCE SHEET AS AT 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-Current Assets			
(a) Property, plant and equipment	2.1	1,194.89	1,426.02
(b) Capital work in progress	2.1	23.91	16.04
(c) Intangible assets	2.2	5.46	7.37
(d) Financial assets			
(i) Investments	2.3	2.59	2.59
(ii) Trade receivables	2.4	0.35	0.29
(iii) Other financial assets	2.5	51.52	53.02
(e) Other non-current assets	2.6	5.45	33.91
Total Non-current assets (I)		**1,284.17**	**1,539.24**
Current Assets			
(a) Inventories	2.7	1,042.52	1,050.25
(b) Financial assets			
(i) Trade receivables	2.4	2,557.67	2,574.23
(ii) Cash and cash equivalents	2.8	44.23	19.10
(iii) Bank balances other than Cash and Cash Equivalents	2.9	79.92	59.60
(iv) Loans	2.10	230.62	149.41
(v) Other financial assets	2.5	13.79	7.14
(c) Current tax assets (Net)		33.44	30.08
(d) Other current assets	2.6	15.40	18.32
Total Current Assets (II)		**4,017.59**	**3,908.13**
Total Assets (I)+(II)		**5,301.76**	**5,447.37**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	2.11	541.18	541.18
(b) Other equity	2.12	85.50	140.14
Total Equity (I)		**626.68**	**681.32**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.13	788.63	519.90
(ii) Other financial liabilities	2.14	--	6.68
(b) Provisions	2.15	115.59	108.37
(c) Deferred tax liabilities (Net)	2.16	100.99	132.07
(d) Other non-current liabilities	2.17	0.03	1.51
Total Non-current liabilities (II)		**1,005.24**	**768.53**
Current liabilities			
(a) Financial liabilities			
i) Borrowings	2.13	2,347.49	2,718.55
ii) Trade payables	2.18		
A) Total outstanding dues of micro and small enterprises; and		0.47	0.31
B) Total outstanding dues of creditors other than micro and small enterprises		916.35	892.12
iii) Other financial liabilities	2.14	314.70	301.39
(b) Provisions	2.15	29.76	27.18
(c) Other current liabilities	2.17	61.07	57.97
Total current Liabilities (III)		**3,669.84**	**3,997.52**
Total equity and liabilities (I)+(II)+(III)		**5,301.76**	**5,447.37**

See accompanying notes forming part of these standalone Financial Statements.

This is the Standalone Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N 500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Kochi
23 June 2021

For and on behalf of the Board of Directors of Eastern Treads Limited

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

		Note	Year Ended 31 March 2021	Year Ended 31 March 2020
I.	**Income**			
	Revenue from operations	2.19	6,659.57	7,745.32
	Other income	2.20	49.28	32.66
	Total income (I)		**6,708.85**	**7,777.98**
II.	**Expenses**			
	Cost of materials consumed	2.21	4,252.04	5,243.89
	Purchases of stock-in-trade		20.23	41.81
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22	96.14	(163.66)
	Employee benefits expense	2.23	810.32	982.16
	Finance costs	2.24	331.41	323.40
	Depreciation and amortisation expense	2.25	212.22	247.18
	Other expenses	2.26	1,075.92	1,213.06
	Total expenses (II)		**6,798.28**	**7,887.84**
III.	**Loss before Tax (I-II)**		**(89.43)**	**(109.86)**
IV.	Tax expense:			
	Deferred tax (credit) / charge	2.34	(32.02)	2.61
	Total tax expense (IV)		**(32.02)**	**2.61**
V.	**Loss for the year (III-IV)**		**(57.41)**	**(112.47)**
VI.	**Other comprehensive income / (Loss)**			
	i) Items that will not be reclassified to Profit or Loss:			
	a) Re-measurement gain/ (loss) in defined benefit Plans		3.72	(7.71)
	b) Income tax relating to items that will not be reclassified to profit and loss		(0.94)	1.94
	Other comprehensive income (loss), net of Tax (VI)		**2.78**	**(5.77)**
VII.	**Total comprehensive Loss for the year (V+VI)**		**(54.63)**	**(118.24)**
	Loss per equity share (₹ per share)	2.27		
	Basic and diluted		(1.10)	(2.15)

See accompanying notes forming part of these standalone Financial Statements.

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
23 June 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	Year Ended 31 March 2021	Year Ended 31 March 2020
A. Cash flow from operating activities		
Loss before Tax	**(89.43)**	**(109.86)**
Adjustments for:		
Depreciation and amortisation expense	212.22	247.18
Finance costs	331.41	323.40
Bad debts written off	4.21	0.03
Provision for doubtful debts	42.18	--
Profit on sale of Property, plant and equipment	(10.56)	(2.92)
Provision on employee benefits	13.52	19.28
Interest income	(20.80)	(14.73)
Operating profit before working capital changes	**482.75**	**462.38**
Adjustments for working capital changes		
Decrease/(Increase) in inventories	7.73	(189.36)
(Increase)/Decrease in trade receivables	(29.89)	80.62
Decrease in other receivables	24.80	52.65
Decrease in trade and other payables	(36.11)	(536.48)
Cash generated from / (used in) operations	**449.28**	**(130.19)**
Net income tax paid	(3.36)	(2.01)
Net cash generated from /(used in) operating activities (A)	**445.92**	**(132.20)**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital advances)	(19.90)	(24.65)
Proceeds from sale of property, plant and equipment	44.88	35.86
Movement in other bank balances	(20.32)	(38.06)
Loan given to subsidiary (net)	(83.93)	(119.41)
Repayment of loan given to others	2.72	--
Interest received	20.91	14.84
Net cash used in investing activities (B)	**(55.64)**	**(131.42)**
C. Cash flow from financing activities		
Proceeds from long term borrowings	559.68	100.00
Repayment of long term borrowings	(174.90)	(115.97)
Short-term borrowings (net of repayments)	(471.06)	471.52
Interest paid	(278.87)	(268.12)
Dividend paid including dividend distribution tax	--	(0.06)
Net cash (used in) /generated from financing activities (C)	**(365.15)**	**187.37**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**25.13**	**(76.25)**
Cash and cash equivalents at the beginning of the year	19.10	95.35
Cash and cash equivalents at the end of the year	**44.23**	**19.10**

Components of cash and cash equivalents	As at 31 March 2021	As at 31 March 2020
Cash in hand	2.45	2.75
Balances with banks - in current accounts	41.78	16.35
Total	**44.23**	**19.10**

Standalone Statement of Cash flows for the year ended 31 March 2021(cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

Particulars	As at 01 April 2020	Financing Cash Flows	Non-Cash Changes	As at 31 March 2021
Current Borrowings	2,718.55	(471.06)	100.00	2,347.49
Non-Current Borrowings (including current maturities)	636.11	384.78	(50.66)	970.23
Total	**3,354.66**	**(86.28)**	**49.34**	**3,317.72**

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

Particulars	As at 01 April 2019	Financing Cash Flows	Non-Cash Changes	As at 31 March 2020
Current Borrowings	2,147.03	471.52	100.00	2,718.55
Non-Current Borrowings (including current maturities)	697.32	(15.97)	(45.24)	636.11
Total	**2,844.35**	**455.55**	**54.76**	**3,354.66**

See accompanying notes forming part of these standalone Financial Statements.

This is the Standalone Cash flow statement referred
to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
23 June 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

a) Equity Share Capital

Equity Shares of ₹10 each, fully paid-up	Equity Shares	
	Number in Lakhs	Amount *
Balance as at 1 April 2019	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2020	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2021	52.32	541.18

** Including forfeited shares balance ₹17.98 lakhs*

b) Other Equity

Particulars	Reserves and Surplus					Total
	Capital Reserve	Other Equity	General Reserves	Retained Earnings	Other comprehensive loss	
Balance as at 1 April 2019	**100.00**	**744.41**	**97.46**	**(657.15)**	**(26.35)**	**258.37**
Loss for the year	--	--	--	(112.47)	--	(112.47)
Other comprehensive loss, net of tax	--	--	--	--	(5.77)	(5.77)
Balance as at 31 March 2020	**100.00**	**744.41**	**97.46**	**(769.62)**	**(32.12)**	**140.13**
Loss for the year	--	--	--	(57.41)	--	**(57.41)**
Other comprehensive income, net of tax	--	--	--	--	2.78	**2.78**
Balance as at 31 March 2021	**100.00**	**744.41**	**97.46**	**(827.03)**	**(29.34)**	**85.50**

See accompanying notes forming part of standalone Financial Statements.
This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

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Company Secretary

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Chairman
DIN: 00128692

Kochi
23 June 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

General Information:

Eastern Treads Limited (the 'Company'/ 'ETL') was incorporated with its registered office at 3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam - 682 024, Kerala. The Company's shares are listed in Bombay Stock Exchange. The Company is primarily engaged in the business of manufacturing and dealing of tread rubber, rubber based adhesives, tyre retreading accessories and retreading services.

1. Summary of Significant Accounting Policies

1.1. A. Basis of Preparation

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 (the 'Act'), read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been applied consistently over all the periods presented in these financial statements except as mentioned below. Previous year figures have been re-grouped/reclassified where necessary, to confirm with the current year presentation for the purpose of comparability.

1.1. B. Application of New Accounting Pronouncements

The Company has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) amendment Rules, 2018. The effect is described below:

i) Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases", as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019, using modified retrospective method. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The application of Ind AS 116 did not have material impact on the Financial Statements.

ii) The Company has adopted Ind AS 12 "Income Taxes" as per Appendix C to Ind AS 12. The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. The application of the amended provision to Ind AS 12 did not have material impact on the Financial Statements.

iii) The Company has adopted Ind AS 23 "Borrowing Costs" as amended, which requires the entity to calculate and apply the capitalisation rate on general borrowings, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale and that borrowing becomes part of the funds that entity borrows generally. This amendment is also did not have a material impact on the Financial Statements.

1.2. Use of Estimates and Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Significant Management Judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Classification of Leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Evaluation of Indicators for Impairment of Assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of Advances / Receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful Lives of Depreciable / Amortisable Assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair Value Measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.3. Revenue Recognition

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflect the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a Performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that Performance obligation.

(All amounts are in ₹ lakhs, unless otherwise stated)

(a) **Sale of Goods**

Revenue from sale of goods is recognised when the control on the goods have been transferred to the customers. The Performance obligation in case of sale of goods is satisfied at a point of time, i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

(b) **Rendering of Services**

Revenue from job work and retreading services are recognised at the completion of the agreed services.

(c) **Interest and Other Income**

Interest income is reported on an accrual basis using the effective interest method and is included under the head “other income” in the Statement of Profit and Loss.

(d) **Lease Income**

Lease income arising from operating leases is accounted for over the lease terms and is included in other operating revenue in the statement of profit or loss.

(e) **Export Incentives**

Income from export incentives are recognised when the right to receive credit as per the terms of the Scheme is established and when there is certainty of realisation.

1.4. Leases

The Company has applied Ind AS 116 using the modified retrospective approach.

i. As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17:

Finance Lease

In the comparative period, leases are classified as Finance Lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lease. All other leases are classified as Operating lease.

Operating Lease

In the comparative period, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Employee benefits include provident fund, employee state insurance scheme and gratuity. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

1.5. Employee Benefits

a) Short-term Employee Benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(All amounts are in ₹ lakhs, unless otherwise stated)

b) Defined Contribution Plans

The Company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

c) Defined Benefit Plans

The Company has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Presently the Company's gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit and loss.

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service and interest cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

1.6. Foreign Currency Transactions

The functional currency of the Company is the Indian Rupee (INR). These financial statements are presented in INR (₹). In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

1.7. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.8. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

1.9. Taxation

a) Income Tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

1.10. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss. An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.11. Capital Work in Progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

1.12. Depreciation

Assets in the course of development or construction and freehold land are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation on tangible assets has been provided under Straight Line Method over the useful life of the assets estimated by the management (determined based on technical estimates), which is in line with the terms prescribed in Schedule II to the Companies Act, 2013. Depreciation for assets purchased/sold during the year is proportionately charged. The management estimates the useful life of the Property, Plant and Equipment as follows:

	Asset Category	Useful Life
a)	Buildings	30 Years
b)	Roads - Non RCC	5 Years
c)	Plant and machinery at Factory	8-15 Years
d)	Plant and machinery at Branches	15 Years
e)	Plant and machinery given for Lease	3-10 Years
f)	Manufacturing tools	7 Years
g)	Furniture and fixtures	10 Years
h)	Computers	3 Years
i)	Vehicles	8 Years
j)	Office equipment	5 Years

(All amounts are in ₹ lakhs, unless otherwise stated)

Note: The useful life of Plant and machinery given under lease is taken as 3 years to 5 years based on the lease agreements. The residual value of the same has been considered as the amount guaranteed by the lessees as per the lease agreements at the end of the lease period. Hence the useful lives and residual values for these assets are different from the useful lives/residual value as prescribed under Part C of Schedule II of the Companies Act 2013. The useful life of vehicles given to employees as per the car policy scheme approved by the Company is taken as 3 years to 5 years based on the tenure of scheme availed by the employee.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

1.13. Intangible Assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development. The Company amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset Category	Useful lives (in years)
Computer software	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised. The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.14. Impairment of non - Financial Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing the value in use; the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

1.15. Inventories

Inventories are valued at the lower of cost and net realisable value item wise. Cost includes indirect costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

(i) Raw materials:

Cost includes cost of purchase net of duties, taxes that are recoverable from the government and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis using weighted average rate.

(ii) Finished goods and work in progress:

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(All amounts are in ₹ lakhs, unless otherwise stated)

1.16. Provisions and Contingent Liabilities

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

1.17. Financial Instruments

A) Financial Assets

a) Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent Measurement

Subsequent measurement of financial assets is described below -

(i) Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

(ii) Debt instrument at fair value through other comprehensive income (FVTOCI)

A debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

(iii) Debt instrument at fair value through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated its investments in debt instruments as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

c) Financial assets – Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1) The rights to receive cash flows from the asset have expired, or

2) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

   a) The Company has transferred substantially all the risks and rewards of the asset, or

   b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(All amounts are in ₹ lakhs, unless otherwise stated)

d) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

1) **Financial assets measured as at amortised cost**: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
2) **Debt instruments measured at FVTPL:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the statement of Profit and Loss.
3) **Debt instruments measured at FVTOCI**: Since financial assets are already reflected at fairvalue, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating ananalysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any Purchased or Originated Credit-Impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B) Financial Liabilities

a) **Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities depends on their classification, as described below:

(All amounts are in ₹ lakhs, unless otherwise stated)

1) **Financial liabilities at fair value through statement of Profit and Loss**

Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2) **Gains or losses on liabilities held for trading are recognised in the statement of Profit & Loss**

Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

3) **Liabilities designated as FVTPL**

Fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through statement of profit and loss.

b) **Financial Liabilities - Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss:

C) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

a) Initial Recognition and Subsequent Measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, futures and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

1) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

2) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

D) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

1.18. Fair Value Measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels

a) Level 1 - Quoted prices (unadjusted) is the active market price for identical assets or liabilities
b) Level 2 - Inputs other than quoted price included within level 1 that are observable for the assets or lability, either directly
c) Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(All amounts are in ₹ lakhs, unless otherwise stated)

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.19. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above.

1.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Company is engaged in the business of manufacture and sale of tread rubber (pre-cured tread rubber, conventional tread), Rubber compounds, cushion/ bonding gum and black vulcanizing cement, which form broadly part of one product group and hence constitute a single business segment.

1.21. Earnings/ (Loss) per Equity Share (EPS)

The Company presents basic and diluted earnings per share (“EPS”) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

1.22. Investments in subsidiaries

The Company’s investment in equity instruments in subsidiary are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

1.23. New standards and interpretations not yet adopted

The Company has applied the following amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of material - amendments to Ind AS 1 and Ind AS 8
- Definition of business - amendments to Ind AS 103
- Covid-19 related concessions- amendments to Ind AS 116

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly effect the current or future periods.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.1. Property, Plant and Equipment and Capital Work in Progress

	Freehold Land	Buildings	Plant and Machinery	Plant and machinery under lease	Furniture and fixtures	Office Equipment	Computers	Vehicles	Manufacturing Tools	Total	Capital work in progress
Gross carrying Amount:											
Balance as at 01 April 2019	**145.63**	**342.06**	**1,172.15**	**238.14**	**21.77**	**4.89**	**28.61**	**138.32**	**204.12**	**2,295.69**	**18.08**
Additions	--	--	13.08	--	0.25	0.02	2.25	--	10.59	26.19	0.91
Disposals	--	--	(14.02)	(19.06)	--	--	--	(33.06)	--	(66.14)	(2.95)
Asset given on lease	--	--	(0.47)	0.47	--	--	--	--	--	--	--
Balance as at 31 March 2020	**145.63**	**342.06**	**1,170.74**	**219.55**	**22.02**	**4.91**	**30.86**	**105.26**	**214.71**	**2,255.74**	**16.04**
Additions	--	--	3.14	--	0.18	0.05	1.80	--	6.99	12.16	9.77
Disposals	--	--	--	(34.25)	--	--	--	(26.00)	--	(60.25)	(1.90)
Balance as at 31 March 2021	**145.63**	**342.06**	**1,173.88**	**185.30**	**22.20**	**4.96**	**32.66**	**79.26**	**221.70**	**2,207.65**	**23.91**
Accumulated Depreciation											
Balance as at 01 April 2019	**--**	**39.23**	**336.55**	**56.16**	**7.23**	**3.64**	**17.90**	**61.02**	**98.61**	**620.34**	**--**
Depreciation charge for the year	--	14.74	146.49	14.95	2.30	0.56	4.85	22.17	36.51	242.57	--
Disposals	--	--	(9.07)	(5.29)	--	--	--	(18.83)	--	(33.19)	--
Asset given on lease	--	--	(0.18)	0.18	--	--	--	--	--	--	--
Balance as at 31 March 2020	**--**	**53.97**	**473.79**	**66.00**	**9.53**	**4.20**	**22.75**	**64.36**	**135.12**	**829.72**	**--**
Depreciation charge for the year	--	14.38	128.62	12.51	2.12	0.11	4.18	15.24	31.81	208.97	--
Disposals	--	--	--	(10.04)	--	--	--	(15.89)	--	(25.93)	--
Balance as at 31 March 2021	**--**	**68.35**	**602.41**	**68.47**	**11.65**	**4.31**	**26.93**	**63.71**	**166.93**	**1,012.76**	**--**
Net Block											
Balance as at 31 March 2020	**145.63**	**288.09**	**696.95**	**153.55**	**12.49**	**0.71**	**8.11**	**40.90**	**79.59**	**1,426.02**	**16.04**
Balance as at 31 March 2021	**145.63**	**273.71**	**571.47**	**116.83**	**10.55**	**0.65**	**5.73**	**15.55**	**54.77**	**1,194.89**	**23.91**

Notes:

a) Contractual Obligations

Refer note 2.30

b) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2021 (31 March 2020: Nil).

c) Property, Plant and Equipment Pledged as Security

Refer note 2.13 and 2.28

d) Useful life and method of depreciation

Refer note 1.12

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.2. Intangible Assets

	Software	Total
Gross carrying amount		
Balance as at 01 April 2019	26.12	26.12
Additions	--	--
Disposals	--	--
Balance as at 31 March 2020	26.12	26.12
Additions	1.34	1.34
Disposals	--	--
Balance as at 31 March 2021	**27.46**	**27.46**
Accumulated Amortisation		
Balance as at 01 April 2019	14.14	14.14
Amortisation for the Year	4.61	4.61
Balance as at 31 March 2020	18.75	18.75
Amortisation for the Year	3.25	3.25
Balance as at 31 March 2021	**22.00**	**22.00**
Balance as at 31 March 2020	**7.37**	**7.37**
Balance as at 31 March 2021	**5.46**	**5.46**

a. Contractual Obligations

Refer note 2.30- There are no contractual commitments for the acquisition of intangible assets

2.3. Investment

	As at 31 March 2021	As at 31 March 2020
Valued at cost, unquoted In subsidiary company (1,441,550 equity shares of ₹ 0.18 each in Shipnext Solutions private limited)	2.59	2.59
	2.59	**2.59**

2.4. Trade Receivables

	As at 31 March 2021	As at 31 March 2020
Non- Current		
Trade Receivables considered good – Unsecured	0.35	0.29
	0.35	**0.29**
Current		
(a) Trade Receivables considered good – Secured	215.87	242.40
(b) Trade Receivables considered good - Unsecured	2,177.08	2,167.23
(c) Trade Receivables considered good - Related party (Refer note 2.29)	164.72	164.60
(d) Trade Receivables which have significant increase in Credit Risk	104.32	62.14
	2,661.99	**2,636.37**
Less: Allowances for expected credit loss	(104.32)	(62.14)
	2,557.67	**2,574.23**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.5. Other Financials Assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
Security Deposits	40.47	48.64
Balances with bank- Deposit account *(Refer note (a))*	11.05	4.38
	51.52	**53.02**
Current		
Security Deposits	4.79	6.27
Interest receivables	--	0.11
Others	9.00	0.76
	13.79	**7.14**

(a) The amount classified under Balances with bank - Deposit account, consists of amount deposited with banks towards margin money for Bank Guarantee, Letter of Credit and Vendor bill discounting facilities.

2.6. Other Assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
(Unsecured, Considered Good)		
Prepaid Expenses	3.32	5.10
Balances with statutory authority	--	25.36
Capital Advance	2.13	3.45
	5.45	**33.91**
Current		
(Unsecured, Considered Good)		
Prepaid Expenses	13.39	16.47
Balances with statutory authority	0.09	0.09
Advance for Expenses	1.92	1.76
	15.40	**18.32**

2.7. Inventories

	As at 31 March 2021	As at 31 March 2020
Raw Materials	171.45	83.93
Work in Progress	152.97	112.64
Finished Goods (Refer Note (a) and (b))	678.19	798.25
Goods in Transit (Finished Goods)	8.01	24.42
Packing Materials	14.76	13.08
Fuel and Oil	2.80	1.96
Tools and Spares	15.00	16.63
Less: Provision for inventory	(0.66)	(0.66)
	1,042.52	**1,050.25**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Notes:

(a) The value of finished goods includes stock in trade worth ₹ 30.13 lakhs as on 31 March 2021 (31 March 2020: ₹ 41.08 lakhs)

(b) Provision for inventory for ₹ 0.66 lakhs (31 March 2020: ₹ 0.66 lakhs) is created on slow moving inventory in finished goods.

(c) Inventory pledged as security- Refer note 2.28

(d) Method of inventory valuation- Refer note 1.15

2.8. Cash and Cash Equivalents

	As at 31 March 2021	As at 31 March 2020
Cash in Hand	2.45	2.75
Balances with Banks - in Current Accounts	41.78	16.35
	44.23	**19.10**

2.9. Bank balances other than 2.8 (above)

	As at 31 March 2021	As at 31 March 2020
Unpaid Dividend accounts	7.90	7.90
Balances with bank- Deposit account (Refer Note (a))	72.02	51.70
	79.92	**59.60**

(a) The amount classified under Balances with bank- Deposit account, consists of amount deposited with banks towards margin money for Bank Guarantee, Letter of Credit and Vendor bill discounting facilities.

2.10. Loans

	As at 31 March 2021	As at 31 March 2020
Current		
(Unsecured, considered good)		
Loans and Advances		
(a) to Related party* (Refer note 2.29)	230.12	146.19
(b) to Others	0.50	3.22
	230.62	**149.41**

* The loan has been given to the Subsidiary Company "Shipnext Solutions Private Limited", to meet its operational requirements and is repayable on demand.₹ 230.12 lakhs is inclusive of interest chargeable @ 10.15% p.a.

2.11. Share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of shares (In Lakhs)	Amount	Number of shares (In Lakhs)	Amount
(a) **Authorised share capital**				
Equity shares of ₹ 10 each	60.00	600.00	60.00	600.00
Preference Share Capital of ₹ 100 each	10.00	1000.00	10.00	1000.00
	70.00	**1600.00**	**70.00**	**1600.00**
(b) **Issued, subscribed and paid-up Equity capital**				
Equity shares of ₹ 10 each, fully paid up	52.32	523.20	52.32	523.20
Shares Forfeited	--	17.98	--	17.98
	52.32	**541.18**	**52.32**	**541.18**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

(c) **Reconciliation of the Number of Shares and Amount Outstanding at the beginning and at the end of the reporting period:**

	As at 31 March 2021		As at 31 March 2020	
	Number of shares (In Lakhs)	Amount	Number of shares (In Lakhs)	Amount
Equity Shares of ₹ 10 each, par value				
Balances as at the beginning of the year	52.32	523.20	52.32	523.20
Add: Issued and Subscribed during the Year	--	--	--	--
Shares Forfeited	--	17.98	--	17.98
Balance at the end of the Year	**52.32**	**541.18**	**52.32**	**541.18**

Details of Shareholders Holding more than 5% Shares:	As at 31 March 2021		As at 31 March 2020	
	Number of shares (In Lakhs)	Percentage	Number of shares (In Lakhs)	Percentage
Equity shares of ₹10 each, par value				
Feroz Meeran	13.51	25.81%	13.51	25.81%
Navas Meeran	13.22	25.26%	13.22	25.26%
Kerala State Industrial Development Corporation Limited	6.15	11.75%	6.15	11.75%

(d) **Terms Rights, Attached to Equity Shares**

The Company has only one class of shares referred to as equity shares with a face value of ₹10 each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

(e) **Issue of Bonus Shares**

There has been no issuance of bonus shares or share buyback during five years immediately preceding 31 March 2021.

(f) **Details of Forfeited shares**

	As at 31 March 2021		As at 31 March 2020	
	Number of shares (In Lakhs)	Amount**	Number of shares (In Lakhs)	Amount**
Equity shares with voting rights*	3.60	17.98	3.60	17.98

*These shares were forfeited on 13 August 2014

2.12. Other Equity

	As at 31 March 2021	As at 31 March 2020
Capital Redemption Reserve	100.00	100.00
Other Equity	744.41	744.41
General Reserves	97.46	97.46
Retained Earnings	(827.03)	(769.61)
Other comprehensive loss	(29.34)	(32.12)
	85.50	**140.14**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Nature and purpose of each reserve:

Capital Redemption Reserve: The Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100/- each amounting to ₹100 Lakhs during the FY 2016-17 and the amount equal to the face value of such number of shares has been transferred to Capital redemption reserve.

Other Equity: The balance in the other equity represents the owners' equity component of the Preference shares reclassified in accordance with Ind AS 32.

General Reserve: General reserve was created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Retained Earnings: Retained earnings are the profits or loss that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Other Comprehensive Income: Remeasurements of net defined benefit plans: Difference between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

2.13. Borrowings

	As at 31 March 2021	As at 31 March 2020
Non-current		
(Secured, from banks)		
Term Loan *(Refer Note (i))*	602.05	194.38
Vehicle Loan *(Refer Note (ii))*	7.70	30.60
(Unsecured)		
Liability Component of Cumulative Redeemable Preference Shares *(Refer note (iii))*	360.48	411.13
	970.23	**636.11**
Amount disclosed under "Other Current Financial Liabilities" *(refer note 2.14)*	(181.60)	(116.21)
	788.63	**519.90**
Current		
(Secured, from banks)		
Cash Credit *(Refer Note (iv))*	1,947.49	2418.55
(Unsecured)		
Liability Component of Cumulative Redeemable Preference Shares *(Refer note (iii))*	400.00	300.00
	2,347.49	**2718.55**

Notes:

(i) Term Loans

a) Term loan from The Federal Bank Ltd is secured by way of first charge on the movable fixed assets and are further guaranteed by the Promoter Directors of the Company. The above loans are further secured by collateral security by deposit of title deeds of the land and building of the Company.

b) These loans are repayable within a period of 60 months with equal monthly instalments ranging from ₹ 1.75 lakhs (31 March 2020: ₹ 1.67 lakhs) to ₹ 14.36 lakhs (31 March 2020: ₹ 5 lakhs) The rate of interest ranges from 8.95% p.a. to 10.15% p.a (31 March 2020: 9.95% p.a)

c) During the year, the Company has availed an additional Working Capital Term Loan for ₹450 Lakhs under the Emergency Credit Line Guarantee Scheme (ECLGS) on account of Covid-19 pandemic. No additional collateral has been furnished for additional funding under GECL. The additional Working Capital Term loan ranks pari passu with the existing credit facilities. The rate of interest is 8.95% p.a

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

(ii) Vehicle Loan

a) The vehicle loans are secured by hypothecation of the vehicle with HDFC Bank Limited.

b) These loans are repayable ranging from a period of 36 months to 60 months with equal monthly instalments ranging from ₹0.10 lakhs (31 March 2020: ₹ 0.10 lakhs) to ₹0.28 lakhs (31 March 2020: ₹ 0.57 lakhs). The rate of interest ranges from 8.92% to 11.50% p.a (31 March 2020: 8.92% to 11.50% p.a)

(iii) Liability Component of Cumulative Redeemable Preference Shares

a) The Company issued 10 lakhs Zero Coupon Cumulative redeemable Preference Shares of ₹100 each to the promoters, which are redeemable after 5 years from the date of allotment subject to achieving net worth of ₹100 lakhs (without considering the said Preference Shares).

b) The Board Meeting held on 22 July 2016 had approved the redemption plan of the Preference Shares. Ten Lakhs Redeemable Preference Shares of ₹100 each shall be redeemed out of the profits of the Company in not more than 10 annual instalments of a minimum of 100,000 Preference Shares of ₹100 each aggregating to ₹100 lakhs per year.

During the financial year 2016-17, the Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100 each valued at ₹100 lakhs. In accordance with Ind AS 32, these Preference Shares are classified as amortised cost liability as the Preference Shares provides for redemption on specific date or at the option of the holder.

c) The Company has not redeemed any Preference Shares during the financial years 2017-18, 2018-19, 2019-20 and 2020-21.

(iv) Cash Credit

a) The Cash Credit from the Federal Bank Ltd is secured by way of first charge on the floating assets and second charge on the fixed assets of the Company and are further guaranteed by the Promoter Directors of the Company. The above loans are further secured by collateral security by deposit of title deeds of the land and building of the Company.

b) The rate of interest for the cash credit facility with Federal Bank Limited ranged between 8.90% p.a to 10.15% p.a (31 March 2020: 10.15% p.a)

2.14. Other Financial Liabilities

	As at 31 March 2021	As at 31 March 2020
Non-current		
Deposit from Employees	--	6.68
	--	**6.68**
Current		
Current maturities of Long Term Borrowings	181.60	116.21
Security Deposit /Retention Money Payable	57.54	111.88
Deposit from Employees	4.72	--
Due to Employees	56.47	62.29
Creditors for Capital Goods	3.27	3.11
Interest accrued but not due on borrowings	3.20	--
Unpaid Dividends	7.90	7.90
	314.70	**301.39**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.15. Provisions

	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for Employee Benefits		
Gratuity *(Refer Note 2.23)*	115.59	108.37
	115.59	**108.37**
Current		
Provision for Employee Benefits		
Gratuity *(Refer Note 2.23)*	29.76	27.18
	29.76	**27.18**

2.16. Deferred Tax Liabilities

	As at 31 March 2021	As at 31 March 2020
Deferred Tax Liability		
On excess of net book value over Income Tax written down value of fixed assets	39.35	58.89
Deferred Tax impact on fair value changes	61.64	73.18
	100.99	132.07
Deferred Tax Liabilities, net	**100.99**	**132.07**

Movement in deferred tax liabilities (Refer note 2.34)

2.17. Other Liabilities

	As at 31 March 2021	As at 31 March 2020
Non-current		
Advance Lease Rent	--	1.13
Others	0.03	0.38
	0.03	**1.51**
Current		
Advance Lease Rent	1.70	6.51
Advances from Customers	5.83	5.70
Statutory dues	53.10	30.53
Others	0.44	15.23
	61.07	**57.97**

2.18. Trade Payables

	As at 31 March 2021	As at 31 March 2020
Dues to Micro Enterprises and Small Enterprises (Refer Note (a) below)	0.47	0.31
Dues to others		
a) Related parties (Refer note 2.29)	(12.38)	9.07
b) Others	928.73	883.04
	916.82	**892.42**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

(a) Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to Section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

	As at 31 March 2021	As at 31 March 2020
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	0.47	0.31
ii) Interest due thereon remaining unpaid	--	--
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	--	--
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	--	--
v) Interest accrued and remaining unpaid	--	--
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	--	--
Total	**0.47**	**0.31**

2.19. Revenue from Operations

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of Products	**6,591.06**	7,624.15
Other Operating Revenue		
Retreading Charges	53.77	97.37
Lease Rent Received	14.74	22.34
Sale of Scrap and Waste	--	1.46
Job work receipts	--	--
	6,659.57	**7,745.32**

The management determines that the segment information reported under Note 2.36 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from Contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported. The Company's performance obligation are satisfied upon shipment and payment is generally due by 30 to 60 days.

2.19.1 Reconciliation of Revenue from sale of goods with the contracted price

	Year ended 31 March 2021	Year ended 31 March 2020
Contracted price	7,079.10	8,012.37
Less : Trade discount, rebates etc.	(488.04)	(388.22)
Net Revenue recognised from Contracts with Customers	**6,591.06**	**7,624.15**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.20. Other Income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income	20.80	14.73
Other Income	28.48	17.93
	49.28	**32.66**

2.21. Cost of Materials Consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Opening Inventory	83.93	63.64
Add: Purchases	4,339.56	5,264.18
Less: Closing Inventory	(171.45)	(83.93)
	4,252.04	**5,243.89**

2.22. Changes in Stock of Finished Goods, Work-in-Progress and Stock-in-Trade

	Year ended 31 March 2021	Year ended 31 March 2020
Opening Stock		
Finished Goods (including goods in transit)	822.67	716.71
Work-in-Progress	112.64	54.94
	935.31	**771.65**
Closing Stock		
Finished Goods (including goods in transit)	686.20	822.67
Work-in-Progress	152.97	112.64
	839.17	**935.31**
	96.14	**(163.66)**

2.23. Employee Benefits Expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, Wages and Bonus	702.47	837.41
Contributions to Provident and other Funds *[refer note (a)]*	56.68	73.56
Gratuity *[refer note (b)]*	22.52	27.94
Staff Welfare Expenses	28.65	43.25
	810.32	**982.16**

Notes:

(a) Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of Profit and Loss in the period in which they are incurred:

2.23 Employee Benefits Expense (Cont'd)

	Year ended 31 March 2021	Year ended 31 March 2020
Employer's contribution to Provident Fund	41.82	53.01
Employer's contribution to ESI	12.88	18.25
Labour welfare and other funds	1.98	2.30

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

(b) In accordance with the payment of gratuity under 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan covering eligible employees. Liability with regard to such gratuity is determined by an independent actuarial valuation using the Projected Unit Credit method and is charged to the Statement of Profit and Loss in the year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

The following table set out the status of the gratuity plan as required under Ind AS 19, Employee Benefits:

Change in defined benefit obligations	Year ended 31 March 2021	Year ended 31 March 2020
Present value of defined benefit obligations at beginning of the year	137.61	109.46
Current service cost	12.95	20.44
Interest cost	9.57	7.50
Benefits settled	(8.46)	(7.50)
Actuarial gain / (loss)	(5.51)	7.71
	146.16	**137.61**
Reconciliation of present value of Obligation and the fair value of assets	31 March 2021	31 March 2020
Present value of the defined benefit obligation at end of the year	146.16	137.61
Less: Fair Value of plan assets	0.81	2.06
Liability recognised in the Balance Sheet	**145.35**	**135.55**

Change in fair value of plan assets	Year ended 31 March 2021	Year ended 31 March 2020
Fair Value of the Plan Assets at the beginning of the period	2.06	0.89
Expected Return on Plan assets	0.31	0.06
Contributions by employer	8.69	8.67
Benefits paid from the fund	(8.46)	(7.50)
Actuarial Gain	(1.79)	(0.06)
Fair Value of the Plan Assets at the end of the period	**0.81**	**2.06**

Components of net Gratuity Cost		Year ended 31 March 2021	Year ended 31 March 2020
Current service cost		12.95	20.44
Interest cost		9.57	7.50
Net gratuity costs charged to profit or loss		**22.52**	**27.94**
Components Actuarial (Gains) / Losses in Other Comprehensive Income			
Return on Plan Assets Less than Discount rate		1.79	0.06
Actuarial gain due to financial assumption changes in defined benefit obligations		(0.54)	(2.74)
Actuarial (gain)/ losses due to experience on defined benefit obligations		(4.97)	10.39
Total actuarial (gain)/ loss included in other comprehensive income		**(3.72)**	**7.71**
Assumptions Used			
Discount Rate		7.06%	6.85%
Salary escalation rate *	First Year	0.00%	0.00%
	Second Year onwards	2.00%	2.00%
Attrition Rate		1.92%	1.92%
Retirement age		58	58

* Estimates of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in employment market.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Sensitivity Analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk

This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non-availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risks

The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Regulatory Risk

Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time).

Investment Risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A quantitative sensitivity analysis for significant assumption is as shown below:

Assumption	Year ended 31 March 2021		Year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	(9.59)	10.94	(8.98)	10.23
Salary growth rate (- / + 1%)	11.37	(10.09)	10.68	(9.49)
Attrition rate (- / + 1%)	3.74	(4.15)	3.76	(4.13)

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

2.24. Finance Costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest Expense	303.17	251.21
Other Borrowing Costs	28.24	72.19
	331.41	**323.40**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.25. Depreciation and Amortisation Expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on Tangible Assets (refer note 2.1)	208.97	242.57
Amortisation on Intangible Assets (refer note 2.2)	3.25	4.61
	212.22	**247.18**

2.26. Other Expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Repairs and Maintenance:		
Building	1.54	2.12
Plant and Machinery	1.70	8.10
Others	14.50	18.58
Rent	54.70	57.71
Insurance	10.90	10.47
Professional Charges	14.37	31.26
Payments to the auditor (refer note 2.26.1)	11.53	11.59
Travelling Expenses	32.02	88.14
Business Promotion Expenses	55.41	69.66
Freight Charges	142.41	137.90
Claim Settlement	6.05	12.22
Tools and Spares Consumed	16.31	12.32
Commission	13.38	32.18
Power and Fuel	301.75	334.46
Rates and Taxes excluding Taxes on Income	46.41	18.87
Job Work Charges	15.34	17.73
Consumables	74.77	55.41
Packing Materials Consumed	135.77	183.11
General Factory Expenses	54.32	75.82
Provision for doubtful debts	42.18	--
Provision for inventory	--	--
Bad Debts	4.21	0.03
Miscellaneous Expenses	26.35	35.38
	1,075.92	**1,213.06**

2.26.1. Payments to the Auditor

	Year ended 31 March 2021	Year ended 31 March 2020
For Statutory audit	11.00	11.00
Reimbursement of expenses	0.53	0.59
	11.53	11.59

2.27. Loss per Share

	Year ended 31 March 2021	Year ended 31 March 2020
Net loss after tax attributable to equity shareholders	(57.41)	(112.47)
Weighted number of ordinary shares for basic EPS in lakhs	52.32	52.32
Nominal value of ordinary share (in ₹ per share)	10.00	10.00
Basic and Diluted earnings for ordinary shares (in ₹ per share)	(1.10)	(2.15)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.28. Assets pledged as Security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at 31 March 2021	As at 31 March 2020
Current		
First Charge		
Financial Assets		
Trade Receivables	2,557.67	2,574.23
Cash and Cash Equivalents	44.23	19.10
Bank Balances other than Cash and Cash Equivalents above	79.92	59.60
Loans	230.62	149.41
Other Financial Assets	13.79	7.14
Inventories	1,042.52	1,050.25
Other Current Assets	15.40	18.32
Total Current Assets Pledged as Securities	**3,984.15**	**3,878.05**
Non-Current		
First Charge		
Property, Plant and Equipment and Capital Work in Progress	1,218.80	1,442.06
Total Non-Current Assets Pledged as Securities	**1,218.80**	**1,442.06**
Total Assets Pledged as Security	**5,202.95**	**5,320.11**

2.29. Related Party Disclosures

(A) Name of the related party and nature of relationship where control exists

Key Management Personnel (KMP)

Name	Designation
Navas M. Meeran	Chairman
M.E. Mohamed	Managing Director
Mathur Seshaiyer Ranganathan	Director
Shereen Navaz	Director
Neelakanta Iyer Kaitharam Subramony Iyer	Director
Naiju Joseph	Director
Rani Joseph	Director
Rajesh Jacob	Nominee Director
Mohammed Sherif Shah	Chief Financial Officer
Baiju T.	Company Secretary

Subsidiary Company

Shipnext Solutions Private Limited

Entities where significant influence is exercised by the director, KMP and/or their relatives having transactions with the Company

1. Eastern Condiments Private Limited
2. Eastern Retreads Private Limited
3. Eastea Chai Private Limited
4. Soya Rubbers Private Limited
5. Sahara Treads

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

(B) Transactions with Related Parties as per the books of account during the period

Nature of Transaction	Subsidiary and entities where significant influence is exercised by the director, KMP and/or their relatives having transactions with the Company		Key Managerial Person (KMP)	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
1. **Sale of Finished Goods**				
Eastern Retreads Private Limited	277.74	310.11	--	--
2. **Interest Income**				
Shipnext solutions Private limited	15.60	8.83	--	--
3. **Sale of Scrap**				
Eastea Chai Private Limited	0.10	--	--	--
4. **Purchase of Goods**				
Eastern Retreads Private Limited	0.44	0.28	--	--
5. **Sharing of Expenses**				
Eastern Condiments Private Limited	8.26	8.15	--	--
Eastern Retreads Private Limited	0.60	0.42	--	--
Eastea Chai Private Limited	0.30	0.30	--	--
Sahara Treads	5.40	5.56	--	--
6. **Freight Charges**				
Shipnext solutions Private limited	1.82	0.93	--	--
7. **Sharing of Expenses -Security Services**				
Soya Rubbers Private Limited	12.75	9.38	--	--
8. **Loans given to subsidiary**				
Shipnext solutions Private limited	241.06	111.46	--	--
9. **Loans Repaid by Subsidiary**				
Shipnext solutions Private limited	171.53	--	--	--
10. **Remuneration**				
Baiju T.	--	--	11.09	11.99
Mohamed Sherif Shah	--	--	16.97	18.27
11. **Reimbursement of Office Expenses**				
Baiju T.	--	--	0.07	0.07
Mohamed Sherif Shah	--	--	0.86	3.72
12. **Sitting Fees**				
Rani Joseph	--	--	0.30	0.30
Neelakanta Iyer	--	--	0.30	0.30
Naiju Joseph	--	--	0.24	0.30
Rajesh Jacob	--	--	--	0.06
13. **Guarantees given - Balance outstanding**				
Shipnext Solutions Private limited	110.00	--	--	--

(All amounts are in ₹ lakhs, unless otherwise stated)

(C) Amount Outstanding as at end of each reporting periods

Amount receivables/ (payables):	As at 31 March 2021	As at 31 March 2020
Amount Receivable		
Eastern Retreads Private Limited	164.72	164.60
Shipnext Solutions Private Limited	230.12	146.19
Amount Payable		
Eastern Condiments Private Limited	9.68	7.47
Eastea Chai Private Limited	--	0.03
Soya Rubbers Private Limited	1.68	1.58
Sahara Treads	1.02	--
Investments in Subsidiary		
Shipnext Solutions Private Limited	2.59	2.59
Key Management Personnel		
Mohammed Sherif Shah	--	--
Baiju T.	--	--

2.30. Contingent Liabilities and Commitments (To The Extent Not Provided For)

	As at 31 March 2021	As at 31 March 2020
a) Claims against the company not acknowledged as debt		
i) Sales Tax matters	--	34.27
ii) Income Tax matters	20.97	20.97
b) Bank Guarantees outstanding (including guarantee given on behalf of Subsidiary Company as on 31 March 2021 ₹110 lakhs (31 March 2020: Nil))	411.86	296.81
c) Commitments		
Estimated amounts of contracts remaining to be executed not provided for (net of Capital advance)	9.88	--

2.31. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company’s short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

A. Credit Risk Analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments and financial guarantee.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company is exposed to credit risk from its operating activities primarily from trade receivables amounting to ₹2,558.02 Lakhs and ₹2,574.52 Lakhs as of 31 March 2021 and 31 March 2020 respectively. The Company has standard operating procedure for obtaining sufficient security like bank guarantees where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The history of trade receivables shows a negligible provision for bad and doubtful debts. The solvency of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties. Where receivables are impaired, the Company actively seeks to recover the amounts in question and enforce the compliance with credit terms.

Movement in the provision for doubtful receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	62.14	62.14
Credit Loss Recognised	42.18	--
Credit Loss Reversed	--	--
Balance at the end	104.32	62.14

B. Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents provide liquidity both in the short-term as well as in the long-term. In addition Company has also availed short term / long term finance from banks as and when required. The Company has been rated by CRISIL Limited (CRISIL) for its banking facilities in line with Basel II norms with a rating of Long term - CRISIL BB - / Stable and short term A4+.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Maturities of financial liabilities

As at 31 March 2021	< 1year	1-5 years	>5years	Total
Borrowings	2,129.09	428.15	--	2,557.24
Preference Share Redemption	400.00	500.00	--	900.00
Other Financial Liabilities	133.10	--	--	133.10
Trade Payables	916.82	--	--	916.82
	3,579.01	**928.15**	**--**	**4,507.16**
As at 31 March 2020	**< 1year**	**1-5 years**	**>5years**	**Total**
Borrowings	2,534.76	108.76	--	2,643.52
Preference Share Redemption	300.00	600.00	--	900.00
Other Financial Liabilities	185.17	6.68	--	191.85
Trade Payables	892.43	--	--	892.43
	3,912.36	**715.44**	**--**	**4,627.80**

C. Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign exchange risk

The Company operates internationally and a significant portion of the business is transacted in USD and consequently the Country is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below.

Particulars		As at 31 March 2021		As at 31 March 2020	
Included In	Currency	Amount in foreign currency	Amount in ₹ Lakhs	Amount in foreign currency	Amount in ₹ Lakhs
Financial assets Trade receivables	USD	0.41	29.81	--	--
Financial liabilities Trade payables	USD	0.85	62.92	0.58	44.53

Conversion rates	Financial Assets	Financial Liabilities
	USD	USD
As at 31 March 2021	72.77	74.19
As at 31 March 2020	--	76.20

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Increase 31 March 2021	Decrease 31 March 2021	Increase 31 March 2020	Decrease 31 March 2020
Sensitivity INR/USD	(0.32)	0.32	(0.44)	0.44

(All amounts are in ₹ lakhs, unless otherwise stated)

D. Interest Rate Risk

The Company is exposed to interest rate risk on short-term (cash credit) and long-term (term loans). All the vehicle loans of the Company are fixed rate borrowings. The borrowings of the Company are principally denominated in Indian Rupees. These exposures are reviewed by appropriate levels of management on a regular basis. There are no foreign currency borrowings made by the Company during the reporting periods. The impact on the companies profit or loss before tax due to change in interest rate is given below:

Interest Sensitivity:	Change in interest rate	Effect on Profit or loss before Tax	
		31 March 2021	31 March 2020
Interest rates – increase by 100 basis points (100 bps)	1.00%	(25.50)	(26.13)
Interest rates – decrease by 100 basis points (100 bps)	1.00%	25.50	26.13

2.32. Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements. For the purpose of calculating gearing ratio, debt is defined as non-current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company.

	As at 31 March 2021	As at 31 March 2020
Short Term Borrowings	2,347.49	2,718.55
Long term borrowings	788.63	519.90
Current maturities of long term borrowings	181.60	116.21
Less: Cash and cash equivalents	(44.23)	(19.10)
Less: Bank balances other than cash and cash equivalents	(79.92)	(59.60)
Net Debt	**3,193.57**	**3,275.96**
Equity share capital	541.18	541.18
Other equity	85.50	140.14
Total capital (equity + net debt)	**3,820.25**	**3,957.28**
Gearing Ratio	**84%**	**83%**

2.33. Disclosure with respect to Operating Leases

The lease expenses for cancellable operating leases during the year ended 31 March 2021: ₹54.70 lakhs (31 March 2020 is ₹57.71 lakhs). The Company's significant leasing arrangements in respect of operating leases for office premises, which includes cancellable leases generally range between 11 months to 60 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 2.26 to the financial statements.

Details of leasing arrangements as Lessor

The Company has entered into operating lease agreements with the customers for permitting the use of plant and machinery. The lease term ranges from 3- 5 years. As per the terms of lease agreements, the agreements are cancellable at the option of both the parties by serving due notice.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Net block value of plant and machinery given on lease (refer note 2.1)	116.83	153.55
Future minimum lease payments		
- not later than one year	6.02	22.00
- later than one year and not later than five years	2.22	8.51

2.34. Income Tax

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax		
Current income tax charge	--	--
Deferred tax (credit) / charge		
Relating to the origination and reversal of temporary differences	(32.02)	2.61
Income tax expense reported in Statement of Profit and Loss	**(32.02)**	**2.61**
Deferred tax related to items recognised in Other comprehensive income (OCI)		
Income tax relating to re-measurement gains on defined benefit plans	0.94	(1.94)

Reconciliation of Deferred Tax (net)

	As at 31 March 2021	As at 31 March 2020
Opening balance	132.07	131.40
Tax credit during the year recognized in statement of profit and loss	(32.02)	2.61
Tax credit during the year recognised in Other Comprehensive Income (OCI)	0.94	(1.94)
Closing balance	**100.99**	**132.07**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting loss before tax and exceptional item	(89.43)	(109.86)
Tax on accounting profit at statutory income tax rate [25.17%]	(22.51)	(27.65)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Nondeductible expenses	--	8.97
Change in tax rates	--	(2.91)
Deferred tax assets not recognized on the loss for the year and other items, as there is no certainty of future taxable profit.	13.08	24.20
Others	(22.59)	--
Tax charge for the year	**(32.02)**	**2.61**
Income tax expense reported in the Statement of Profit and Loss	(32.02)	2.61

(All amounts are in ₹ lakhs, unless otherwise stated)

2.35. Fair Value Measurements

(i) Financial Instruments by Category

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	31 March 2021			31 March 2020		
	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI
Financial Assets:						
Non-current						
i) Investment	2.59	--	--	2.59	--	--
ii) Trade Receivables	0.35	--	--	0.29	--	--
iii) Other Financial Assets	51.52	--	--	53.02	--	--
Current						
i) Trade Receivables	2,557.67	--	--	2,574.23	--	--
ii) Cash and Cash Equivalents	44.23	--	--	19.10	--	--
iii) Bank Balances other than (ii) above	79.92	--	--	59.60	--	--
iv) Loans	230.62	--	--	149.41	--	--
v) Other Financial Assets	13.79	--	--	7.14	--	--
Total financial assets	**2,980.69**	**--**	**--**	**2,865.38**	**--**	**--**
Financial Liabilities:						
Non-current						
i) Borrowings	788.63	--	--	519.90	--	--
ii) Other Financial Liabilities	--	--	--	6.68	--	--
Current						
i) Borrowings	2,347.49	--	--	2,718.55	--	--
ii) Trade Payables	916.82	--	--	892.43	--	--
iii) Other Financial Liabilities	314.70	--	--	301.39	--	--
Total Financial Liabilities	**4,367.64**	**--**	**--**	**4,438.95**	**--**	**--**

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

a) Level 1: Quoted prices (unadjusted) is the active market price for identical assets or liabilities.

b) Level 2: Inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly.

c) Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short- term nature.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2021 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.36. Segment Information

The Company is engaged in the manufacture and sale of products which form part of one product group which represents one operating segment, as the Chief Operating Decision Maker (CODM), reviews business performance at an overall company level. Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

(i) Revenues from external customers for each product or each group of similar products:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sales of products	6,591.06	7,624.15
	6,591.06	**7,624.15**

(ii) Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
India	6,214.56	7,057.25
Outside India	376.50	566.90
	6,591.06	**7,624.15**

There are no customers contributing to 10 percent or more of Company's revenues from product sale.

(iii) Non-current assets (other than financial instruments and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
India	1,229.71	1,483.34
Outside India	--	--
	1,229.71	**1,483.34**

2.37. Impact of COVID-19

The spread of COVID-19 has impacted the normal operations of the Company during the year. The country has witnessed several disruptions in normal operations due to lock downs / various restriction imposed by the Central Government and various State Governments. The operations of the Company were disrupted significantly during the first quarter. Though the lock down and transport movement restrictions were progressively relaxed subsequently, disruptions in operations of entities in road transport and automobile sector continued, which adversely affected Company's sales and collections during the year. These above factors have resulted in reduction in gross profit margin for the year ended 31 March 2021.

The extent to which the COVID - 19 pandemic, including the current "second wave" and probable "third wave", may further impact the operations and Company's results will depend on ongoing as well as future developments which are highly uncertain.

The Company has taken into account the possible impacts of COVID-19 while preparing the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. Based on various estimates and assumptions used in business forecast and fund flow projections, management expects to recover the carrying amount of the assets and will be able to discharge the liabilities.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2020 (cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

2.38. On 12 November 2018, the Company made an equity investment of Rs.2.59 lakhs (55%) in Shipnext Solutions Private Limited, a Company engaged in managing fleet management aggregation in IT Platform and aims to bring the material transportation sector in India into the foray of information technology by bringing transporters and customers on a single technological platform. It is in the process of providing an intelligent platform for interaction between transporters and customers to fix the prices beforehand and proceed with the shipment. By this it can bridge the gap between transporters, customers and all others involved in this industry by bringing them together into a common platform for continuous interaction, which helps the transporters to operate without geographical limits and obtain complete information on the opportunities available that will enable them to plan and optimise their trips. It helps customers to obtain the best possible rates for their shipments with real time tracking of shipments, ensure fast and safe delivery and prompt release of payment to the transporters.

2.39. Disclosure pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

i. Details of investments are given in Note 2.3

ii. Details of loans given are as follows

Name of the Party	Relationship	As at 31 March 2021	As at 31 March 2020
Shipnext Solutions Private Limited	Subsidiary Company	230.12	146.19

iii. Guarantees given on behalf of the Subsidiary company as on 31 March 2021: ₹110 lakhs (31 March 2020: Nil)

2.40. Subsequent events

There were no material subsequent events after the reporting date which requires any adjustments or disclosures relating to reported assets and liabilities at the end of the reporting period.

2.41. Prior year comparatives have been regrouped/reclassified where necessary to confirm with the current period/year classification.

This is the summary of significant accounting policies and other explanatory information as referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
23 June 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Eastern Treads Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Eastern Treads Limited ('the Holding Company') and its subsidiary Shipnext Solutions Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2021, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion

Emphasis of Matter – COVID 19

4. We draw attention to Note 2.37 of the accompanying consolidated financial statements, which describes the uncertainties due to the outbreak of COVID-19 pandemic and the management's evaluation of its impact on the Group's operations and accompanying consolidated financial statements of the Group as at the balance sheet date, the extent of which is significantly dependent on future developments.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses for trade receivables (Refer note 1.17 of the accompanying consolidated financial statements for significant accounting policy and note 2.31 for credit risk disclosures) Trade receivables comprises a significant portion of the current assets of the Group. As at 31 March 2021, the Group has reported trade receivable of ₹2,648.96 lakhs (net of provision towards expected credit loss of ₹ 104.32 lakhs). These significant judgements in applying the expected credit loss (ECL) method arises due to the nature of the customers that the Group deals with, which mainly construed the state-owned road transportation entities and various dealers / traders from the unorganized sector. Further, the payment plan varies from customer to customer, resulting in complexity in estimation of amount to be recorded expected credit loss. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the expected credit loss, we have determined this matter as a key audit matter.	Our audit work included, but was not limited to, the following procedures: • Obtained an understanding of the process adopted by the Group in estimating expected credit loss including the key inputs and assumptions. Since assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred; • Assessed and tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the process, validation of data and related approvals; • For a selected sample, performed procedures to evaluate: - Appropriateness of exposure at default, probability of default and loss given default in the calculation of ECL; - Timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's method of determining the stages; and arithmetic accuracy of ECL calculation; • Tested the methodology applied in the credit loss provision calculation by comparing it to the requirements of Ind AS 109, Financial Instruments, and appropriateness and reasonableness of the assumptions related to credit loss rate including the historical bad-debts applied in their assessment of the receivables allowance; • Evaluated responses to direct confirmation request circulated to customers and ensured the reconciling items have been adequately recorded in the books of account; • Tested the documents received as security against the trade receivables and amount received subsequent to year-end on sample basis; and • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 2.31 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.
Existence of inventory (Refer note 2.7 of the accompanying consolidated financial statements) As at 31 March 2021, the Group held inventory of ₹1,042.52 lakhs as disclosed in Note 2.7 to the consolidated financial statements.	Our audit work in respect of testing the existence of inventory included, but was not restricted to, the following procedures: • Obtained understanding of management process of inventory management including the changes required thereto as a result of COVID-19 related restrictions, and evaluated the design and tested the operating effectiveness of key controls with respect to physical verification of inventory;

Inventory mainly consist of raw materials, work in progress, finished goods, stores and spares and others. As per the Group's inventory verification plan, management performs physical verification of inventory at all locations, under the supervision of finance team, quarterly. Due to COVID-19 outbreak and related restrictions, management was unable to perform the year end physical verification of inventory on 31 March 2021 at the factory. The physical verification was carried out subsequent to year end Considering the above, we have reassessed our audit approach with respect to assessing the existence and condition of physical inventory as at year end and adopted alternate audit procedures as further described in our audit procedures. Considering the significance and size of the Inventory at the year end, reliance on roll-back and other alternate procedures, existence of inventory is considered as a key audit matter for the current year audit.	• Evaluated the design effectiveness of controls over inventory management process / inventory physical verification process and tested key controls for their operating effectiveness; • Observed the physical count procedures carried out by the management subsequent to the year end at the factory and compliance with the stock count instructions by the management's personnel; observing steps taken by management to ascertain the existence of inventory on the date of the count (including identification of non-moving, obsolete / damaged inventory) along with roll-back procedures to confirm valuation of inventory at year end • Obtained management's inventory count records (count sheets) and tested the reconciliation of the differences in inventory quantity between the physical count and the Group's perpetual inventory records and accounting of such variance's basis management approval; • Tested the reconciliation of differences, if any, between management physical count and inventory records including accounting of such variance's basis on management approval; • Tested management's roll-back procedure of the inventory count performed at the factory on sample basis from date of count to 31 March 2021 and as the physical verification of inventory was undertaken by management subsequent to year end, tested completeness, arithmetical accuracy and validity of the data used for the procedures; • Performed independent physical inventory count at the factory on a sample basis subsequent to year end and reconciled the same to the management counts (wherever applicable); and • Performed cut off testing for purchase and sales transactions made near the reporting date to assess whether transactions are recorded in the correct period by testing shipping records, sales / purchase invoices (as applicable), for sample transactions.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made to us after the date of this auditors report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial statements of one subsidiary, whose financial statements reflects total assets of ₹ 373.35 lakhs and net assets of ₹(116.13) lakhs as at 31 March 2021, total revenues of ₹782.84 lakhs and net cash inflows amounting to ₹ 7.08 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary are based solely on the report of the other auditor.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 16, on separate financial statements of the subsidiary, we report that the subsidiary company, covered under the Act paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

Further, we report that Holding Company, covered under the Act has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of the Holding Company.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the subsidiary, we report, to the extent applicable, that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

   b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

   c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

   e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its Subsidiary Company, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its Subsidiary Company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary:

      i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 2.30 to the consolidated financial statements;

      ii. the Holding Company, and its subsidiary did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, during the year ended 31 March 2021; and

      iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 21206229AAAACB6191

Place: Kochi
Date: 23 June 2021

Annexure I to the Independent Auditor's Report of even date to the members of Eastern Treads Limited on the Consolidated financial statements for the year ended 31 March 2021

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Eastern Treads Limited ('the Holding Company') and its subsidiary Shipnext Solutions Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the report of the other auditor on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 373.35 lakhs and net assets of ₹ (116.13) lakhs as at 31 March 2021, total revenues of ₹ 782.84 lakhs and net cash inflows amounting to ₹ 7.08 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm’s Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 21206229AAAACB6191

Place: Kochi
Date: 23 June 2021

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2.1	1196.09	1,427.36
(b) Capital Work in Progress	2.1	23.91	16.04
(c) Goodwill		16.02	16.02
(d) Intangible Assets	2.2	6.45	8.65
(e) Intangible Assets under development	2.2.1	147.08	96.11
(f) Financial Assets			
(i) Trade Receivables	2.3	0.35	0.29
(ii) Other Financial Assets	2.4	51.52	53.02
(g) Deferred Tax Assets (Net)	2.5	0.36	0.34
(h) Other Non-Current Assets	2.6	5.45	33.91
Total Non-current assets (I)		**1,447.23**	**1,651.74**
Current Assets			
(a) Inventories	2.7	1,042.52	1,050.26
(b) Financial Assets			
(i) Trade Receivables	2.3	2,648.96	2,598.32
(ii) Cash and Cash Equivalents	2.8	52.96	20.76
(iii) Bank balances other than Cash and Cash Equivalents	2.9	79.92	59.60
(iv) Loans	2.10	0.65	3.22
(v) Other Financial Assets	2.4	13.79	7.14
(c) Current Tax Assets (Net)		45.16	30.08
(d) Other Current Assets	2.6	127.21	36.35
Total Current Assets (II)		**4,011.17**	**3,805.73**
Total assets (I)+(II)		**5,458.40**	**5,457.47**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.11	541.18	541.18
(b) Other Equity	2.12	35.03	112.12
Equity attributable to owners of the Parent Company		576.21	653.30
(c) Non-Controlling Interest		(52.25)	(33.89)
Total equity (I)		**523.96**	**619.41**
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.13	845.96	519.90
(ii) Other Financial Liabilities	2.14	--	6.68
(b) Provisions	2.15	115.59	108.37
(c) Deferred Tax Liabilities (Net)	2.16	100.99	132.07
(d) Other Non-Current Liabilities	2.17	0.03	1.51
Total Non-current Liabilities (II)		**1,062.57**	**768.53**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.13	2,400.79	2,742.08
(ii) Trade Payables	2.18		
(A) total outstanding dues of micro and small enterprises; and		0.47	0.31
(B) total outstanding dues of creditors other than micro and small enterprises		1,031.71	928.55
(iii) Other Financial Liabilities	2.14	336.09	310.47
(b) Provisions	2.15	29.76	27.18
(c) Other Current Liabilities	2.17	73.05	60.94
Total current Liabilities (III)		**3,871.87**	**4,069.53**
Total equity and liabilities (I)+(II)+(III)		**5,458.40**	**5,457.47**

See accompanying notes forming part of these consolidated financial statements

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Kochi
23 June 2021

For and on behalf of the Board of Directors of Eastern Treads Limited

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

		Note	Year Ended 31 March 2021	Year Ended 31 March 2020
I	**Income**			
	Revenue from Operations	2.19	7,440.59	7,831.81
	Other Income	2.20	33.68	23.85
	Total Income (I)		**7,474.27**	**7,855.66**
II	**Expenses**			
	Cost of Materials Consumed	2.21	4,252.05	5,243.89
	Purchases of Stock-in-Trade		20.23	41.81
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22	96.14	(163.66)
	Employee Benefits Expense	2.23	841.77	999.84
	Finance Costs	2.24	335.64	325.24
	Depreciation and Amortisation Expense	2.25	213.74	249.96
	Other Expenses	2.26	1,844.98	1,308.96
	Total Expenses (II)		**7,604.55**	**8,006.04**
III	Loss before tax (I-II)		**(130.28)**	**(150.38)**
IV	Tax Expense:			
	Deferred tax (credit) / charge	2.34	(32.04)	2.27
	Total tax expense (IV)		**(32.04)**	**2.27**
V	**Loss for the Year (III-IV)**		**(98.24)**	**(152.65)**
	Loss attributable to:			
	Equity owners of the Company		(79.88)	(134.58)
	Non- controlling Interest		(18.36)	(18.07)
VI	**Other Comprehensive income /(Loss)**			
	i) Items that will not be reclassified to Profit or Loss:			
	a) Re-measurement gain / (loss) in defined benefit plans		3.72	(7.71)
	b) Income tax relating to items that will not be reclassified to profit or loss		(0.94)	1.94
	Other comprehensive income / (loss) net of tax (VI)		**2.78**	**(5.77)**
	Other comprehensive income / (loss) attributable to:			
	Equity owners of the Company		2.78	(5.77)
	Non- controlling Interest		--	--
VII	**Total Comprehensive loss for the year (V+VI)**		**(95.46)**	**(158.42)**
	Total comprehensive loss attributable to:			
	Equity owners of the Company		(77.10)	(140.35)
	Non- controlling Interest		(18.36)	(18.07)
VIII	**Loss per equity share (₹ per share)**			
	Basic and Diluted	2.27	(1.53)	(2.57)

See accompanying notes forming part of these consolidated financial statements

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
23 June 2021

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	Year Ended 31 March 2021	Year Ended 31 March 2020
A. Cash flow from Operating Activities		
Loss before Tax	**(130.28)**	**(150.38)**
Adjustments for:		
Depreciation and Amortisation Expense	213.74	249.96
Finance Costs	335.64	325.24
Bad Debts written off	4.21	0.03
Provision for Doubtful Debts	42.18	--
Profit on sale of property, plant and equipment	(10.56)	(2.92)
Provision on employee benefits	13.52	19.28
Interest Income	(5.20)	(5.89)
Operating Profit before Working Capital Changes	**463.25**	**435.32**
Adjustments for Working Capital Changes		
Decrease / (Increase) in inventories	7.73	(189.36)
(Increase) / Decrease in trade receivables	(97.08)	56.53
(Increase) / Decrease other receivables	(80.84)	34.61
Increase / (Decrease) in trade and other payables	46.29	(503.07)
Cash Generated from Operations	**339.35**	**(165.97)**
Net Income Tax Paid	(3.36)	(2.01)
Net cash generated from / (used in) operating activities (A)	**335.99**	**(167.98)**
B. Cash Flow from Investing Activities		
Payments for Purchase of Property, Plant and Equipment (including Capital Advances)	(20.97)	(25.06)
Payments for Purchase of Intangible Assets	(50.97)	(71.16)
Proceeds from sale of Property, Plant and Equipment	44.88	35.86
Movement in Other Bank Balances	(20.32)	(38.06)
Repayment of loan given to others	2.72	--
Interest Received	5.32	14.84
Net Cash used in Investing Activities (B)	**(39.34)**	**(83.58)**
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	648.96	100.00
Repayment of Long Term Borrowings	(189.02)	(115.97)
Short-Term Borrowings (Net of Repayments)	(441.29)	471.68
Interest Paid	(283.10)	(278.78)
Dividend Paid including Dividend Distribution Tax	--	**(0.06)**
Net Cash (used in) / generated from Financing Activities (C)	**(264.45)**	**176.87**
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	**32.20**	**(74.69)**
Cash and Cash Equivalents at the beginning of the year	20.76	95.45
Cash and Cash Equivalents at the end of the Year	**52.96**	**20.76**

Components of cash and cash equivalents	As at 31 March 2021	As at 31 March 2020
Cash in hand	2.45	2.75
Balances with banks - in current accounts	50.51	18.01
Total	**52.96**	**20.76**

Consolidated Statement of Cash flows for the year ended 31 March 2021(cont'd)

(All amounts are in ₹ lakhs, unless otherwise stated)

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

Particulars	As at 31 March 2020	Financing Cash Flows	Non-Cash Changes	As at 31 March 2021
Current Borrowings	2,742.08	(441.29)	100.00	2,400.79
Non-Current Borrowings (including current maturities)	636.11	459.94	(50.66)	1,045.39
	3,378.19	**18.65**	**49.34**	**3,446.18**

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

Particulars	As at 01 April 2019	Financing Cash Flows	Non-Cash Changes	As at 31 March 2020
Current Borrowings	2,170.40	471.68	100.00	2,742.08
Non-Current Borrowings (including current maturities)	697.32	(15.97)	(45.24)	636.11
	2,867.72	**455.71**	**54.76**	**3,378.19**

See accompanying notes forming part of these consolidated Financial Statements.

This is the Consolidated Cash flow statement referred
to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
23 June 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

a) Equity Share Capital

Equity Shares of ₹10 each, fully paid-up	No. of Shares (in Lakhs)	Amount *
Balance as at 01 April 2019	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2020	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2021	52.32	541.18

** Including forfeited shares balance ₹17.98 lakhs*

b) Other Equity

Particulars	Reserves and Surplus						Non controlling interest	Total
	Capital Reserve	Other Equity	General Reserve	Retained Earnings	OCL*	Total		
Balance as at 31 March 2019	**100.00**	**744.41**	**97.46**	**(663.05)**	**(26.35)**	**252.47**	**(15.82)**	**236.65**
Loss for the year	--	--	--	(134.58)	--	(134.58)	(18.07)	(152.65)
Other comprehensive loss, net of tax	--	--	--	--	(5.77)	(5.77)	--	(5.77)
Balance as at 31 March 2020	**100.00**	**744.41**	**97.46**	**(797.63)**	**(32.12)**	**112.12**	**(33.89)**	**78.23**
Loss for the year	--	--	--	(79.87)	--	(79.87)	(18.36)	(98.23)
Other comprehensive income, net of tax	--	--	--	--	2.78	2.78	--	2.78
Balance as at 31 March 2021	**100.00**	**744.41**	**97.46**	**(877.50)**	**(29.34)**	**35.03**	**(52.25)**	**(17.22)**

* Other Comprehensive Loss

<u>See accompanying notes forming part of these consolidated financial statements</u>

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
Din: 00128692

Kochi
23 June 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

General Information:

Eastern Treads Limited (the 'Holding Company'/ 'ETL') was incorporated with its registered office at 3A, 3rd Floor, Eastern Corporate Office, 34/137 E, NH Bypass, Edappally, Kochi, Ernakulam - 682 024, Kerala. The Holding Company's shares are listed in Bombay Stock Exchange. ETL is primarily engaged in the business of manufacturing and dealing of tread rubber, rubber based adhesives, tyre retreading accessories and retreading services. The consolidated financial statements comprise financial statements of the Holding Company and its Subsidiary (together referred to as the “Group”).

1. Summary of Significant Accounting Policies

1.1. A. Basis of Preparation

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act 2013 (the 'Act'), read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These consolidated financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements except as mentioned below. Previous year figures have been re-grouped/reclassified where necessary, to confirm with the current year presentation for the purpose of comparability.

1.1. B. Application of New Accounting Pronouncements

The Group has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect is described below:

(i) Effective 01 April 2019, the Group has adopted Ind AS 116 " Leases ", as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019 using modified retrospective method. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The application of Ind AS 116 did not have material impact on the Financial Statements.

(ii) The Group has adopted Ind AS 12 "Income Taxes" as per Appendix C to Ind AS 12. The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. The application of the amended provision to Ind AS 12 did not have material impact on the Financial Statements.

(iii) The Group has adopted Ind AS 23 " Borrowing Costs" as amended, which requires the entity to calculate and apply the capitalisation rate on general borrowings, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale and that borrowing becomes part of the funds that entity borrows generally. This amendment is also did not have a material impact on the Financial Statements.

for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

1.1.C. Basis of consolidation:

The consolidated financial statements of the Group include:

Subsidiary	Country of incorporation	Percentage of shareholding/ voting power	
		31 March 2021	31 March 2020
Shipnext Solutions Private limited	India	55%	55%

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

b) Exposure, or rights, to variable returns from its involvement with the investee, and

c) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee

b) Rights arising from other contractual arrangements

c) The Group's voting rights and potential voting rights

d) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Non-controlling interest represents the amount of equity not attributable, directly or indirectly, to the Group at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Non-controlling interests in the results and equity of subsidiary are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and Consolidated balance sheet respectively.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a) De-recognises the assets (including goodwill) and liabilities of the subsidiary

b) De-recognises the carrying amount of any non-controlling interests

c) De-recognises the cumulative translation differences recorded in equity

d) Recognises the fair value of the consideration received

e) Recognises the fair value of any investment retained

f) Recognises any surplus or deficit in profit or loss

g) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

1.2. Use of Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

Significant Management Judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Classification of Leases

The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Evaluation of Indicators for Impairment of Assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of Advances / Receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful Lives of Depreciable / Amortisable Assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair Value Measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.3. Revenue Recognition

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflect the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a Performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that Performance obligation.

a) **Sale of Goods**

Revenue from sale of goods is recognised when the control on the goods have been transferred to the customers. The Performance obligation in case of sale of goods is satisfied at a point of time, i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

b) **Rendering of Services**

Revenue from job work, freight and retreading services are recognised at the completion of the agreed services.

c) **Interest and Other Income**

Interest income is reported on an accrual basis using the effective interest method and is included under the head “other income” in the Statement of Profit and Loss.

d) **Lease Income**

Lease income arising from operating leases is accounted for over the lease terms and is included in other operating revenue in the statement of profit or loss.

e) **Export Incentive**

Income from export incentives are recognised when the right to receive credit as per the terms of the Scheme is established and when there is certainty of realisation.

1.4. Leases

The Group has applied Ind AS 116 using the modified retrospective approach.

i. As a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17

Finance Lease

In the comparative period, leases are classified as Finance Lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lease. All other leases are classified as Operating lease.

Operating Lease

In the comparative period, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. As a Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.5. Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, and gratuity. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

a) Short-term Employee Benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

b) Defined Contribution Plan

The Group has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

c) Defined Benefit Plans

The Group has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group. Presently the Group's gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit and loss.

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service and interest cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

1.6. Foreign Currency Transactions

The functional currency of the Group is the Indian Rupee (INR). These financial statements are presented in INR (₹). In the financial statements of the Group, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

1.7. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.8. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

1.9. Taxation

(a) Income Tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b)Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.10. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.11. Capital Work in Progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

1.12. Depreciation

Assets in the course of development or construction and freehold land are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation on tangible assets has been provided under Straight Line Method over the useful life of the assets estimated by the management (determined based on technical estimates), which is in line with the terms prescribed in Schedule II to the Companies Act, 2013. Depreciation for assets purchased/sold during the year is proportionately charged.

The management estimates the useful life of the Property, Plant and Equipment as follows:

	Asset Category	Useful Life		Asset Category	Useful Life
a)	Buildings	30 Years	f)	Manufacturing tools	7 Years
b)	Roads - Non RCC	5 Years	g)	Furniture and fixtures	10 Years
c)	Plant and machinery at Factory	8-15 Years	h)	Computers	3 Years
d)	Plant and machinery at Branches	15 Years	i)	Vehicles	8 Years
e)	Plant and machinery given for Lease	3-10 Years	j)	Office equipment	5 Years

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013. The management has not identified any significant component having different useful lives as the Group's assets are not capable of being accounted separately as components. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

Note:

Note: The useful life of Plant and machinery given under lease is taken as 3 years to 10 years based on the lease agreements. The residual value of the same has been considered as the amount guaranteed by the lessees as per the lease agreements at the end of the lease period. Hence the useful lives and residual values for these assets are different from the useful lives/residual value as prescribed under Part C of Schedule II of the Companies Act 2013. The useful life of vehicles given to employees as per the car policy scheme approved by the Group is taken as 3 years to 10 years based on the tenure of scheme availed by the employee.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

1.13. Goodwill and other intangible assets

The excess of cost to the group of it's investment in subsidiary, on the acquisition date over and above the group's share of equity in the subsidiary, is recognised as 'Goodwill' in the consolidated financial statements. The said goodwill is not amortised, however it is tested for impairment at each balance sheet date and impaired loss, if any, is provided for.

Other intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

The Group amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset Category	Useful lives (in years)
Computer software	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised. The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.14. Impairment of non - Financial Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing the value in use; the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

1.15. Inventories

Inventories are valued at the lower of cost and net realisable value item wise. Cost includes costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

(i) Raw materials:

Cost includes cost of purchase net of duties, taxes that are recoverable from the government and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis using weighted average rate.

(ii) Finished goods and work in progress:

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.16. Provisions and Contingent Liabilities

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. Provisions represent liabilities to the Group for which the amount or timing is uncertain. Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group involved, it is not expected that such contingencies will have a material effect on its financial position or profitability. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

1.17. Financial Instruments

A) Financial Assets

a) Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent Measurement

Subsequent measurement of financial assets are described below -

(i) Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

(ii) Debt instrument at fair value through other comprehensive income (FVTOCI)

A debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

(iii) Debt instrument at fair value through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated its investments in debt instruments as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

c) Financial assets – derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

1) The rights to receive cash flows from the asset have expired, or
2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
   a) the Group has transferred substantially all the risks and rewards of the asset, or
   b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

1) **Financial assets measured as at amortised cost:**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

2) **Debt instruments measured at FVTPL:**

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the statement of Profit and Loss.

3) **Debt instruments measured at FVTOCI:**

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as accumulated impairment amount in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B) Financial Liabilities

a) Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities depends on their classification, as described below:

1) **Financial liabilities at fair value through statement of Profit and Loss**

Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2) **Gains or losses on liabilities held for trading are recognised in the statement of Profit & Loss**

Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

3) **Liabilities designated as FVTPL**

Fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through statement of profit and loss.

b) **Financial Liabilities - Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

C) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

a) Initial Recognition and Subsequent Measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Group enters into forward, futures and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

1) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

2) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

D) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

1.18. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels

a) Level 1- Quoted prices (unadjusted) is the active market price for identical assets or liabilities
b) Level 2 - Inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly
c) Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.19. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

1.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Group is engaged in the business of manufacture and sale of tread rubber (pre-cured tread rubber, conventional tread), Rubber compounds, cushion/ bonding gum and black vulcanizing cement, and other allied activities which form broadly part of one product group and hence constitute a single business segment.

1.21. Earnings/ (Loss) per Equity Share (EPS)

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

1.22. New standards and interpretations not yet adopted

The Group has applied the following amendments for the first time for their annual reporting period commencing 01 April 2020:

- Definition of material - amendments to Ind AS 1 and Ind AS 8
- Definition of business - amendments to Ind AS 103
- Covid-19 related concessions- amendments to Ind AS 116

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly effect the current or future periods.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.1. Property, plant and equipment ('PPE') and Capital work-in progress

	Freehold Land	Buildings	Plant and Machinery	Plant and machinery under lease	Furniture and fixtures	Office Equipment	Computers	Vehicles	Manufacturing Tools	Total	Capital work in progress
Gross carrying Amount:											
Balance as at 01 April 2019	**145.63**	**342.06**	**1,172.15**	**238.14**	**21.77**	**4.88**	**30.75**	**138.32**	**204.12**	**2,297.82**	**18.08**
Additions	--	--	13.08	--	0.25	0.02	2.65	--	10.59	26.59	0.91
Disposals	--	--	(14.02)	(19.06)	--	--	--	(33.06)	--	(66.14)	(2.95)
Asset given on lease	--	--	(0.47)	0.47	--	--	--	--	--	--	--
Balance as at 31 March 2020	**145.63**	**342.06**	**1,170.74**	**219.55**	**22.02**	**4.90**	**33.40**	**105.26**	**214.71**	**2,258.27**	**16.04**
Additions	--	---	3.14	--	0.18	0.05	2.28	--	6.99	12.64	9.77
Disposals	--	--	--	(34.25)	--	--	--	(26.00)	--	(60.25)	(1.90)
Balance as at 31 March 2021	**145.63**	**342.06**	**1,173.88**	**185.30**	**22.20**	**4.95**	**35.68**	**79.26**	**221.70**	**2,210.66**	**23.91**
Accumulated Depreciation											
Balance as at 01 April 2019	**--**	**39.23**	**336.55**	**56.16**	**7.23**	**3.63**	**18.56**	**61.02**	**98.61**	**620.99**	**--**
Depreciation charge for the year	--	14.74	146.49	14.95	2.30	0.56	5.39	22.17	36.51	243.11	--
Disposals	--	--	(9.07)	(5.29)	--	--	--	(18.83)	--	(33.19)	--
Asset given on lease	--	--	(0.18)	0.18	--	--	--	--	--	--	--
Balance as at 31 March 2020	**--**	**53.97**	**473.79**	**66.00**	**9.53**	**4.19**	**23.95**	**64.36**	**135.12**	**830.91**	**--**
Depreciation charge for the year	--	14.38	128.62	12.51	2.12	0.11	4.80	15.24	31.81	209.59	--
Disposals	--	---	--	(10.04)	--	--	--	(15.89)	--	(25.93)	--
Balance as at 31 March 2021	**--**	**68.35**	**602.41**	**68.47**	**11.65**	**4.30**	**28.75**	**63.71**	**166.93**	**1,014.57**	**--**
Net Block											
Balance as at 31 March 2020	**145.63**	**288.09**	**696.95**	**153.55**	**12.49**	**0.71**	**9.45**	**40.90**	**79.59**	**1,427.36**	**16.04**
Balance as at 31 March 2021	**145.63**	**273.71**	**571.47**	**116.83**	**10.55**	**0.65**	**6.93**	**15.55**	**54.77**	**1,196.09**	**23.91**

Notes:-

a) Contractual Obligations

Refer note 2.30 - There are no contractual commitment for acquisition of property, plant and equipment.

b) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2021 (31 March 2020: Nil).

c) Property, Plant and Equipment Pledged as Security

Refer note 2.13 and 2.28

d) Useful life and method of depreciation

Refer note 1.12

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.2. Intangible Assets

	Software	Total
Gross carrying Amount		
Balance as at 01 April 2019	35.75	35.75
Additions	--	--
Disposals	--	--
Balance as at 31 March 2020	35.75	35.75
Additions	1.95	1.95
Disposals	--	--
Balance as at 31 March 2021	**37.70**	**37.70**
Accumulated Amortisation		
Balance as at 01 April 2019	20.24	20.24
Amortisation for the Year	6.86	6.86
Balance as at 31 March 2020	27.10	27.10
Amortisation for the Year	4.15	4.15
Balance as at 31 March 2021	**31.25**	**31.25**
Net Carrying Amount		
Balance as at 31 March 2020	**8.65**	**8.65**
Balance as at 31 March 2021	**6.45**	**6.45**

a. **Contractual obligations**

Refer note 2.30- There are no contractual commitments for the acquisition of intangible assets

2.2.1. Intangible assets under development

Balance as at 01 April 2019	24.95
Additions	71.16
Disposals	--
Balance as at 31 March 2020	96.11
Additions	50.97
Disposals	--
Balance as at 31 March 2021	**147.08**
Net carrying amount	
Balance as at 31 March 2020	**96.11**
Balance as at 31 March 2021	**147.08**

2.3. Trade Receivables

	As at 31 March 2021	As at 31 March 2020
Non- Current		
Trade Receivables considered good – Unsecured	0.35	0.29
	0.35	**0.29**
Current		
(a) Trade Receivables considered good – Secured	215.87	242.40
(b) Trade Receivables considered good - Unsecured	2,268.37	2,188.20
(c) Trade Receivables considered good - Related party (Refer note 2.29)	164.72	167.72
(d) Trade Receivables which have significant increase in Credit Risk	104.32	62.14
	2,753.28	**2,660.46**
Less: Allowances for expected credit loss	(104.32)	(62.14)
	2,648.96	**2,598.32**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.4. Other Financials Assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
Security Deposits	40.47	48.64
Balance with bank- Deposit account (refer note (a) below)	11.05	4.38
	51.52	**53.02**
Current		
Security Deposits	4.79	6.27
Interest receivable	--	0.11
Others	9.00	0.76
	13.79	**7.14**

(a) The amount classified under Balances with bank - Deposit account, consists of amount deposited with banks towards margin money for Bank Guarantee, Letter of Credit and Vendor bill discounting facilities.

2.5. Deffered Tax Asset (Net)

	As at 31 March 2021	As at 31 March 2020
On excess of Income tax written down value of fixed assets over net book value	0.36	0.34
	0.36	0.34

2.6. Other Assets

	As at 31 March 2021	As at 31 March 2020
Non-current - *(Unsecured, Considered Good)*		
Prepaid Expenses	3.32	5.10
Balances with statutory authority	--	25.36
Capital Advance	2.13	3.45
	5.45	**33.91**
Current - *(Unsecured, Considered Good)*		
Prepaid Expenses	13.39	16.46
Balances with statutory authority	0.09	0.84
Advance for Expenses	2.24	1.96
Other Current Assets	111.49	17.09
	127.21	**36.35**

2.7. Inventories

	As at 31 March 2021	As at 31 March 2020
Raw Materials	171.45	83.93
Work in Progress	152.97	112.65
Finished Goods [Refer note (a) and (b)]	678.19	798.25
Goods in Transit (Finished Goods)	8.01	24.42
Packing Materials	14.76	13.08
Fuel & Oil	2.80	1.96
Tools & Spares	15.00	16.63
Less: Provision for inventory	(0.66)	(0.66)
	1,042.52	**1,050.26**

Summary of significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Notes:

(a) The value of finished goods includes stock in trade worth ₹30.13 lakhs as on 31 March 2021 (31 March 2020: ₹ 41.08 lakhs).

(b) Provision for inventory for ₹0.66 lakhs (31 March 2020: ₹ 0.66 lakhs) is created on slow moving inventory in finished goods.

(c) Inventory pledged as security- Refer note no 2.28

(d) Method of inventory valuation-Refer note no 1.15

2.8. Cash and Cash Equivalents

	As at 31 March 2021	As at 31 March 2020
Cash in Hand	2.45	2.75
Balances with Banks - *in Current Accounts*	50.51	18.01
	52.96	**20.76**

2.9. Bank balances other than 2.8 (above)

	As at 31 March 2021	As at 31 March 2020
Unpaid Dividend accounts	7.90	7.90
Balance with bank- Deposit account (Refer note (a) below)	72.02	51.70
	79.92	**59.60**

(a) The amount classified under Balances with bank - Deposit account, consists of amount deposited with banks towards margin money for Bank Guarantee, Letter of Credit and Vendor bill discounting facilities.

2.10. Loans

	As at 31 March 2021	As at 31 March 2020
Current –		
(Unsecured, considered good)		
Loans and Advances	0.65	3.22
	0.65	**3.22**

2.11. Share capital

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares (In Lakhs)	Amount	No. of Shares (In Lakhs)	Amount
(a) **Authorised share capital**				
Equity shares of ₹ 10 each	60.00	600.00	60.00	600.00
Preference Share Capital of ₹ 100 each	10.00	1000.00	10.00	1000.00
	70.00	**1600.00**	**70.00**	**1600.00**
(b) **Issued, subscribed and paid-up Equity capital**				
Equity shares of ₹ 10 each, fully paid up	52.32	523.20	52.32	523.20
Shares Forfeited	--	17.98	--	17.98
	52.32	**541.18**	**52.32**	**541.18**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

(c) **Reconciliation of the Number of Shares and Amount Outstanding at the beginning and at the end of the reporting period:**

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares (In Lakhs)	Amount	No. of Shares (In Lakhs)	Amount
Equity Shares of ₹ 10 each, par value				
Balances as at the beginning of the year	52.32	523.20	52.32	523.20
Add: Issued and Subscribed during the Year	--	--	--	--
Shares Forfeited	--	17.98	--	17.98
Balance at the end of the Year	**52.32**	**541.18**	**52.32**	**541.18**

(d) **Details of Shareholders Holding more than 5% Shares:**

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares (In Lakhs)	Percentage	No. of Shares (In Lakhs)	Percentage
Equity shares of ₹10 each, par value				
Feroz Meeran	13.51	25.81%	13.51	25.81%
Navas Meeran	13.22	25.27%	13.22	25.27%
Kerala State Industrial Development Corporation Ltd	6.15	11.75%	6.15	11.75%

(e) **Terms Rights, Attached to Equity Shares**

The Holding Company has only one class of shares referred to as Equity Shares with a face value of ₹10 each. Each holder of Equity Share is entitled to one vote per share. The Holding Company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/ regularisation of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Holding Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of Equity Shares held by the shareholders.

(f) **Issue of Bonus Shares**

There has been no issuance of bonus shares or share buyback during five years immediately preceding 31 March 2021.

(g) **Details of Forfeited shares**

	As at 31 March 2021		As at 31 March 2020	
	Number of shares (In Lakhs)	Amount originally paid up	Number of shares (In Lakhs)	Amount originally paid up
Equity shares with voting rights*	3.60	17.98	3.60	17.98

*These shares were forfeited on 13 August 2014

2.12. Other Equity

	As at 31 March 2021	As at 31 March 2020
Capital Redemption Reserve	100.00	100.00
Other Equity	744.41	744.41
General Reserves	97.46	97.46
Retained Earnings	(877.50)	(797.63)
Other Comprehensive Loss	(29.34)	(32.12)
	35.03	**112.12**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Nature and purpose of each reserve:

Capital Redemption Reserve:

The Holding Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100/- each amounting to ₹100 Lakhs during the FY 2016-17 and the amount equal to the face value of such number of shares has been transferred to Capital redemption reserve.

Other Equity:

The balance in the other equity represents the owners' equity component of the Preference shares reclassified in accordance with Ind AS 32.

General Reserve:

General reserve was created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Retained earnings:

Retained earnings are the profits/(loss) that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Other Comprehensive Income/(Loss)

Remeasurements of net defined benefit plans: Difference between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

2.13. Borrowings

	As at 31 March 2021	As at 31 March 2020
Non-current		
Secured, from banks		
Term Loan *(Refer Note (i))*	677.21	194.38
Vehicle Loan *(Refer Note (ii))*	7.70	30.60
Unsecured		
Liability Component of Cumulative Redeemable Preference Shares *(Refer note (iii))*	360.48	411.13
	1,045.39	**636.11**
Amount disclosed under "Other Current Financial Liabilities" *(Refer note 2.14)*	(199.43)	(116.21)
	845.96	**519.90**
Current		
Secured, from banks		
Cash Credit *(Refer note (iv))*	1,947.49	2,418.55
Bank overdrafts *(Refer note (vi))*	10.01	--
Bill Discounted *(Refer note (vi))*	20.29	--
Unsecured		
Kerala State Industrial Development Corporation Limited *(Refer note (v))*	23.00	23.00
Loan from Director	--	0.53
Liability component of Cumulative Redeemable Preference Shares *(Refer note (iii))*	400.00	300.00
	2,400.79	**2,742.08**

Notes:

(i) Term Loans

a) Term loan from The Federal Bank Ltd is secured by way of first charge on the movable fixed assets and are further guaranteed by the promoter directors of the Holding Company. The above loans are further secured by collateral security by deposit of title deeds of the land and building of the holding company.

b) These loans are repayable within a period of 60 months with equal monthly instalments ranging from ₹1.75 lakhs (31 March 2020: ₹ 1.67 lakhs) to ₹14.36 lakhs (31 March 2020: ₹ 5 lakhs) The rate of interest ranges from 8.95% p.a. to 10.15% p.a (31 March 2020: 9.95% p.a).

c) During the year, the holding company has availed an additional working capital term loan for Rs. 450 lakhs under the Emergency Credit Line Guarantee Scheme (ECLGS) on account of Covid-19 pandemic. No additional collateral has been furnished for additional funding under GECL. The additional working capital term loan ranks pari passu with the existing credit facilities. The rate of interest is 8.95% p.a

d) The subsidiary company has obtained a corporate term loan which is repayable in 60 months from Federal Bank Limited at an interest rate of 10.80% p.a.. The corporate term loan is having charges on current assets and fixed assets of the company.

(ii) Vehicle Loan

(a) The vehicle loans are secured by hypothecation of the vehicle with HDFC Bank Limited.

(b) These loans are repayable ranging from a period of 36 months to 60 months with equal monthly instalments ranging from ₹0.10 lakhs (31 March 2020: ₹ 0.10 lakhs) to ₹0.28 lakhs (31 March 2020: ₹ 0.57 lakhs). The rate of interest ranges from 8.92 % to 11.50% p.a (31 March 2020: 8.92% to 11.50% p.a).

(iii) Liability Component of Cumulative Redeemable Preference Shares

(a) The Holding Company issued 10 lakhs Zero Coupon Cumulative redeemable preference shares of ₹100 each to the promoters, which are redeemable after 5 years from the date of allotment subject to achieving net worth of ₹100 lakhs (without considering the said preference shares)

(b) The Board Meeting held on 22 July 2016 had approved the redemption plan of the Preference Shares. Ten Lakhs Redeemable Preference Shares of ₹100 each shall be redeemed out of the profits of the Holding Company in not more than 10 annual installments of a minimum of 100,000 Preference Shares of ₹100 each aggregating to ₹100 Lakhs per year.

During the FY 16-17, the Holding Company had redeemed 100,000 nos of Zero coupon cumulative Redeemable Preference Shares of ₹100/- each valued at ₹100 Lakhs. In accordance with Ind AS 32, these preference shares are classified as amortised cost liability as the preference shares provides for redemption on specific date or at the option of the holder.

(c) The Holding Company has not redeemed any Preference Shares during the financial years 2017-18, 2018-19, 2019-20 and 2020-21.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

(iv) Cash Credit

(a) The Cash Credit from the Federal Bank Ltd is secured by way of first charge on the floating assets and second charge on the fixed assets of the Holding Company and are further guaranteed by the Promoter Directors of the Holding Company. The above loans are further secured by collateral security by deposit of title deeds of the land and building of the Holding Company.

(b) The rate of interest for the Cash credit facility with Federal Bank Limited is 8.90% p.a. (31 March 2020: 10.15%).

(v) Loan from Kerala State Industry Development Corporation Limited

The subsidiary company Shipnext Solutions Private Limited has obtained a seed fund assistance which is repayable on demand from Kerala State Industry Development Corporation Limited (KSIDC) at an interest rate of 7.75% p.a.

(vi) Short term credit facilities with Bank

(a) Short term credit facility availed from Federal Bank Limited by the Subsidiary Company consisting of bank overdrafts and bills discounting facility is secured by way of first charge on the floating assets and second charge on the fixed assets of the Subsidiary Company and are further guaranteed by the Directors of Holding Company and Subsidiary Company. The above facilities are further secured by collateral security by deposit of title deeds of the land and building of the Holding Company.

(b) The rate of interest for the cash credit facility with Federal Bank Limited ranged between 8.90% p.a to 10.15% p.a (31 March 2020: 10.15% p.a)

2.14. Other Financial Liabilities

	As at 31 March 2021	As at 31 March 2020
Non-current		
Deposit from Employees	--	6.68
	--	**6.68**
Current		
Current maturities of Long Term Borrowings	199.43	116.21
Security Deposit /Retention Money Payable	57.54	111.89
Deposit from employees	4.72	--
Due to Employees	56.47	69.58
Creditors for Capital Goods	3.27	3.11
Unpaid Dividends	7.90	7.90
Interest accrued but not due on borrowings	3.20	--
Other financial liabilities	3.56	1.78
	336.09	**310.47**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.15. Provisions

	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for Employee Benefits -Gratuity *(Refer note 2.23)*	115.59	108.37
	115.59	**108.37**
Current		
Provision for Employee Benefits -Gratuity *(Refer note 2.23)*	29.76	27.18
	29.76	**27.18**

2.16. Deferred Tax Liabilities

	As at 31 March 2021	As at 31 March 2020
On excess of net book value over Income Tax written down value of property, plant and equipment	39.35	58.89
Deferred Tax impact on fair value changes	61.64	73.18
	100.99	**132.07**
Deferred Tax Liabilities, net	**100.99**	**132.07**

Movement in Deferred tax liabilities (Refer note 2.34)

2.17. Other Liabilities

	As at 31 March 2021	As at 31 March 2020
Non-current		
Advance Lease Rent	--	1.13
Others	0.03	0.38
	0.03	**1.51**
Current		
Advance Lease Rent	1.70	6.51
Advances from Customers	5.83	5.70
Statutory dues payable	60.60	31.68
Others	4.92	17.05
	73.05	**60.94**

2.18. Trade Payables

	As at 31 March 2021	As at 31 March 2020
Dues to Micro Enterprises and Small Enterprises (Refer Note (a) below)	0.47	0.31
Dues to others		
a) Related parties (Refer Note 2.29)	12.92	1.61
b) Others	1,018.79	926.94
	1,032.18	**928.86**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

(a) Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Group pursuant to Section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

Particulars	As at 31 March 2021	As at 31 March 2020
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	0.47	0.31
ii) Interest due thereon remaining unpaid	--	--
iii) Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	--	--
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	--	--
v) Interest accrued and remaining unpaid	--	--
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	--	--
Total	0.47	0.31

2.19. Revenue from Operations

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of Products (Refer note 2.29)	6,591.06	7,624.15
Other Operating Revenue		
Retreading Charges	53.77	97.37
Lease Rent Received	14.74	22.34
Freight Charges	781.02	86.49
Sale of Scrap	--	1.46
	7,440.59	**7,831.81**

The management determines that the segment information reported under note 2.36 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from Contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

The Holding Company's performance obligation are satisfied upon shipment and payment is generally due by 30 to 60 days. The subsidiary's performance obligation is satisfied on rendering the service and payment is generally due by 45 days.

2.19.1 Reconciliation of Revenue from sale of goods with the contracted price

Contracted price	7,079.10	8,012.37
Less : Trade discount, rebates etc.	(488.04)	(388.22)
Net Revenue recognised from Contracts with Customers	**6,591.06**	**7,624.15**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.20. Other Income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income	5.20	5.89
Other income	28.48	17.96
	33.68	**23.85**

2.21. Cost of Materials Consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Opening Inventory	83.93	63.64
Add: Purchases	4,339.57	5,264.18
Less: Closing Inventory	(171.45)	(83.93)
	4,252.05	**5,243.89**

2.22. Changes in Stock of Finished Goods, Work-in-Progress and and Stock-in-Trade

	Year ended 31 March 2021	Year ended 31 March 2020
Opening Stock		
Finished Goods (including goods in transit)	822.67	716.71
Work-in-Progress	112.64	54.94
	935.31	**771.65**
Less: Closing Stock		
Finished Goods (including goods in transit)	686.20	822.67
Work-in-Progress	152.97	112.64
	839.17	**935.31**
	96.14	**(163.66)**

2.23. Employee Benefits Expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, Wages and Bonus	733.84	855.09
Contributions to Provident and other Funds [refer note (a)]	56.68	73.56
Gratuity [refer note (b)]	22.52	27.94
Staff Welfare Expenses	28.73	43.25
	841.77	**999.84**

Notes:

(a) Eligible employees of the Group receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Group make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Group has no further obligation beyond making its contribution. The Group's monthly contributions are charged to Statement of Profit and Loss in the period in which they are incurred:

	Year ended 31 March 2021	Year ended 31 March 2020
Employer's contribution to Provident Fund	41.82	53.01
Employer's contribution to ESI	12.88	18.25
Labour welfare and other funds	1.98	2.30

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

(b) In accordance with the payment of gratuity under 'Payment of Gratuity Act, 1972' of India, the Group provides for gratuity, a defined retirement benefit plan covering eligible employees. Liability with regard to such gratuity is determined by an independent actuarial valuation using the Projected Unit Credit method and is charged to the Statement of Profit and Loss in the year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet. The following table set out the status of the gratuity plan as required under Ind AS 19, Employee Benefits:

Change in defined benefit obligations	Year ended 31 March 2021	Year ended 31 March 2020
Present value of defined benefit obligations at beginning of the year	137.61	109.46
Current service cost	12.95	20.44
Interest cost	9.57	7.50
Benefits settled	(8.46)	(7.50)
Actuarial (gain) / loss	(5.51)	7.71
Present value of defined benefit obligations at the end of the year	**146.16**	**137.61**

Reconciliation of present value of Obligation and the fair value of assets	Year ended 31 March 2021	Year ended 31 March 2020
Present value of the defined benefit obligation at end of the year	146.16	137.61
Less: Fair Value of plan assets	0.81	2.06
Liability recognised in the Balance Sheet	**145.35**	**135.55**

Change in fair value of plan assets	Year ended 31 March 2021	Year ended 31 March 2020
Fair Value of the Plan Assets at the beginning of the period	2.06	0.89
Expected Return on Plan assets	0.16	0.06
Contributions by employer	8.84	8.67
Benefits paid from the fund	(8.46)	(7.50)
Actuarial Gain	(1.79)	(0.06)
Fair Value of the Plan Assets at the end of the period	**0.81**	**2.06**

Components of net Gratuity Cost	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	12.95	20.44
Interest cost	9.57	7.50
Net gratuity costs charged to statement of profit or loss	**22.52**	**27.94**

Components Actuarial (Gains)/ Losses in Other Comprehensive Income	Year ended 31 March 2021	Year ended 31 March 2020
Return on Plan Assets Less than Discount rate	1.79	0.06
Actuarial gain due to financial assumption changes in defined benefit obligations	(0.54)	(2.74)
Actuarial (gain)/losses due to experience on defined benefit obligations	(4.97)	10.39
Total actuarial (gain)/loss included in other comprehensive income	**(3.72)**	**7.71**

Assumptions Used

Discount Rate		7.06%	6.85%
Salary escalation rate *	First Year	0.00%	0.00%
	Second Year onwards	2.00%	2.00%
Attrition Rate		1.92%	1.92%
Retirement age		58	58

* Estimates of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in employment market.

for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Sensitivity Analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk - The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk - This is the risk that the Group is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risks - The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Regulatory Risk - Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time).

Investment Risk - The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumption	Year ended 31 March 2021		Year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	(9.59)	10.94	(8.98)	10.23
Salary growth rate (- / + 1%)	11.37	(10.09)	10.68	(9.49)
Attrition rate (- / + 1%)	3.74	(4.15)	3.76	(4.13)

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

2.24. Finance Costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest Expense	304.97	252.99
Other Borrowing Costs	30.67	72.25
	335.64	**325.24**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.25. Depreciation and Amortisation Expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on Tangible Assets (Refer note 2.1)	209.59	243.11
Amortisation on Intangible Assets (Refer note 2.2)	4.15	6.85
	213.74	**249.96**

2.26. Other Expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Repairs and Maintenance:		
Building	1.54	2.12
Plant and Machinery	1.70	8.10
Others	14.62	18.60
Rent	55.32	63.12
Insurance	10.90	10.47
Professional Charges	17.80	31.26
Payments to the auditor *(Refer note 2.26.1)*	11.98	12.04
Travelling Expenses	34.18	92.68
Business Promotion Expenses	55.49	69.96
Freight Charges	896.83	220.29
Claim Settlement	6.05	12.22
Tools and Spares Consumed	16.31	12.32
Commission	14.58	32.18
Power and Fuel	301.75	334.46
Rates and Taxes	47.29	19.32
Job Work Charges	15.34	17.73
Consumables	74.77	55.41
Packing Materials Consumed	135.77	183.11
General Factory Expenses	54.32	75.82
Provision for doubtful debts	42.18	--
Bad Debts	4.21	0.03
Miscellaneous Expenses	32.05	37.72
	1,844.98	**1,308.96**

2.26.1. Payments to the Auditor

	Year ended 31 March 2021	Year ended 31 March 2020
For Statutory audit	11.45	11.45
Reimbursement of expenses	0.53	0.59
	11.98	12.04

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.27. Loss per Share

	Year ended 31 March 2021	Year ended 31 March 2020
Net loss after tax attributable to equity shareholders	(79.88)	(134.58)
Weighted number of ordinary shares for basic EPS in lakhs	52.32	52.32
Nominal value of ordinary share (in ₹ per share)	10.00	10.00
Basic and Diluted earnings for ordinary shares (in ₹ per share)	(1.53)	(2.57)

2.28. Assets pledged as Security

The carrying amounts of assets pledged as security for current and non-current borrowings of Holding and Subsidiary Company are:

	As at 31 March 2021	As at 31 March 2020
Current		
First Charge		
Financial Assets		
Trade Receivables	2,648.96	2,574.23
Cash and Cash Equivalents	52.96	19.10
Bank Balances other than Cash and Cash Equivalents	79.92	59.60
Loans	0.65	149.41
Other Financial Assets	13.79	7.14
Inventories	1,042.52	1,050.25
Other Current Assets	127.21	18.32
Total Current Assets Pledged as Securities	**3,966.01**	**3,878.05**
Non-Current		
First Charge		
Property, Plant and Equipment and Capital Work in Progress	1,220.00	1,442.05
Total Non-Current Assets Pledged as Securities	**1,220.00**	**1,442.05**
Total Assets Pledged as Security	**5,186.01**	**5,320.10**

* In the current year for availing loan from The Federal Bank, the Subsidiary Company has pledged its current assets and property, plant and equipment. During the previous year assets of Subsidiary Company was not pledged as security.

2.29. Related Party Disclosures

A. Name of the related party and nature of relationship where control exists

In case of Hoding Company - Key Management Personnel (KMP)

Name	Designation	Name	Designation
Navas M. Meeran	Chairman	Mathur Seshaiyer Ranganathan	Director
M.E. Mohamed	Managing Director	Neelakanta Iyer Kaitharam Subramony Iyer	Director
Shereen Navaz	Director	Rajesh Jacob	Nominee Director
Naiju Joseph	Director	Mohammed Sherif Shah	Chief Financial Officer
Rani Joseph	Director	Baiju T.	Company Secretary

In case of Subsidiary - Key Management Personnel (KMP)

Name	Designation	Name	Designation
Mohammed Sherif Shah	Nominee Director	Clive Jose	Chief Executive Officer
Baiju T.	Nominee Director	Jaijin P Austin	Chief Technology Officer
Ajit Thundiyil Joseph	Nominee Director	Athul Mathew Benjamin	Director Technology

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Entities where significant influence is exercised by the director, KMP and/or their relatives having transactions with the Holding Company and Subsidiary Company

1. Eastern Condiments Private Limited	4. Eastea Chai Private Limited
2. Eastern Mattresses Private Limited	5. Soya Rubbers Private Limited
3. Eastern Retreads Private Limited	6. Sahara Treads

B. Transactions with Related Parties as per the books of account during the period

Nature of Transaction	Entities where significant influence is exercised by the director, KMP and/or their relatives having transactions with the Group		Key Managerial Person (KMP)	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
1. **Sale of Finished Goods**				
Eastern Retreads Private Limited	277.74	310.11		--
2. **Sale of Scrap**				
Eastea Chai Private Limited	0.10	--		--
3. **Freight Charges Income**				
Eastern Condiments Private Limited	327.52	24.93		--
Eastern Mattresses Private Limited	--	2.68		--
4. **Purchase of Goods**				
Eastern Retreads Private Limited	0.44	0.28		--
5. **Sharing of Expenses**				
Eastern Condiments Private Limited	8.26	8.41		--
Eastern Retreads Private Limited	0.60	0.42		--
Eastea Chai Private Limited	0.30	0.30		--
Sahara Treads	5.40	5.56		--
6. **Security Services**				
Soya Rubbers Private Limited	12.75	9.38		--
7. **Remuneration**				
Baiju T.	--	--	11.09	11.99
Mohamed Sherif Shah	--	--	16.97	18.27
Clive Jose	--	--	8.43	12.00
Athul Mathew Benjamin	--	--	16.73	25.20
Jaijin P Austin	--	--	26.29	39.60
8. **Reimbursement of Office Expenses**				
Baiju T.	--	--	0.07	0.07
Mohamed Sherif Shah	--	--	0.86	3.72
Clive Jose	--	--	--	2.71
Athul Mathew Benjamin	--	--	--	0.03
Jaijin P Austin	--	--	--	0.22
9. **Sitting Fee**				
Rani Joseph	--	--	0.30	0.30
Neelakanta Iyer	--	--	0.30	0.30
Naiju Joseph	--	--	0.24	0.30
Rajesh Jacob	--	--	--	0.06

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

C. Amount Outstanding as at end of each reporting periods

	As at 31 March 2021	As at 31 March 2020
Amount Receivable		
Eastern Retreads Private Limited	164.72	164.60
Eastern Condiments Private Limited	--	3.12
Amount Payable		
Eastern Condiments Private Limited	10.22	--
Eastea Chai Private Limited	--	0.03
Soya Rubbers Private Limited	1.68	1.58
Sahara Treads	1.02	--
Key Management Personnel		
Baiju T.	--	0.20
Jaijin P Austin	--	0.33

2.30. Contingent Liabilities And Commitments (To The Extent Not Provided For)

	As at 31 March 2021	As at 31 March 2020
a) Claims against the company not acknowledged as debt		
i) Sales Tax matters	--	34.27
ii) Income Tax matters	20.97	20.97
b) Bank Guarantees outstanding	411.86	298.61
c) Commitments		
Estimated amounts of contracts remaining to be executed not provided for (net of capital advance)	9.88	--

2.31. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below:

A. Credit Risk Analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk for receivables, cash and cash equivalents, short term investments and financial guarantee.

Cash and cash equivalents and short term investments

The Group considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Group has also availed borrowings. The Group does not maintain significant deposit balances other than those required for its day to day operations.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Trade receivables

The Group is exposed to credit risk from its operating activities primarily from trade receivables amounting to ₹2,649.31 lakhs and ₹2,598.61 lakhs as of 31 March 2021 and 31 March 2020 respectively. The Group has standard operating procedure for obtaining sufficient security like bank guarantees where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit quality of the Group's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The history of trade receivables shows a negligible provision for bad and doubtful debts. The solvency of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Therefore, the Group does not expect any material risk on account of non-performance by any of the Group's counterparties. Where receivables are impaired, the Group actively seeks to recover the amounts in question and enforce the compliance with credit terms.

Movement in the allowances for expected credit loss

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	62.14	62.14
Credit Loss recognised	42.18	--
Balance at the end	104.32	62.14

B. Liquidity Risk

The Group requires funds both for short-term operational needs as well as for long-term growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents provide liquidity both in the short-term as well as in the long-term. In addition Group has also availed short term / long term finance from banks as and when required.

The Group remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Group's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group.

Maturities of financial liabilities

As at 31 March 2021	**< 1year**	**1-5 years**	**>5years**	**Total**
Borrowings	2,200.22	485.48	--	2,685.70
Preference Share Redemption	400.00	500.00	--	900.00
Other Financial Liabilities	136.66	--	--	136.66
Trade Payables	1,032.18	--	--	1,032.18
	3,769.06	**985.48**	**--**	**4,754.54**
As at 31 March 2020	**< 1year**	**1-5 years**	**>5years**	**Total**
Borrowings	2,558.29	108.76	--	2,667.05
Preference Share Redemption	300.00	600.00	--	900.00
Other Financial Liabilities	194.25	6.68	--	200.93
Trade Payables	928.85	--	--	928.85
	3,981.39	**715.44**	**--**	**4,696.83**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

C. Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

Foreign exchange risk

The Group operates internationally and a significant portion of the business is transacted in USD and consequently the Group is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

Particulars		As at 31 March 2021		As at 31 March 2020	
Included In	Currency	Amount in foreign currency	Amount in ₹ Lakhs	Amount in foreign currency	Amount in ₹ Lakhs
Financial assets Trade receivables	USD	0.41	29.81	--	--
Financial liabilities Trade payables	USD	0.85	62.92	0.58	44.53

Conversion rates	Financial Assets	Financial Liabilities
	USD	USD
As at 31 March 2021	72.77	74.19
As at 31 March 2020	--	76.20

Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Increase 31 March 2021	Decrease 31 March 2021	Increase 31 March 2020	Decrease 31 March 2020
Sensitivity INR/USD	(0.32)	0.32	(0.44)	0.44

D. Interest Rate Risk

The Group is exposed to interest rate risk on short-term (cash credit), (overdraft) and long-term (term loans). The borrowings of the Group are principally denominated in Indian Rupees. These exposures are reviewed by appropriate levels of management on a regular basis. There are no foreign currency borrowings made by the Group during the reporting periods. The Group's investments in fixed deposits all pay fixed interest rates. The impact on the Group's loss before tax due to change in interest rate is given below:

Interest Sensitivity:	Change in interest rate	Effect on Profit or loss before Tax	
		31 March 2021	31 March 2020
Interest rates – increase by 100 basis points (100 bps)	1.00%	(26.25)	(26.13)
Interest rates – decrease by 100 basis points (100 bps)	1.00%	26.25	26.13

2.32. Capital Management

The Group's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Group's overall strategy remains unchanged from previous year. The Group sets the amount of capital required on the basis of annual business and long-term operating plans. The Group's policy is to use short term and long-term borrowings to meet anticipated funding requirements. For the purpose of calculating gearing ratio, debt is defined as non-current and current borrowings excluding derivatives . Equity includes all capital and reserves of the Group attributable to equity holders of the Group.

	As at 31 March 2021	As at 31 March 2020
Short Term Borrowings	2,400.79	2,742.08
Long term borrowings	845.96	519.90
Current maturities of long term borrowings	199.43	116.21
Less: Cash and cash equivalents	(52.96)	(20.76)
Less: Bank balances other than cash and cash equivalents	(79.92)	(59.60)
Net Debt	**3,313.30**	**3,297.83**
Equity share capital	541.18	541.18
Other equity	35.03	112.12
Total capital (equity + net debt)	**3,889.51**	**3,951.13**
Gearing Ratio	85%	83%

2.33. Disclosure with respect to Operating Leases

The lease expenses for cancellable operating leases during the year ended 31 March 2021: ₹55.32 lakhs (31 March 2020 is ₹63.12 lakhs). The Group's significant leasing arrangements in respect of operating leases for office premises, which includes cancellable leases generally range between 11 months to 60 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 2.26 to the financial statements.

Details of leasing arrangements as lessor:

The Group has entered into operating lease agreements with the customers for permitting the use of plant and machinery. The lease term ranges from 3- 5 years. As per the terms of lease agreements, the agreements are cancellable at the option of both the parties by serving due notice.

	Year ended 31 March 2021	Year ended 31 March 2020
Net block value of plant and machinery given on lease (refer note 2.1)	116.83	153.55
Future minimum lease		
- not later than one year	6.02	22.00
- later than one year and not later than five years	2.22	8.51

 (All amounts are in ₹ lakhs, unless otherwise stated)

2.34. Income Tax

	Year ended 31 March 2021	Year ended 31 March 2020
Current income tax		
Current income tax charge	--	--
Deferred tax credit		
Relating to the origination and reversal of temporary differences	(32.04)	2.27
Income tax (income) expense recognised in Statement of Profit and Loss	**(32.04)**	**2.27**
Deferred tax related to items recognised in Other comprehensive income (OCI)		
Income tax relating to re-measurement gains on defined benefit plans	0.94	(1.94)

Reconciliation of Deferred Tax (net)

	As at 31 March 2021	As at 31 March 2020
Opening balance	131.73	131.40
Tax credit during the year recognized in statement of profit and loss	(32.04)	2.27
Tax credit during the year recognised in OCI	0.94	(1.94)
Closing balance	**100.63**	**131.73**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting loss before tax and exceptional item	(130.28)	(150.38)
Tax on accounting profit at statutory income tax rate - 25.17%	(32.79)	(37.85)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	--	8.97
Change in tax rates	--	(3.98)
Deferred tax assets not recognized on the loss for the year and other items	0.75	35.13
Tax charge for the year	**(32.04)**	**2.27**
Income tax expense recognised in the Statement of Profit and Loss	(32.04)	2.27

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.35. Fair Value Measurements

(i) Financial Instruments by Category

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	31 March 2021			31 March 2020		
	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI
Financial Assets:						
Non-current						
i) Trade Receivables	0.35	--	--	0.29	--	--
ii) Other Financial Assets	51.52	--	--	53.02	--	--
Current						
i) Trade Receivables	2,648.96	--	--	2,598.32	--	--
ii) Cash and Cash Equivalents	52.96	--	--	20.76	--	--
iii) Bank Balances other than (ii) above	79.92	--	--	59.60	--	--
iv) Loans	0.65	--	--	3.22	--	--
v) Other Financial Assets	13.79	--	--	7.14	--	--
Total financial assets	**2,848.15**	**--**	**--**	**2,742.35**	**--**	**--**
Financial Liabilities:						
Non-current						
i) Borrowings	845.96	--	--	519.90	--	--
ii) Other Financial Liabilities	--	--	--	6.68	--	--
Current						
i) Borrowings	2,400.79	--	--	2,742.08	--	--
ii) Trade Payables	1,032.18	--	--	928.86	--	--
iii) Other Financial Liabilities	336.09	--	--	310.47	--	--
Total Financial Liabilities	**4,615.02**	**--**	**--**	**4,507.99**	**--**	**--**

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

a). Level 1: Quoted prices (unadjusted) is the active market price for identical assets or liabilities.

b). Level 2: Inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly.

c). Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short- term nature.

(iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted investments is determined using the market value for the investment. The fair value estimates are included in level 1.

- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

- the fair value of other equity instruments have been computed based on income approach using a discounted cash flow model, which discounts the estimated cash flows using the appropriate discount rates.

2.36. Segment Information

The Group is engaged in the manufacture and sale of products which form part of one product group which represents one operating segment, as the Chief Operating Decision Maker (CODM), reviews business performance at an overall Group level. Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

i) Revenues from external customers for each product or each group of similar products:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sales of products	6,591.06	7,624.15
	6,591.06	**7,624.15**

ii) Revenues from external customers attributed to the Group's country of domicile and attributed to all foreign countries from which the Group derives revenues:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
India	6,214.56	7,057.25
Outside India	376.50	566.90
	6,591.06	**7,624.15**

There are no customers contributing to 10 percent or more of Group's revenues from product sale.

iii) Non-current assets (other than financial instruments and deferred tax assets) located in the Group's country of domicile and in all foreign countries in which the Group holds assets:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
India	1,395.00	1,598.10
Outside India	--	--
	1,395.00	**1,598.10**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.37. Impact of COVID-19

The spread of COVID-19 has impacted the normal operations of the Group during the year. The country has witnessed several disruptions in normal operations due to lock downs / various restriction imposed by the Central Government and various state Government. The operations of the Group were disrupted significantly during the first quarter. Though the lock down and transport movement restrictions were progressively relaxed subsequently, disruptions in operations of entities in road transport and automobile sector continued, which adversely affected Group's sales and collections during the year. These above factors have resulted in reduction in gross profit margin of the Group for the year ended 31 March 2021.

The extent to which the COVID-19 pandemic, including the current "second wave" and probable "third wave", may further impact the operations and Group's results will depend on ongoing as well as future developments, which are highly uncertain.

The Group has taken into account the possible impacts of COVID-19 while preparing the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. Based on various estimates and assumptions used in business forecast and fund flow projections, management expects to recover the carrying amount of the assets and will be able to discharge the liabilities.

2.38. Subsequent events

There were no material subsequent events after the reporting date which requires any adjustments or disclosures relating to reported assets and liabilities at the end of the reporting period.

2.39. Additional information, as required under Schedule III of the Companies Act, 2013, of entities consolidated as Subsidiary:

Name of the entity in the Group	Net Assets As on 31 March 2021		Share in Profit or Loss for the year ended 31 March 2021		Share in Other Comprehensive Income for the year ended 31 March 2021		Share in Total Comprehensive Income for the year ended 31 March 2021	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
Parent Eastern Treads Limited*	110%	576.21	81%	(79.88)	100%	2.78	81%	(77.10)
Subsidiary - Indian Shipnext Solutions Private Limited	-10%	(52.25)	19%	(18.36)	0%	--	19%	(18.36)
Total	**100%**	**523.96**	**100%**	**(98.24)**	**100%**	**2.78**	**100%**	**(95.46)**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2021 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Name of the entity in the Group	Net Assets As on 31 March 2020		Share in Profit or Loss for the year ended 31 March 2020		Share in Other Comprehensive Income for the year ended 31 March 2020		Share in Total Comprehensive Income for the year ended 31 March 2020	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
Parent Eastern Treads Limited*	105%	653.30	88%	(134.58)	100%	(5.77)	89%	(140.35)
Subsidiary - Indian Shipnext Solutions Private Limited	-5%	(33.89)	12%	(18.07)	0%	--	11%	(18.07)
Total	**100%**	**619.41**	**100%**	**(152.65)**	**100%**	**(5.77)**	**100%**	**(158.42)**

* After adjusting inter Company transactions and balances and includes Goodwill arising on account of acquisition.

2.40. Disclosure pursuant to Securities (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013:

The details of loans, guarantees and investments under Section 186 of the Companies Act read with the Companies (Meeting of Board and its powers) Rules 2014 are as follows;-

i) Details of investments are - Nil
ii) Details of loans given are - Nil

2.41. Prior period/year comparatives have been regrouped/reclassified where necessary to confirm with the current period/year classification.

This is the summary of significant accounting policies
and other explanatory information as referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
Eastern Treads Limited

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
23 June 2021

BRANCHES & EASTERN INFINITY ZONE

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Near Minerva Circle,
V.V .Puram, Bangalooru – 560004,
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CTS No.7452//B,Sector No.11,
Ward Belgaum-590016,
Karnataka

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Ramnagar,
Coimbatore – 641009,
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Kakkalur, Thiruvallur Chennai ,
Tamilnadu – 602003
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Cuttack -754021

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GMC Hose No-2, Pragati Path Main Road
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Guwahati – 781034 - Assam
Ph: 9127072802

HASSAN
Shop No 22, 176 MIG, KHB Colony
Channapatna Layout,
Near New Bus Stand,
Hassan 573201

HYDERABAD
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Nedumangad,
Trivandrum(DIST)
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Matigara, Siliguri,
Darjeelin – 734010
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Tamilnadu
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Vazhakulam – 686670
Ernakulam
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No-54-8-49
Shop No 1, Plot No 53, 2nd Road, 4th Cross,
Jawahar Autonagar, Vijayawada, Andhrapradesh - 520007,
Ph : 09160574625

Notes ....

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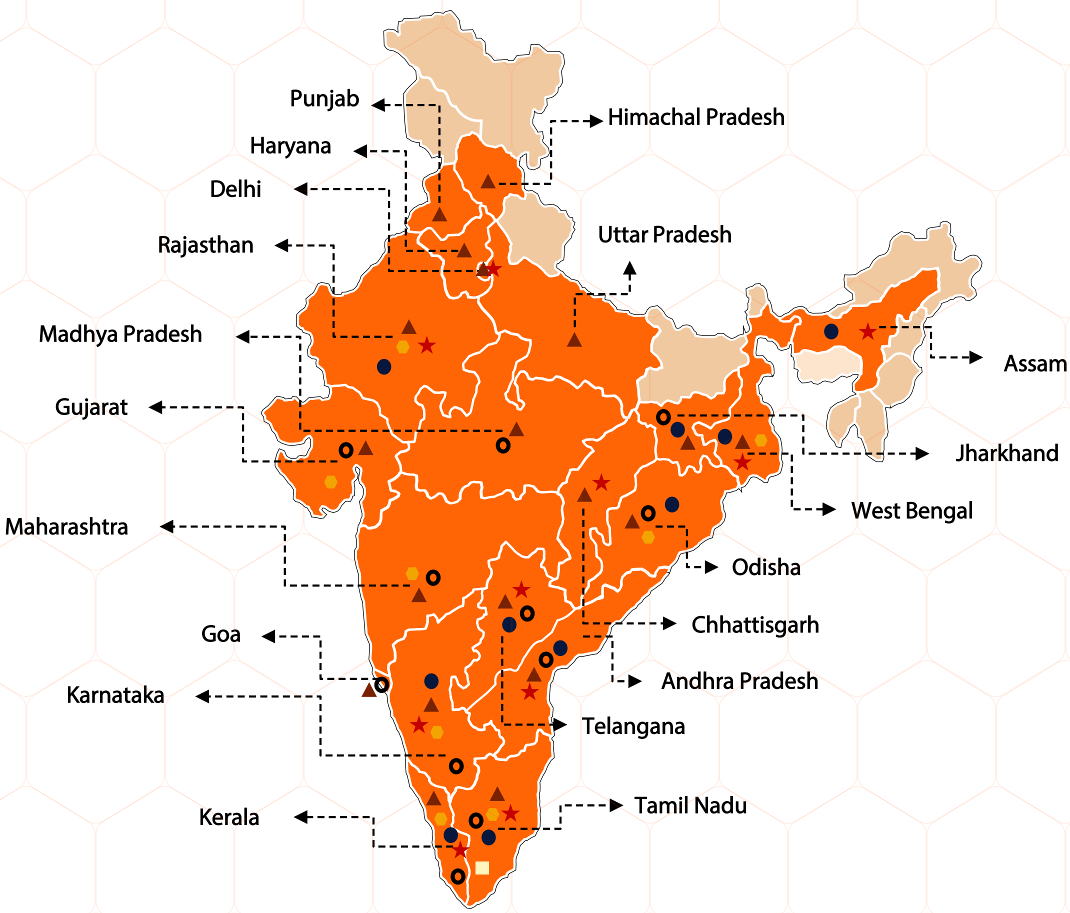

▲	Dealers	92
O	Exclusive Retreaders	44
●	Infinity Zones	41
⬢	RTC relationships	8
■	Company Outlets	1
★	Company Own Depots	20

EASTERN TREADS LIMITED

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CIN NO . L25119kl1993PLCoo7213