EASTERN TREADS
An ISO 9001 - 2015 Certified Company

www.easterntreads.com

Dated, 6th September 2022
REF: ETL/AR/BSE/22-23

Scrip Code : 531346

The Corporate Relationship Department,
BSE Limited,
Floor 25, PJ Towers,
Dalal Street, Mumbai – 400001.

Dear Sir,

Sub: Annual Report 2022.

29th Annual General Meeting (AGM) of the members of the Company is scheduled to be held on Thursday, 29 September 2022 at 4.00 PM through video conferencing ('VC') / other audio visual means ('OAVM').

Pursuant to the Listing Agreement read with Regulation 30(1), 34 and Schedule III of SEBI (LODR) Regulations, 2015, we submit herewith the copy of Annual Report for the Financial Year 2021-22

Kindly take the information on your record.

Thanking you,
Yours faithfully,

For Eastern Treads Limited

BAIJU THANKAYATHIL
Digitally signed by BAIJU THANKAYATHIL
Date: 2022.09.06 17:52:12 +05'30'

CS Baiju T
Company Secretary

Eastern Treads Ltd.
CIN : L25119KL1993PLC007213
Reg. Office: 3 A, 3rd Floor, Eastern Corporate Office, 34/137 E, N H Bye-Pass, Edappally P. O., Kochi, Kerala - 682 024, India.

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

Phone : +91 484 7161100
E-mail : treads@easterntreads.com
Web : www.easterntreads.com

Phone : +91 485 2855 448

ANNUAL REPORT

2021 - 22

RESOLVE. REVOLUTION. RETREAD

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 Navas	Director
Mrs. Rani Joseph	Director
Mr. Sachin Saxena	Chief Executive Officer
Mr. Suresh S.	Chief Financial Officer
CS Baiju T.	Company Secretary

REGISTERED & CORPORATE OFFICE

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

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

"Although the world is full of suffering,
it is also full of the overcoming of it."
... Helen Keller

Dear Shareholders,

In recent years, the economy has experienced unexpected turmoil across the globe due to outbreak of coronavirus and its adverse economic impacts**.** During last year, the economy started recovering from its adversities, but sudden surge in Covid variants and various supply chain issues impacted the performance. In this climate of severe unpredictability, your Company (ETL) was also not immune to these challenges during FY22.

Despite these disruptions, ETL has delivered a better performance in terms of revenue with an improvement by 8.23%, but higher input cost kept the margins and earnings under tremendous pressure. Lifting lockdown restrictions and revival of the economic activities is anticipated to give better performance and your Company is expected to recover from these challenges during FY23.

Your Company relies on its specialised compound formulation to ensure quality in its products. With the start of mining activities, ETL, which has a large footprint in the mining sectors in several regions of the Country, will deliver better performance.

Tyre related industries are witnessing a new business model as fleet management solution provider, where the products are supplied as a service to the end customer.
With an objective to become a one-stop shop to meet our customer requirements as well as to deliver economic returns to the businesses, our Company has also taken various initiatives to place our brand as a cost effective service provider, which is expected to bring in positive impact in our business.

On an overall basis, this industry is looking forward to slower recovery but develop further. The recovery may be slow due to higher inflation, increased crude prices, supply chain disruption and political, economic and pandemic related global tensions.

Your Company is revamping its sales network to manage cash and liquidity issues. Proactive measures implemented focusing on liquidity and profitability has started giving initial results and is expected to give long-term benefits. We are confident that the adoption of new business models with high quality products and services will support the Company to enhance its stakeholder value.

I thank the supply chain and dealer network for showing tremendous resilience through this trying time and I thank our employees, who drive the Company in the most challenging business environment. We have identified areas of operations 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 29th Annual General Meeting of the members of Eastern Treads Limited will be held on Thursday, 29 September 2022 at 4.00 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 31 March 2022, the Consolidated Financial Statements for the said financial year together with the Reports of the Board of Directors and the Auditors.

2. To appoint a Director in place of Mr. Navas M Meeran, having DIN: 00128692, who retires by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, seeks reappointment.

3. To appoint M/s. G Joseph & Associates, Chartered Accountants, Ernakulam (FRN 006310S), as Statutory Auditors of the Company, in place of M/s. Walker Chandiok & Co LLP, Chartered Accountants, Kochi, the retiring Auditors to hold office for a tenure of five years from the conclusion the 29th Annual General Meeting till conclusion of 34th Annual General Meeting, in compliance with the provisions of Section 139 of the Companies Act, 2013 and to authorise the Board of Directors to fix their remuneration.

Special Business

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

   "RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, subject to the provisions of Sections 196, 197, 198 read with Schedule V, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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") and Article 18(a) of the Articles of Association of the Company, the appointment of Mr. M.E Mohamed, having DIN: 00129005, as the Managing Director of the Company for a period of three years with effect from 11th February, 2022, on the terms and conditions including terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof be and is here by approved and ratified.

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

   RESOLVED FURTHER THAT the 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
02 September 2022

CS Baiju T.
Company Secretary

Notes

1. In view of the situation arising due to COVID-19 global pandemic and social distancing norms to be followed and pursuant to General Circular No: 02/2022 dated 05 May 2022 and all other relevant circulars issued from time to time by the Ministry of Corporate Affairs (MCA) (collectively referred to as 'MCA Circulars'), Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and other relevant circulars issued by the Securitas and Exchange Board of India (SEBI) from time to time ('collectively referred to as SEBI Circulars') the AGM of the Company is being held in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The registered office of the Company shall be deemed the venue for the AGM.

2. The facility to attend the AGM through VC/OAVM will be provided through Central Depository Services (India) Limited (CDSL). The detailed instructions pertaining to remote e-voting, joining the AGM through VC/OAVM and Voting at the AGM are given separately hereunder.

3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and shall not be closed till expiry of 30 minutes after 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 to at least 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.

4. 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.

5. Since this AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with and pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Hence, Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

6. As per the relaxation provided by the aforementioned MCA and SEBI circulars the Company will not be sending physical copies of AGM Notice and Annual Report to the shareholders. Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Notice and Audited Financial Statements for 2021-22 along with Directors' Report and Auditors' Report is also be available on the website of the Company at https://www.easterntreads.com under 'Investor Zone' section. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. https://www.evotingindia.com

7. The required material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the item under Special Business is annexed herewith and forming part of this Notice

8. The relevant details, pursuant to Regulations 26(4) and 36(3) of the 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 appointment/re-appointment/change in terms of appointment at this AGM are annexed to this notice.

9. The Company has fixed Thursday, 22 September 2022 as the ‘Cut-off Date’ for the purpose of AGM and reckoning the entitlement of the shareholders to cast their voting through remote e-voting/ e-voting during the AGM. The remote e-voting /voting rights of the Members shall be reckoned on the Equity Shares held by them as on the Cut-off Date only. Any person who is not a member on the cut-off date should treat this notice for information purposes only.

10. 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.

11. The Company has also sent individual communication dated 10 May 2022 to the concerned shareholders whose dividend remains unpaid or unclaimed for period of Seven (7) consecutive years since 2015, at their registered address and shares are liable to be transferred to IEPF account under the aforesaid Rules, for taking appropriate action(s) by the shareholder concerned.

12. In terms of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, 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) and if the dividends have been unpaid or unclaimed for seven consecutive years or more, the underlying shares shall be transferred to the IEPF Demat Account maintained with depositories. Upon transfer of such shares to IEPF account, all benefits if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. After such transfer, the Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The Members who have not claimed their dividend including interim dividend if any, are requested to claim their dividends from the Company, within the stipulated timeline. The Complete details of unpaid or unclaimed dividends and shares due for transfer are available on the website of the Company, www.easterntreads.com.

13. The Company has sent individual communication dated 10 May 2022 to the concerned shareholders whose dividend amount for FY 2014-15 as well as subsequent dividend warrants issued up to FY 2016-17 remains unpaid or unclaimed indicating a timeline to claim the outstanding dividend amounts. The Company had also released an advertisement dated 22 May 2022 in National Daily viz., “Business Line”, and Regional language daily viz., “Deepika” for transferring unpaid/ unclaimed dividend and unclaimed shares of the Company to Investor Education and Protection Fund (IEPF) Account as per Section 124(6) of the Companies Act, 2013. The Members are requested to respond the communications received from Integrated Registry Management Services Private Limited (RTA) in this regard as soon as possible or contact them for their assistance.

14. All documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days between 10.00 AM and 5.00 PM up to the date of the Annual General Meeting.

15. 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.

16. SEBI vide its Circular No. SEBI/ HO/ MIRSD/ MIRSD_RTAMB/ P/ CIR/ 2021/ 655 dated November 03, 2021 and with subsequent clarifications had mandated investors holding securities in physical mode of listed companies to furnish following documents / details to the RTA

    a) PAN and KYC details,

b) Nomination (Either, Nomination through Form SH-13 as provided in the Rules 19 (1) of Companies (Shares capital and debenture) Rules, 2014 or 'Declaration to Opt-out', as per Form ISR-3, in case change in nominee through Form SH-14),
c) Contact details Postal address with PIN, Mobile number, E-mail address
d) Bank account details (bank name and branch, bank account number, IFS code)
e) Specimen signature.

Shareholders may kindly note that the folios wherein any one of the cited document / details are not available on or after April 01, 2023, shall be frozen by the RTA. The securities in the frozen folios shall be

a) eligible to lodge grievance or avail service request from the RTA only after furnishing the complete documents / details as aforesaid
b) eligible for any payment including dividend, interest or redemption payment only through electronic mode and an intimation from the RTA to the holder that the aforesaid such payment is due and will be made electronically upon complying with the requirements mentioned above.
c) referred by the RTA / listed company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

The RTA will be reverting the frozen folios to normal status only upon

a) receipt of all the aforesaid documents / details mentioned above or
b) dematerialization of all the securities in such folios.

The Company has sent an intimation in this regard to all physical shareholders on 31 January 2022. Request the Shareholders to furnish PAN, KYC details, Nomination, Contact details, Bank account details and specimen signature if the same is not updated in specified form.

17. Members holding shares in physical form are requested to address all their correspondence pertaining to change in their name, postal address, email address, telephone / mobile numbers, Permanent Account Number, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc. to the Registrar and Transfer Agents viz. 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 the same.

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, request the members to provide their email address, mobile numbers and other KYC Details to the Registrar and Transfer Agent or update the same with their depositories to enable the Company to send the documents in electronic form.

19. Transfer of securities of listed companies in physical mode has been discontinued with effect from, April 01, 2019, except in case of request received for transmission of securities. Hence the shares of the Company are traded compulsorily in demat mode. To eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

20. 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. Members holding shares in physical form are requested to consider converting their holdings to dematerialized 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.

21. Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 5 days in advance, so as to enable the Company to keep the information ready.

22. 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 Regulations, and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020 and 05 May 2022 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM.

    Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes (the "Remote e-voting") by a member using remote e-Voting system as well as e-voting system on the date of AGM will be provided by CDSL to the members of the Company holding share in physical or dematerialized form, as on the cut-off date, being Thursday, 22 September 2022, to exercise their right to vote by electronic means on any or all of the business specified in the accompanying Notice.

23. **THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

    Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

    Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

    (1) The voting period begins on 26 September 2022 at 9.00 AM and ends on 28 September 2022 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22 September 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

    (2) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

    (3) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

    Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

    In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders**, **by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(4) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/CIR/P/2020/242** 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.

Pursuant to above said SEBI Circular**,** Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	**Login Method**
Individual Shareholders holding securities in Demat mode with **CDSL Depository**	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing 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 visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 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 e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin 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 able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting 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 name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

	2) If the user is 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 name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you 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 name and you will be redirected to e-Voting service provider website 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. CDSL and NSDL

Login type	**Helpdesk details**
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 toll free no. 1800 22 55 33
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

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(5) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.
2) Click on "Shareholders" module.
3) Now enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by RTA or contact RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(6) After entering these details appropriately, click on “SUBMIT” tab.

(7) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(8) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(9) Click on the EVSN **220903014** Relevant for Eastern Treads Limited on which you choose to vote.

(10) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(11) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(12) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(13) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(14) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(15) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(16) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(17) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investors@easterntreads.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.

2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. 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.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investors@easterntreads.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investors@easterntreads.com. These queries will be replied to by the Company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are 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 available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like 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 Aadhaar Card) by email to **Company,** investors@easterntreads.com or to **RTA email id,** yuvraj@integratedindia.in.

2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**

3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP), which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

24. The Board of Directors has appointed CS. Satheesh Kumar N., Company Secretary (Membership No. 16543), Partner M/s. Satheesh & Remesh, Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

25. 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.

26. 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 CDSL www.evotingindia.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.

STATEMENT OF MATERIAL FACTS PURSUNAT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.04 – Reappointment of Managing Director

Mr. M.E Mohamed (DIN: 00129005) was appointed as the Managing Director of the Company with effect from 09 February, 2017 for a period of 5 years. He vacated his office on 08 February 2022 and continued as a director of the Company. 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 11th February, 2022 decided to recommend his reappointment as Managing Director for a period of 3 years, and to pay remuneration as given hereunder, subject to approval of the Shareholders.

Pursuant to Section 197 read with Schedule V, of the Companies Act, 2013 in case of absence or inadequacy of profits, the remuneration to be paid in excess of the limits specified in Schedule V has to be approved by the Members by way of a Special Resolution. Accordingly, 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 the proposed remuneration as minimum remuneration subject Schedule V to the Act. Further as he is aged seventy nine years (D.O.B 21st September 1942), pursuant to Section 196 read with Part 1 of Schedule V of the Companies Act, 2013 he may be reappointed with the permission of Shareholders by passing special resolution.

Pursuant to Section 190 of the Companies Act, 2013 a copy of the draft agreement proposed to be executed by the Company with the Managing Director (on approval by Members of this Resolution) is 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. This Explanatory Statement may also be treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Company has received an undertaking from Mr. M.E Mohamed that he is not debarred from holding the office of Director pursuant to order of SEBI or any other authority and Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has not committed any default in payment of dues to any bank or public financial institution or any other secured creditor.

Brief Resume including Experience in specific functional area:-

Mr. M.E Mohamed is one of the promoter of the Company. He is a Civil Engineer by qualification. He joined the Company after pursuing a long career in Kerala State Housing Board as Executive Engineer. He joined the Board of Directors of the Company as Additional Director in the year 1997. He was appointed as Managing Director from 2005 and was reappointed during 2008, 2011 and 2017. He is the Member of Audit Committee, Share Transfer Committee and Risk Management Committee of the Company. He does not hold any Directorship and Membership/ Chairmanship in Committees of other listed companies. He has not resigned from any listed entity during the past three years. He is holding 23500 (0.45%) Equity Shares of the Company. He has attended six Board Meetings during FY2021-22. He does not have inter-se relationship with any other Director and Key Managerial Personnel (KMPs) of the Company.

Statement pursuant to the provisions of Section II of Part II of Schedule V of the Companies Act, 2013

a) Nature of industry :

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

b) Date of commencement of commercial production :

The Company was incorporated on 02 July 1993

c) Financial performance based on given indicators :

The financial performance of the Company in the last 3 years is as follows:

(₹in lakhs)

Particulars	Year ended		
	31/03/22	31/03/21	31/03/20
Revenue from Operations	7,227	6,660	7,745
Other Income	34	49	33
Total Revenue	7,261	6,709	7,778
Expenditure	7,747	6,255	7,317
EBIDTA	(486)	454	461
Depreciation/Amortisation/ Impairment	183	212	247
Finance Costs	320	331	324
Profit (Loss) before Tax	(989)	(89)	(110)
Tax Expense	(21)	(32)	2
Profit (Loss) for the year	(968)	(57)	(112)

d) Foreign investments or collaborations, if any : NIL

e) Background details

For background details refer ‘Brief Resume’ including Experience in specific functional area as given above.

f) Recognition or awards

He was the President of Kerala Bottled Water Manufactures Association for the last 20 years and currently occupying the position of advisor to its Managing Committee. He has also occupied the position of Chairman of Kochi Bypass Beautification Society.

g) Job profile and his suitability

As Managing Director, he oversees the entire operations of the Company. 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.

h) Past Remuneration

Even though the terms of his earlier appointment includes the payment of remuneration, he has waived his right to remuneration, hence, no remuneration has been paid to him till 31 March 2021. Subsequently, as recommended by the Board the shareholders at its meeting held on 10 August 2021 approved revision in his remuneration and other terms and conditions of his appointment with effect from 01 April 2021 and accordingly an amount of ₹13.80 Lakhs has been paid as the remuneration to Mr. M.E Mohamed during FY 2021-22.

i) Remuneration proposed - 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.

j) Comparative remuneration profile with respect to industry, size of the company, profile of the position

His past remuneration structure as approved by the shareholders in the previous AGM is being proposed for the current term. Further, due to absence or inadequacy of profits, comparative remuneration profile would not be a determining factor for the remuneration. Considering his experience, seniority, expertise in this industry and his responsibilities the remuneration proposed are considered to be fair, just, appropriate and reasonable and are recommended for your approval.

k) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any;

Mr. M.E Mohamed has extended personal guarantee towards the loan taken by the Company from Federal Bank Limited. Besides his remuneration as the Managing Director, he does not have other pecuniary relationship with the Company. None of the other Directors or managerial personnel are pecuniary or otherwise related to Mr. M.E Mohamed.

l) Reasons of loss or inadequate profits, Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms

Tough economic environment due to the pandemic, rising raw material and other costs, hike in petroleum prices and supply chain issues affected significantly on the performance of this tyre retreading industry. However, on an overall basis, the Company is looking forward to recover and develop further. Company is reorienting and revamping its operations and implemented proactive measures to recover its growth and profitability. Company has taken aggressive marketing activities to boost competitiveness of the Company. Reasons for loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits were discussed detail in Directors report. Members are requested to refer the financial performance and the management discussion and analysis report provided in the Directors report.

The Board recommends the reappointment of Mr. M.E Mohamed as Managing Director of the Company for a period of three years with effect from 11th February, 2022 and payment of remuneration and other terms and conditions of his appointment as set out in the resolution being item No.3 of the accompanying Notice and this explanatory statement for the approval of Members.

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.

DETAILS IN TERMS OF REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND & SECRETARIAL STANDARD-2 ON GENERAL MEETINGS.

Item No. 2 – Information on Director seeking re-appointment, Mr. Navas M. Meeran who retires by rotation

Mr. Navas M. Meeran (DIN : 00128692), aged 52 years (D.O.B 23-07-1969) holds a Post Graduate degree in Business Management. Mr. Navas Meeran is one of the promoter and current Chairman of Eastern Treads Limited. He also hold the position of C.E.O of the Eastern Condiments Private Limited. He hails from a respectable business family in Adimali renowned for manufacturing and exporting of spices and curry powder. After graduating in Commerce, Mr. Navas Meeran joined the family business and has over 30 years of experience and having immense practical experience in tyre retreading industry. His distinct entrepreneurial talent coupled with his hard work and persistence has contributed substantially to the growth of the group to its present stature. Through his leadership, Eastern has gained global presence, and its growth in the international market continues to soar. He is the past Chairman of Confederation of Indian Industry (CII), Southern Region and Member-CII National Council.

He joined the Board of Directors of the Company in the year 1993. He is the Chairman of Share Transfer Committee of the Company. He does not hold any Directorship and Membership/ Chairmanship in Committees of other listed companies. He has not resigned from any listed entity during the past three years.

He is holding 1322250 (25.27%) Equity Shares and 720000 (80%) Zero coupon Redeemable Preference shares of the Company. He has attended five Board Meetings during FY2021-22.

He does not have inter-se relationship with any other Director and Key Managerial Personnel (KMPs) of the Company, except Mrs. Shereen Navas his wife. He shall be entitled for the sitting fees for attending the Board/ Committee Meetings as per the applicable provisions of Companies Act, 2013 including rules related thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, in accordance with the criteria for payment to Non-Executive Directors as approved by the Board.

None of the Directors or KMPs of the Company or their relatives except Mr. Navas Meeran and Mrs. Shereen Navas is concerned or interested (financial or otherwise) in the resolution.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services and the Board recommends his reappointment.

Item No. 3 – Appointment of Statutory Auditor

In accordance with Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No. 001076N), Statutory Auditors of the Company shall retire at the conclusion of the 29th Annual General Meeting of the Company. The Board of Directors of the Company at their meeting held on 02 September 2022, on the recommendation of the Audit Committee, have recommended the appointment of M/s. G Joseph & Associates, Chartered Accountants, Ernakulam (FRN 006310S),, (hereinafter noted as "GJA") as the Statutory Auditors of the Company, from the conclusion of the 29th Annual General Meeting till conclusion of 34th Annual General Meeting, for a tenure of five years in compliance with the provisions of Section 139 of the Companies Act, 2013 at an annual remuneration of ₹5.50 Lakhs for Financial Year 2022-23 including the fee for Quarterly Audit/Limited Review Report as required under SEBI (LODR) Regulations 2015, which shall be mandatorily required from Statutory Auditors of the Company, besides reimbursement of travelling and out of pocket expenses incurred.

The remuneration for the subsequent year(s) of their term shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors. There is no material change in the remuneration paid to M/s. Walker Chandiok & Co. LLP, the retiring Statutory Auditors, for the statutory audit conducted for Financial Year 2021-22 and the remuneration proposed to be paid to M/s. G Joseph & Associates for FY 2022-23.

After evaluating all proposals and considering various factors such as firm experience, audit fees, relationship with management etc., M/s. G Joseph & Associates has been recommended to be appointed as the Statutory Auditors of the Company.

GJA is an audit and consultancy firm constituted in 1993, providing professional services ranging from statutory / internal audits of corporate client to advisory services including tax, information technology, corporate finance and transaction support and strategic consultancy. GJA is having seven partners with cumulative experience of over 100 years.

Pursuant to Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company has received written consent from M/s. G Joseph & Associates and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. G Joseph & Associates, has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the accompanying Notice of the 29th AGM. Accordingly, the Board of Directors recommends aforesaid appointment to the Members for their approval by way of an Ordinary Resolution as set out at Item No. 3 of the accompanying Notice of the 29th AGM.

Item No. 4 – Appointment of Managing Director

For details of Mr. M.E Mohamed, please refer item no. 4 of the statement of material facts pursuant to Section 102 of The Companies Act, 2013 as provided in this notice.

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the 29th Annual Report on the business operations of the Company and the audited Ind AS financial statements for the financial year ended 31st March, 2022 along with comparatives.

Financial Summary and Highlights

The following table shows the operational results of the Company for the year 2021-22 as compared to that of the previous year.

(₹in lakhs)

	Year ended	
	31/03/22	31/03/21
Revenue from Operations	7,227	6,660
Other Income	34	49
Total Revenue	7,261	6,709
Expenditure	7,747	6,255
(Loss) / Profit before Interest, Depreciation and Tax	(486)	454
Depreciation/Amortisation/ Impairment	183	212
Profit before Finance Costs and Tax	(669)	242
Finance Costs	320	331
Profit (Loss) before Tax	(989)	(89)
Tax Expense	(21)	(32)
Profit (Loss) for the year	(968)	(57)
Other comprehensive income/ (loss)	388	2
Total comprehensive loss for the year	(580)	(55)

Performance

During this financial year, the Company managed its revenue growth in spite of uncertainty at the beginning due to second wave of Covid 19. The revenue reached 93% of the pre-Covid performance, which is also 8.23% over last year. However, the margin was impacted due to increase of Raw Material (RM) prices and various global supply chain issues.

During the year, key raw material prices reported steep increase of more than 30%. This could not be fully passed on to the market due to its bearish approach in absorbing this price surge. The natural rubber prices reached its peak of last seven years impacting our industry in a major way. Shortage of Carbon Black and Chemicals due to global supply chain issues lead to increased prices. The rate contact for the supply to State Transport Undertakings was based on fixed RM prices and the increase could not be passed on, which added margin pressure.

Based on the assessment of carrying value of receivables, the Company made an additional allowance for expected credit loss during the financial year amounting to ₹318.96 lakhs, including allowance for certain specific debts. 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 34.33% 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. Your Company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees during the year under review

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 2021-22.

Directors and Key Managerial Personnel

Mr. Sachin Saxena, Chief Executive Officer, Mr. Suresh S, Chief Financial Officer and CS. Baiju T., Company Secretary are the Whole-time Key Managerial Personnel (WKMP) of the Company. The Board at its meeting held on 30 May 2022 decided to re-designate Mr. Mohammed Sherif Shah from the position of CFO and appointed Mr. Bijo Joseph, as the CFO with effect from 01 June 2022. Subsequently he has resigned for family reasons and the Board appointed Mr. Suresh S, and as the Chief Financial Officer and Whole-time Key Managerial Personnel with effect from 13 August 2022.

Mr. M.E. Mohamed, Managing Director has vacated his office as the Managing Director on 08 February 2022 and continued as a director. Considering his rich and varied experience in the industry and his involvement in the operations of the Company over a long period of time, as recommended by the Nomination and Remuneration Committee, the Board approved and recommended his reappointment as Managing Director for a period of 3 years with effect from 11 February, 2022. Mr. M.E. Mohamed seeks the approval of shareholders to hold the office of Managing Director for a period of 3 years with effect from 11 February, 2022. Apart from the above, there were no changes in the Directors and the Key Managerial Personnel ('KMP') of the Company, during the year.

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 disqualified under Section 164 of the Companies Act, 2013. Mr. Navas M Meeran, having DIN: 00128692, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his reappointment.

The Board has considered the declarations given by independent directors under Section 149(7) and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to meeting the criteria of independence and 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.

The Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. The Directors are compliant with the applicable provisions of Companies (Appointment and Qualification of Directors) Rules, 2014.

Board Meetings

Six Board meetings 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 and their core skills, expertise and competencies. 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.

Subsidiaries, associates and joint ventures

The Board at its meeting held on 13 September 2021 decided to renounce the rights of the Company to acquire the equity shares offered by Shipnext Solutions Private Limited ("Subsidiary), and to relinquish the exercise of control over this subsidiary. Subsequently, the capital base of the subsidiary has increased by way of private placement of equity shares to other investors on 30 November 2021. Consequently, the shareholding of the Company has reduced to 14.53% resulting in loss of control in subsidiary and subsidiary continued as an associate as per Ind AS 28 "Investments in Associates and Joint Ventures" with effect from 1 December 2021. The capital base of the Shipnext has further increased and the shareholding of the company has further reduced to 10.97%. Further, due to various actions taken by the management of the Company including amendment in shareholders' agreement, Shipnext Solutions Private Limited ceased to be an associate of the Company with effect from 15 February 2022.

Consolidated Financial Statement

Pursuant to Section 129(3) of the Companies Act, 2013 ("Act"), and Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 and consolidated financial statements are made available on the website of the Company. The Company do not have subsidiaries, associates or joint ventures as on 31 March 2022.

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.

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 had invested ₹2.59 Lakhs in Shipnext Solutions Private Limited and was holding 55% shareholding, 1441550 Equity shares of ₹1/- each at the agreed purchase price of Re.0.18 per share. As the capital base of Shipnext Solutions Private Limited has increased subsequently, the shareholding of the Company has reduced to 14.53% and then further reduced to 10.97%. As authorised by the Shareholders the Company provided financial assistance to this subsidiary in the form of loan and guarantee. This erstwhile subsidiary has repaid the loan and the released the guarantee with respect to its cash credit arrangements. The Company is in the process of closure of guarantee for term loan arrangement. With the approval of the Board, the Company has provided interest free salary advance to Chief Executive Officer, which is deducting from his remuneration as per the approved schedule of repayment, as amended.

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. Disclosures of related party transactions are as given in notes to the Financial Statement.

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.

Statutory Auditors and Auditors' Report

In accordance with Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Kochi shall retire at the conclusion of the 29th Annual General Meeting. The Board recommends the appointment of M/s. G Joseph & Associates, Chartered Accountants, Ernakulam (FRN 006310S), as Statutory Auditors of the Company, (in place of M/s. Walker Chandiok & Co LLP, Chartered Accountants, Kochi, the retiring Auditors) to hold office for a tenure of five years, from the conclusion the 29th Annual General Meeting till conclusion of 34th Annual General Meeting. Necessary certificate has been obtained from the Auditors as per Section 139(1) of the Companies Act, 2013. The Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report on the financial statement of the Company forms part of this Annual Report. The explanations and comments by the Board on the qualifications made by the auditor in their report are as follows:

Auditor's Observations	Management Response
1. As described in note 2.4(a) to the accompanying standalone financial statements, the company has certain overdue trade receivables as at 31 March 2022 aggregating to ₹1,085.13 lakhs, (net of expected credit loss allowance of ₹90.64 lakhs). As further stated in the said note, the management has assessed the recoverability of all trade receivables outstanding as at year end and created an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including on certain specific debts, during the current year. However, in absence of sufficient appropriate audit evidence to support aforesaid accounting estimate made by the management as required under the principles of expected credit loss enunciated under Ind AS 109, Financial Instruments, we are unable to comment on the adequacy of such allowance made against aforesaid overdue trade receivables as at 31 March 2022, and the consequential impact thereof on the accompanying standalone financial statements for the year ended 31 March 2022.	The Auditors' Qualification has been appropriately dealt with in Note No. 2.4(a) of the Notes to the standalone audited financial statements. The management is following up for recovery all overdue amount and favorable response is expected. Considering the impact of Covid-19 in the normal operations of the Company, including delays in collections from customers, the Company has performed an assessment of recoverable values of its receivables including overdue receivables and an additional allowance for expected credit loss amounting to ₹318.96 lakhs (in addition to the existing ECL provision of ₹121.79 Lakhs) has been made in the financial statement during the FY 2021-22 Based on various estimates and assumptions used in business forecast and fund flow projections, the management expects to recover its receivables and confirm that adequate provision has been made in the financial statement
2. The Company's internal financial control system towards evaluation of provisioning required for expected credit losses on receivables, as explained in note 2.4(a) to the accompanying standalone financial statements, were not operating effectively, which could potentially result in the Company not providing for adjustments, if any, that may be required to the carrying value of these receivables and its consequential impact on the losses, reserves and related disclosures in the standalone financial statements.	Company has a well-defined and structured internal control mechanism, commensurate with the size and nature of the business and complexity of its operations. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Company has taken steps to review and document the adequacy and operating effectiveness of internal controls. Management confirm that the Internal Financial Controls are adequate with respect to the operations of the Company. Company follows policy driven SOPs for the assessment of provisions required, including provision for expected credit losses (ECL) on receivables. At each reporting date of the financial results, the Company has assessed increases in credit risk on outstanding receivables from its initial recognition and recognised ECL based on the requirements of Ind AS 109. Unsecured debtors over 3 years if any as well as identified unsecured debts with no movement for 1 year has also fully provided.

The Management Response to the Auditors' Qualification are similar to the response to Auditor's Observations on the standalone audited financial statements. With respect to the emphasis of matter in the Auditor's reports on the uncertainties associated with recovery of market operations post COVID-19 and its impact on the company's operations, the Board perceived that the Company has initiated steps and activities to improve its performance, as well as to align its efforts to adapt to the changing business environment to focus on more profitable areas. Further the Company has received letter of support from its Chairman and Promoter Director, wherein he has confirmed to provide financial support to the Company to meet the shortfall in its working capital requirements, if required. In view of the above letter of support and various performance improvement measures undertaken, the Management believes that the Company will be able to meet its commitments.

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. There were no qualifications, reservation or adverse remarks given in the Secretarial Audit Report.

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.

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 at its meeting held on 14 February 2019 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 was in the process of getting required approvals to take further steps for the proposed conversion of Preference Shares. Currently this preference shares continues to be Zero Coupon Redeemable 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
02 September 2022

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 2021-22 are as follows:

Name of Director / KMP	M.E Mohamed	Sachin Saxena	Mohammed Sherif Shah	Baiju T
Designation	MD	CEO	CFO	CS
Ratio of remuneration of each Director / to median remuneration of employees *	6.54	NA	NA	NA
% increase in remuneration of Directors* & KMP in the FY 2021-22	NA	NA	19.60	5.97

2) The percentage increase in the median remuneration of employees in the financial year was 1.55%.

3) There were 174 permanent employees on the rolls of Company as on 31st March, 2022.

4) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2021-22 was 8.92%, whereas the percentile increase in the managerial remuneration (including remuneration to WKMPs) for the same financial year was 14.43%. 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 2021-22 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.

Note: -

1. *None of the Directors except Mr. M.E Mohamed, Managing Director received any remuneration other than sitting fees during the financial year 2021-22.

2. Median remuneration of the employees is calculated on the basis of remuneration details of employees including the Managing Director. The increase in the median remuneration of employees for FY 2021-22 over the previous financial year is mainly due to increase in the number of employees.

3. Even though the terms of appointment of Mr. M.E Mohamed as Managing Director includes the payment of remuneration, he has waived his right to remuneration, hence, no remuneration has been paid to him during FY20-21. Subsequently, as approved by the shareholders the Company has revised his remuneration with effect from 01 April 2021 and accordingly the remuneration paid during FY21-22. Thus, the percentage increase / decrease in his remuneration is not comparable

4. Mr. Sachin Saxena was appointed as the Chief Executive Officer with effect from 23 June 2021. Thus, the percentage increase / decrease in his remuneration is not comparable.

5. The percentile increase in the managerial remuneration is mainly on account of waiver of remuneration by MD in the previous years and the payment of remuneration to MD and CEO during FY2021-22.

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 Up to 30-11-2021
2	Reporting period for the subsidiary **	:	NA
3	Reporting currency and Exchange rate	:	NA
4	Share capital	:	26.21
5	Reserves & surplus	:	(-)190.40
6	Total assets	:	498.31
7	Total Liabilities	:	498.31
8	Investments	:	Nil
9	Turnover	:	542.09
10	Profit before taxation	:	(-)84.57
11	Provision for taxation	:	(-)0.01
12	Profit after taxation	:	(-)84.56
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	:	Shipnext Solutions (P) Ltd

Part "B":
Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013	:	Refer Note (2)

Note :

1. Shipnext Solutions (P) Ltd has ceased to be a subsidiary of the Company with effect from 01 December 2021 and continued as an associate as per Ind AS 28 "Investments in Associates and Joint Ventures". It ceased to be an associate of the Company with effect from 15 February 2022. The information provided above are with respect to the period Shipnext Solutions (P) Ltd was a subsidiary of the Company.

2. Statement does not include information of Shipnext Solutions (P) Ltd, which ceased to be an associate of the Company with effect from 15 February 2022.

For and on behalf of the Board

Kochi 02 September 2022	Navas M. Meeran Chairman DIN: 00128692	Sachin Saxena Chief Executive Officer	Suresh S 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, 2022, 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, 2022, 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
02 September 2022

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. As a measure towards optimum use of natural resources, the company ensures 100% recycling of the leftover rubber and other materials generated during various stages of manufacturing process.
(ii). Steps taken by the Company for utilising alternate sources of energy	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.
(iii). Capital investment on energy conservation equipment.	Most of the projects related to energy conservation were done without much capital investment.

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.

To illustrate the safety and durability of retreaded tyres we have undertaken a project of performance certification of retreaded tyres vs New tyres in its all range applications in collaboration with Rubber Board, Government of India. Its interim performance report is highly promising for Tyre retreading industry. The R&D department is further working on new materials, compounds, processing methodologies and product designs 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	344.98
Foreign exchange outflows	277.49

Annexure - 5

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and
RuleNo.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 31/03/2022 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 31/03/2022 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, 2018.

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 had a subsidiary company, invested during the financial year 2018-19. The Company had invested in 55% of the Equity Share Capital of Shipnext Solutions Private Limited. During the year under review decided to renounce the offer for right issue of shares in favor of Prospective Investors, who are willing to invest in Shipnext and to relinquish, cease or give up the exercise of control over the subsidiary company and consent of the Board was procured for disposal of either the entire investment or any substantial part thereof in the equity share capital of Shipnext, to one or more potential investors, including related parties, if any, in one or more tranches at such price of ₹1.50 per equity share fixed based on the valuation reports and on such terms and conditions as may be agreed with the prospective investors. Subsequently the capital base of the subsidiary was increased by way of private placement. Consequently the shareholding of the Company was reduced to 14.53% resulting in loss of control in subsidiary and Shipnext Solutions Private Limited became an associate as per Ind AS 28 "Investments in Associates and Joint Ventures" with effect from 1 December 2021. Further, due to various actions taken by the management of the Company including amendment in shareholders' agreement, Shipnext Solutions Private Limited ceased to be an associate of the Company with effect from 15 February 2022.

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 Company has during the period reappointed Mr. M.E Mohamed, (DIN: 00129005), as the Managing Director of the Company for a period of 3 years with effect from 11th February, 2022 subject to the approval of the members in the ensuing Annual General Meeting as his tenure of appointment was for a period of five years with effect from 9th February 2017.

5) 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 & Ethics for Directors and Management Personnel.

6) 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.

7) 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.

8) 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

9) Consent of Board was taken at the Board Meeting held on 10th November 2021 for borrowing sum up to ₹250 Lakhs (Rupees Two Hundred and Fifty Lakhs) from Mr. Navas M Meeran, Director, with interest at the rate of 7.95% per annum compounded annually, repayable within 3 (three) years.

10) 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.

11) 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.

12) 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.

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

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

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

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

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

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

19) 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.
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.

We further report that:

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

1. The Factories Act, 1948

    a. Factory license is valid up to 31/12/2022.

    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 31/03/2023.

   b) The License to Dangerous and Offensive Trades is valid as on date and the Company has complied with the provisions of this Act. Necessary steps were taken by the Company for renewing all the Licenses during the period under review.

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.

CS YOGINDUNATH S
Designated Partner
BVR & Associates Company Secretaries LLP
Membership Number: F7865
Certificate of Practice No: 9137
UDIN: F007865D000423115
Peer Review Number: P2010KE020500

Ernakulam
30 May 2022

'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 processes 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 Accounts 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.

CS YOGINDUNATH S
Designated Partner
BVR & Associates Company Secretaries LLP
Membership Number: F7865
Certificate of Practice No: 9137
UDIN: F007865D000423115
Peer Review Number: P2010KE020500

Ernakulam
30 May 2022

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) and (t) of Regulation 46(2) and para C, D and E of Schedule V is not mandatory to the Company. Accordingly, the Board at its meeting held on 13 September 2021 decided to opt this exemption. However, as a good Corporate Governance practice a report on the voluntary 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 consist up of one Executive Director and Seven Non-Executive Directors that includes Woman Directors and Independent Directors. Non-Executive Director has been appointed as Chairman of the Company. 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 are 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	15	1	None	None
Mr. M.E. Mohamed	MD & ED	6	Yes	4	None	None	None
Mrs. Shereen Navas	P&NE	3	Yes	6	None	None	None
Mr. M.S. Ranganathan	NE & I	6	Yes	1	None	None	None
Mr. K.S. Neelakanta Iyer	NE & I	6	Yes	1	None	None	None
Mr. Naiju Joseph	NE	6	Yes	1	None	None	None
Mr. Rajesh Jacob	NE & N	2	No	4	None	None	None
Mrs. Rani Joseph	NE & I	6	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 Navas, 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 1322250 (25.27%) Equity Shares and 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, furnished in the notice to Annual General Meeting.

Number and date of Board Meetings

Six Board meetings were held during the year. The Board meets at least once in a quarter with a gap of not more than 120 days between any two meetings. The details of the Board meetings are as under.

Sl. No.	Date	Board Strength	Directors present	Sl. No.	Date	Board Strength	Directors present
1	23 June 2021	8	7	4	10 November 2021	8	6
2	11 August 2021	8	5	5	11 February 2022	8	8
3	13 September 2021	8	7	6	31 March 2022	8	7

Independent Directors

The Company has complied with applicable 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 were 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 31 March 2022 without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting. The Independent Directors reviewed the performance of non-independent directors, the Board and the Chairman as well as the 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 fixing audit fee as well as payment for other services etc.

Six Audit Committee meetings held during the year 2021-22 at the Registered Office of the Company on 23 June 2021, 11 August 2021, 13 September 2021, 10 November 2021, 11 February 2022 and 31 March 2022. The Chairman and other members of the Committee, representatives of Internal and Statutory Auditors and Chief Financial Officer, attended all the meetings. The Company Secretary acts as Secretary to the Audit Committee and no personnel has been denied access to the audit committee. The internal auditor is reporting directly to the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting held on 10 August 2021 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 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 Company Secretary acts as the Secretary to the Committee. 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 23 June 2021 and 11 February 2022 with required quorum. The Chairman of the committee was present at the Annual General Meeting held on 10 August 2021 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.

Remuneration paid to Directors

Even though the terms of appointment of Mr. M.E. Mohamed as the Managing Director include payment of remuneration, he has waived his right to remuneration, hence, no remuneration has been paid to him till 31 March 2021. Subsequently, as recommended by the Board, the shareholders at its meeting held on 10 August 2021 approved revision in his remuneration and other terms and conditions of his appointment with effect from 01 April 2021 and accordingly an amount of ₹13.80 Lakhs (inclusive of Basic salary, HRA, Other Allowance and Perquisites) has been paid as the remuneration to Mr. M.E Mohamed during FY 2021-22.

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. Other than sitting fee the Company has not paid any remuneration such as salary, benefits, bonuses, stock options, pension, performance linked incentives etc. to other directors and there is no other pecuniary relationship or transactions between the Company and the non-executive directors, other than the related party transactions as reported in the noted to Financial statements.

Share Transfer Committee

The Share Transfer Committee 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

Three Share Transfer Committee meetings 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 constituted in compliance with the requirements of the Listing Agreement and Section 178 of the Companies Act, 2013. CS Baiju T. Company Secretary, the Compliance officer, who acts as the Secretary to the Committee. 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 complied with the requirements of 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 received during the financial year and there were no outstanding complaints as on 31 March 2022.

Risk Management Committee

The Risk Management Committee 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
20-21	Registered Office, through (VC) / (OAVM)	10/08/2021	Tuesday	3.00 PM	Yes
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

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	:	Thursday, 29 September 2022
Quarterly Financial Results	:	Within 45 days of the end of each quarter
Audited yearly results - year ended 31 March 2023	:	Within 60 days of the end of financial year

Means of Communication

The quarterly financial results, after their approval by the Board of Directors, promptly issued to the Stock Exchange (BSE). These Quarterly Financial Results normally published in “Business Line”, “Deepika” and 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 promptly sent to the Stock Exchanges.

Annual General Meeting	Book Closure & Record Date
Date : 29 September 2022 Time : 4.00 P.M Mode : VC /OAVM Venue : Registered Office *(Deemed)* Eastern Corporate Office, NH Bypass, Edappally, Kochi, Ernakulam-682 024, Kerala	Book Closure : Nil Cut-off Date : Thursday, 22 September 2022 (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 with related parties were in the ordinary course of business and at arm’s length. The Board regularly reviewed the Register of Contracts containing transactions, in which Directors are interested. Disclosures of related party transactions as required has 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 made available in 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 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 2021-22 to BSE Ltd and the annual custodial fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within due dates.

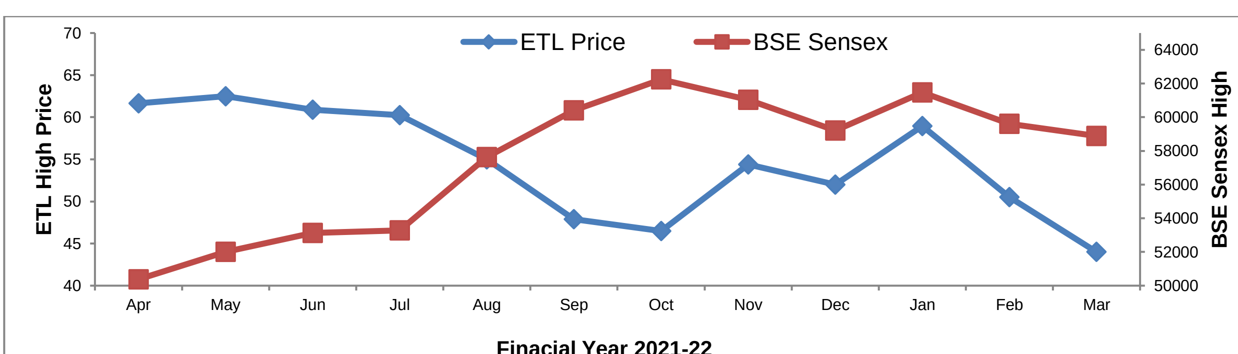
Stock Code & Demat ISIN Number	Registrar and Share Transfer Agent
Scrip Code No. : 531346 Trading Symbol : EASTRED Demat ISIN Number : INE500D01015	Integrated Registry Management Services (P) Ltd 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai-600017 Phone: 044 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, 2021	61.65	48.45	October, 2021	46.50	38.15
May, 2021	62.50	49.00	November, 2021	54.40	35.60
June, 2021	60.90	48.05	December, 2021	52.00	37.05
July, 2021	60.25	45.05	January, 2022	58.95	41.00
August, 2021	55.00	37.05	February, 2022	50.50	38.65
September, 2021	47.90	41.05	March, 2022	44.00	34.95

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. Hence, the Company has stopped accepting any fresh lodgement of transfer of shares in physical form.

The 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 31/03/2022. 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 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 2022

Category	No. of shareholders	% of shareholders	No. of shares holding	% Shares
Equity				
Up to 500	1778	78.88	320720	6.13
501 – 1000	259	11.49	222511	4.25
1001 – 2000	86	3.82	130807	2.50
2001 – 3000	55	2.44	138578	2.65
3001 – 4000	16	0.71	56325	1.08
4001 – 5000	16	0.71	76646	1.46
5001 – 10000	21	0.93	158024	3.02
Above 10000	23	1.02	4128389	78.91
Total	**2254**	**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 2022

Category	Equity				Preference		
	No. of holders	%	No. of shares	%	No. of holders	No of shares	%
Promoters	10	0.44	3435700	65.67	2	900000	100
Body Corporate	16	0.71	85674	1.64	--	---	---
NRI / OCB	44	1.95	71005	1.36	--	---	---
Public	2181	96.76	1639497	31.34	--	---	---
Others (Clearing Member)	3	0.13	124	0.00	--	---	---
Total :	**2254**	**100.00**	**5232000**	**100.00**	**2**	**900000**	**100**

Dematerialization of Shares and Liquidity

As on 31 March 2022, 88.22% of the Company's total paid up equity capital representing 4615500 equity shares as in dematerialised form. The balance 11.78% equity representing 616500 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 2021-22 from CRISIL are as follows:

Total Bank Loan Facilities rated	:	₹3050 Lakhs
Long term ratings	:	CRISIL BB-/Stable (Reaffirmed)
Short term ratings	:	CRISIL A4+ (Reaffirmed)

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. that 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 influence the profitability. Presently the Company has not executed foreign currency hedging to manage this risk.

Investor Education and Protection Fund

Pursuant to Section 124(5) 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, the unclaimed amount shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, pursuant to Section 124(6) read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 members whose dividend amount has not been paid or claimed for seven consecutive years or more, the shares held by them shall be credited to the DEMAT Account of the Investor Education and Protection Fund Authority (IEPFA).

No dividend amount or share is required to be transferred to Investor Education and Protection Fund during the financial year 2021-22. 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

The Company has intimated this to the concerned shareholders whose dividend amount for FY 2014-15 as well as subsequent dividend warrants issued up to FY 2016-17 remains unpaid or unclaimed indicating the timeline to claim the outstanding dividend amounts. The Company had also released advertisement in National Daily and Regional language daily for transferring unpaid/ unclaimed dividend and unclaimed shares of the Company to Investor Education and Protection Fund (IEPF) Account as per Section 124(6) of the Companies Act, 2013.

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 investors@easterntreads.com

Demat Suspense Account/ Unclaimed Suspense Account

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

Trading window closure

The trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

Audit report

The explanations and comments by the Board on the qualifications made by the auditor in their report are given in the Director's report.

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
02 September 2022

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, it is hereby certified 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, 2022.

For Satheesh and Remesh
Company Secretaries

Kochi
31 August 2022

N. Satheesh Kumar
Partner
Company Secretary in Practice
C P No.6607
UDIN: A016543D000227457

Annexure - 7

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

During the fiscal year ended in March 2022, the growth in GDP was 8.7% as compared to a contraction of 6.6% in FY 2021. Although manufacturing in India grew by 9%, the supply chain blockages, impacted this sector during second half of 2021 which pulled down overall GDP growth. The most important and the fastest growing sector of Indian economy are services, which account for more than 60% of GDP. Service sectors, including transport, grew 11.10% compared to a contraction of 20% in previous Fiscal. This recovery is expected to continue due to large vaccination drive taken by the Government, which has helped to increase confidence in the market and has brought some stability in the business operations.

Considering the rising inflation, supply chain disruptions and geopolitical tensions, the Word Bank forecast growth rate to 7.5% in the fiscal year 2022-23. RBI estimates the real GDP growth rate for FY 2023 at 7.2%. The growth in GDP is directly correlated with the performance of transport sector. The increase in fuel cost and rising interest rates is likely to move this sector towards retreading industry.

The recent announcement by the Ministry of Surface Transport to build more expressways and focus up on building fast laying corridors is expected to help the tyre retreading industry. With the increased focus on sustainability by large feet owners and not being able to pass on increased fuel prices, it is likely that it will lead to faster growth of retreading industry. 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, which accounts for 70% of the total costs of production, the RM price fluctuations keep the industry profitability under pressure. Despite better performance in terms of volumes, higher input cost and non-passing of the increased cost kept the industry margins and earnings under pressure. With sharp price escalation, RM cost has touched its peak level during this year, especially natural rubber prices, which touched its seven-year high during this year.

While the economy has started recovering from the adverse Covid impacts, in addition to the sudden surge in Omicron variant infections, hike in domestic petroleum prices and supply chain issues affected the performance of this industry. However, the industry is expected to recover from these challenges during FY23 by mitigating supply demand imbalances and other global economic concerns. Lifting lockdown restrictions, revival of economic activities and re-opening public places including educational institutions are anticipated to give better performance to transport and logistic sector. The proposed expansion of national highways network by 25,000 km in 2022-23 will improve connectivity, which directly strengthen the transport and logistic sector as well as tyre and related industries. It is expected that with better infrastructure fleets will prefer retreaded tyres.

On an overall basis, the industry is recovering and may develop further, but for the fact that the global political issues may slowdown this recovery. The global warming, heat waves and shortage of gas in some of the major economies may trigger slowing of their economies, thereby impacting the export markets.

Considering that the Company in last 5 years had got impacted due to various economical reforms followed by pandemic, the Company has taken lot of steps to bring about structural /policy reforms to improve liquidity and manage its cash flows. This is expected to bring better negotiating power with our suppliers thereby helping us to improving the profitability of the business. Company has also identified low profit sectors and plans are made to improve profitability in those sectors also.

With the recent notification by Ministry of Environment, Forest and Climate Change on the utilisation and management of waste tyre by introducing the requirement of Extended Producer Responsibility (EPR) for Waste Tyre, the retreading industry is expected to grow as a sustainable initiative and expected to get boost from tyre manufacturers.

Opportunities and Threats

With tough competition in the logistic sector they are unable to absorb the increased retreading cost, this coupled with increase in RM prices will impact the margins in the tyre retreading sector. To overcome this, your Company is aggressively working with fleets in starting complete tyre management services, which will help the fleet and the Company to develop long term partnership and insulate the fleet from fluctuating costs.

India has the second largest road network in the world, bridging a total of 5.89 million kilometres which transports close to 65% of goods and 90% of passenger traffic in the country. The road network in India has increased substantially in the current fiscal compared to previous years. The importance of road infrastructure is widely recognised as a potent means of socio economic integration and is vital for the economic development of the country.

The Government is working towards expanding the National Highway network to two-lakh kilometer by 2025. Apart from the National Highways, the Government has also taken measures to address village-level road network through the Gram Sadak Yojana. 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 as well as replacements, which is vital for tyre retreading.

Retreading of radial tyres requires greater degree of sophistication, which is positive for organized players like ours. Thus, growth in radial tyre will have a positive impact on the overall market as well as the performance of the Company. 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.

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.

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 83%, 1%, 10% and 6% respectively.

Outlook

The spread of omicron variant of Covid-19 has significantly impacted the normal operations of the Company during the first half of the year. Despite the challenges, the Company achieved a higher revenue when compared to FY21, with a growth of about 8.23%, from ₹6,660 Lakhs to ₹7,227 Lakhs. However, the Company has reported a net loss of ₹968.13 lakhs during the current year and has accumulated losses amounting to ₹1,795.16 lakhs as on 31 March 2022. The loss is mainly due to the steep increase in input cost as well as due to market resistance to transmit the extensive escalation to the end customers. Supply to fixed rate contract customers including State Transport Undertakings also adversely impacted the profitability. The Company is taking all its efforts towards improved operating cash flows and better working capital management by accelerating collection process and executing better borrowing terms with banks. The Company further focusing to grow in local as well as international markets.

The Company has taken into account the possible impacts of Covid-19 and other factors, while preparing the financial results. The Company has performed an assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, including overdue receivables from various State road transport corporations, 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.

With the increased competition in Tyre and related industries, the companies in this sector are slowly moving from product offering companies to service offering companies. This helps the customers to get better services of the product and improves efficiencies. The companies are able to get long-term relationships and usage of high end efficient products, which due to cost escalations customers are unable to afford. This also helps tyre related industries to offer service which the unorganised sector is unable to offer, thereby improving the market penetrations and helping customers building trust on the products. Our company has also taken various initiatives to place our brand as a cost effective service provider, with high quality products and services to fleet, based on cost per kilometer approach, which has expected to bring in positive impact in our business model.

The recent notification by Ministry of Environment, Forest and Climate Change on the utilisation and management of waste tyre by introducing the requirement of Extended Producer Responsibility (EPR) for Waste Tyre is going to be a good boost to retreading industry. As per notification, now the tyre industry has to support retreading industry (which was earlier a competitor industry) to comply with this Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2022. To get EPR certificate in order to meet the Waste Tyre Recycling obligations as a measure to reduce Carbon foot print the producers will have to rely on organised tyre retreading sector. On production of retreading certificates, the extended producer responsibility obligation will get deferred by one year for the corresponding quantity of waste tyre. This will also help in the organised retreading industry to grow during the time when the cost pressure is forcing customers to switch over to unorganized sector. Our company which supports the organised sector is expected to gain phenomenally and help in improving the margins.

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 and 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 currently available. 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 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 has 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, evaluations and reinforcement actions were taken for better controls. 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 pandemic and related restrictions, ETL has delivered a better performance in terms of revenue. Revenue has reached 93% of the pre-Covid year. Other disruptions like increase in RM prices and lower confidence level of the market on the economic conditions has impacted our margin. The Company has been able to mitigate this impact by improving the cash flow to reduce the interest cost and focus on markets with high margin. The impact of these actions will be fully seen in the coming financial years.

As directed by the Board, the management has assessed the carrying value of all receivables and an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including allowance for certain specific debts, has been made in the financial statement during the financial year. The Board has also approved adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company. Fair valuation of the land was carried out by a registered valuer and the fair value of land was estimated at ₹720.61 lakhs and consequent revaluation gain of ₹430.26 lakhs (net of tax) has been recognized in other comprehensive income, during the current quarter.

The Company has received letter of support from the Chairman and Promoter Director of the Company, wherein he has confirmed to provide financial support to the Company to meet the shortfall in its working capital requirements, if required. In view of the above letter of support and various performance improvement measures undertaken, the Management believes the Company will be able to meet its commitments.

Besides the products for trucks and busses which are the major customer for the Company as well as competitors we have also developed specialised compound formulation for the growing LCVs, cars and two wheeler markets, specially for the rising young generation. With the mining industry opening up, the Company which is dominant in this sector hopes to get good growth opportunities. With the reduction in Chinese low cost tyres in the market the demand for retreaded tyres is also expected to grow further.

With the demand for services over products growing up, most of the tyre manufactures have started offering tyre management services for various fleets. Our company has also started supporting some of those tyre manufacturers who do not have retreading business in retreading their one time used tyres. Besides this the Company has also started in its own fleet management service for selected customers with pay-per kilometre model.

We have tried to focus on limiting the financial impact of the operating environment by cutting operating costs, rationalizing working capital and outstanding debt. 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 FY2021-22 are as follows;

- **Revenue**

  Total Revenue reported ₹7,262 lakhs compared to the previous year's figure of ₹6,709 lakhs. Revenue has improved by 8.24% YoY.

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

  During the fiscal 2021-22 EBIDTA reported as (-)₹486 lakhs when compared to the previous year's figure of ₹454 lakhs.

- **Profit Before Tax (PBT)**

  PBT was at (-) ₹989 lakhs in FY 2021-22, compared with previous year's (-) ₹89 lakhs.

- **Profit After Tax (PAT)**

  PAT stood at (-) ₹968 lakhs in FY 2021-22 as compared to (-) ₹57 lakhs in FY 2020-21.

- **Earnings Per Share (EPS)**

  EPS in FY 2021-22 stood at (-) ₹18.50 compared to EPS of (-) ₹1.10 in fiscal 2020-21.

In view of the domestic market not been able to absorb increased high-end retreads, the Company has started focusing on exporting treads. Due to Covid impact, many old customers had either scale down their operations or shut down their business. We have started developing new customers in Middle East and African countries. Initial samples sent to these customers have got good response and are under test in their respective areas. The discussions on price with them is indicating good margin for the Company and we hope we to get confirmed orders after the successful trials.

Key Financial Ratios

Key financial rations, are as given in Note No 2.40 of the Financial Statement

Impact of COVID-19

The spread of COVID-19 has affected the normal operations of the Company during the period. Covid impact on the operations of the company are disclosed in Note No 2.37 of the Financial Statement.

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. In addition to casual workers, ETL had 174 permanent employees as on 31st March 2022.

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

Qualified 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 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. As described in note 2.4(a) to the accompanying standalone financial statements, the company has certain overdue trade receivables as at 31 March 2022 aggregating to ₹1,085.13 lakhs, (net of expected credit loss allowance of ₹90.64 lakhs). As further stated in the said note, the management has assessed the recoverability of all trade receivables outstanding as at year end and created an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including on certain specific debts, during the current year. However, in absence of sufficient appropriate audit evidence to support aforesaid accounting estimate made by the management as required under the principles of expected credit loss enunciated under Ind AS 109, Financial Instruments, we are unable to comment on the adequacy of such allowance made against aforesaid overdue trade receivables as at 31 March 2022, and the consequential impact thereof on the accompanying standalone financial statements for the year ended 31 March 2022.

4. 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 Standalone 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 qualified opinion

Emphasis of Matter – COVID 19

5. We draw attention to note 2.37 of the accompanying standalone financial statements which describes the uncertainties associated with recovery of market operations post COVID-19 and the Management's evaluation of its probable impact on the company's operations as at the reporting date, the extent of which is dependent on ongoing as well as future developments, which are highly uncertain. Further, as stated in the same note, the Company has received a letter of financial support from the chairman and promoter director of the company to mitigate the aforesaid impact on the company. Our opinion is not modified in respect of this matter.

Key Audit Matters

6. 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.

7. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory The net carrying value of inventory held by the Company as on 31 March 2022 amounts to ₹749.30 lakhs as disclosed in note 2.8 to accompanying standalone financial statements, which is 15.93% of total assets of the company as on that date. Further, refer to note 1.15 for accounting policies relating to valuation of inventory adopted by the management in accordance with Ind AS 2, Inventories ('Ind AS 2'). 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 as further detailed below: **(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 basis using first-in, first-out ('FIFO') method of computation. **(ii) Finished goods and work in progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads determined based on the normal operating capacity. Cost is determined using weighted average method of computation. 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. The management also identifies slow-moving, obsolete and damaged inventory on a periodical basis and makes an appropriate provision for obsolescence for such items as at reporting date.	Our audit procedures in relation to valuation of inventory included, but were not limited to, the following: • Evaluated the design and implementation, and tested the operating effectiveness of key internal controls over measurement of inventory balances as at year end. • Assessed the appropriateness of the principles used in the valuation of inventory in accordance with the requirements of Ind AS 2. • Tested, on a sample basis, the accuracy of cost computed for raw material inventory by verifying the actual costs of latest purchase of raw materials applying the principle of FIFO method, by inspection of supporting documents. • Tested, on a sample basis, the accuracy of cost computed for work-in-progress and finished goods inventory by recomputing the weighted average cost computation. Further, in the process, tested the cost of direct materials used as per bills-of-material (BOM), and allocation of labour and manufacturing overheads to such finished goods; • Obtained management working of valuation of inventory and reconciled the quantities with the stock verification reports to ensure completeness of the underlying data on which valuation is performed by the management and tested the mathematical accuracy of such workings. • Recomputed the overall allocation computation of overheads on inventory and ensured consistency of assumptions used therein by the management with prior periods. • Tested, on sample basis, the inventory aging report and net realisable value of inventories basis the latest market prices of the products.

The aforesaid inventory valuation and estimation of provision for obsolescence is manually performed by the management on the reporting date and involve significant estimates and judgements. Considering the size, the assumptions used in the valuation and the complexities involved significant auditor attention is required to test accuracy of inventory valuation, and thus, we have identified valuation of inventory as a key audit matter in the current year audit.	• Evaluated the process followed by the management for identification of slow-moving, obsolete and damaged inventory items and accordingly assessed reasonableness of provision for obsolescence estimated by the Company. • Evaluated the appropriateness and adequacy of disclosures presented by the management relating to inventory balances in the financial statements in accordance with applicable financial reporting framework.

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

8. The 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 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 do 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

9. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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.

10. In preparing the financial statements, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

11. 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

12. 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 statement.

13. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act 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 system 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 Board of Directors' 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;

    - 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;

14. 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.

15. 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.

16. 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

17. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

18. As required by the Companies (Auditor's Report) Order, 2020 ('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, to the extent applicable.

19. 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 except for the matter described in the Basis for Qualified Opinion section, 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) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, 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) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) The matter described in paragraph 3 under the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Company.

f) 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 2022 from being appointed as a director in terms of section 164(2) of the Act;

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed a modified opinion; and

i) 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 2022;

   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 2022;

   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 2022;

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 2.41(e) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 2.41(e) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Company has not declared or paid any dividend during the year ended 31 March 2022

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 22206229AJXPEG5076

Place: Kochi
Date: 30 May 2022

Annexure I

Annexure I referred to in Paragraph 18 of 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 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment 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 physical verification program adopted by the Company, 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 held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. However, for title deeds of immovable properties in the nature of land situated at Kuttamangalam, Ernakulam with gross carrying values of ₹720.61 lakhs, which have been pledged as security for loans taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective lenders.

(d) During the year, the Company has revalued freehold land, classified under Property, Plant and Equipment. Such revaluation is based on the valuation by a Registered Valuer. The amount of change is 10% or more in the aggregate of the net carrying value of such class of Property, Plant and Equipment as below:

(₹in lakhs)

Class of Property, Plant or Equipment	Carrying value as on 31 March 2022 (pre-revaluation)	Amount of change	Carrying value as on 31 March 2022 (post- revaluation)	Percentage change
Freehold land	145.63	574.98	720.61	394.82%

The Company has not revalued any other class of its Property, Plant and Equipment and intangible asset during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii)(a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

(b) The Company has a working capital limit in excess of ₹5 crore sanctioned by banks or financial institutions based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks or financial institutions and such statements are in agreement with the books of account of the Company for the respective periods which were subject to review, except for the following:

(₹in lakhs)

Name of the Bank	Working capital limit sanctioned	Nature of current assets offered as security	Quarter	Amount disclosed as per return	Amount as per books of accounts	Difference
Federal Bank Limited	2,500	Trade receivables	30 June 2021	2,201.54	1,795.17	406.37

(iii) (a) The Company has provided loans or advances in the nature of loans, or guarantee to others during the year as per details given below. The details of the same are given below:

(₹in lakhs)

Particulars	**Guarantees**	**Loans**	**Advances in nature of loans**
Aggregate amount during the year - Others:	-	90.42	22.65
Balance outstanding as at balance sheet date - Others:	110.00	-	15.15

(b) In our opinion, and according to the information and explanations given to us, the terms and conditions of the grant of all loans and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company. The Company has not made any investment or given any security during the year. However, the Company has provided guarantee to one entity. In respect of such guarantee, adequate explanation has not been provided to us of the benefit, if any, accruing to the Company for providing such guarantee or security, we are unable to comment as to whether the terms and conditions of guarantee provided are, prima facie, prejudicial to the interest of the Company.

(c) In respect of advances in the nature of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayments/receipts of principal are regular, except for the following instance. Further, no interest is receivable on such loans and advances in the nature of loans.

(₹in lakhs)

Name	Amount due	Due date	Extent of delay
Chief Executive Officer	3.75	Various dates	Up to 60 days

(d) There is no amount which is overdue for more than 90 days in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has granted loans or advances in the nature of loan which had fallen due during the year but such loans or advances have not been renewed or extended nor has the company granted fresh loans to settle the overdue amounts of existing loans or advances given to the same parties.

(f) The Company has granted loans which are repayable on demand, as per details below:

(₹in lakhs)

Particulars	**Related Parties**
Aggregate of loans - Repayable on demand	90.42
Percentage of loans to the total loans	100%

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though goods and services tax and professional tax have not generally been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payables in respect thereof, which 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	Date of payment
State Tax on Professions, Trades, Callings and Employment Act, 1996	Professional tax	1.50	2021-22	Various dates	Not paid

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

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

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix)(a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or associate.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary or associate company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv)(a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi)(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

(b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has incurred cash losses amounting to ₹403.28 lakhs in the current financial year but had not incurred cash losses in the immediately preceding financial year. For the purpose of reporting under this clause, while arriving at the amount of cash losses, the possible effects of the qualification as described in ‘Basis for Qualified Opinion’ section of the audit report on the financial statements for the current year, in respect of which we are unable to determine the effect thereof on the cash losses reported under this clause due to lack of necessary information, have not been taken into consideration.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, letter of financial support from the chairman and promoter director of the company, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not fulfill the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 22206229AJXPEG5076

Place: Kochi
Date: 30 May 20222

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 2022.

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 standalone financial statements of Eastern Treads Limited ('the Company') as at and for the year ended 31 March 2022, 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. 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 qualified 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.

Qualified opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company’s internal financial controls with reference to financial statements as at 31 March 2022.

The Company's internal financial control system towards evaluation of provisioning required for expected credit losses on receivables, as explained in note 1.17 to the accompanying standalone financial statements, were not operating effectively, which could potentially result in the Company not providing for adjustments, if any, that may be required to the carrying value of these receivables and its consequential impact on the losses, reserves and related disclosures in the standalone financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

10. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements as at 31 March 2022, based on the internal 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2022.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2022, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a modified opinion on the standalone financial statements.

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 22206229AJXPEG5076

Kochi
30 May 2022

STANDALONE BALANCE SHEET AS AT 31 MARCH 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-Current Assets			
(a) Property, plant and equipment	2.1	1,599.34	1,194.89
(b) Capital work in progress	2.1	16.61	23.91
(c) Intangible assets	2.2	3.29	5.46
(d) Financial assets			
(i) Investments	2.3	-	2.59
(ii) Trade receivables	2.4	0.35	0.35
(iii) Other financial assets	2.6	24.32	32.62
(e) Other non-current assets	2.7	3.83	5.45
Total Non-current assets (I)		**1,647.74**	**1,265.27**
Current Assets			
(a) Inventories	2.8	749.3	1,042.52
(b) Financial assets			
(i) Trade receivables	2.4	1,999.25	2,565.77
(ii) Cash and cash equivalents	2.9	80.43	44.23
(iii) Bank balances other than (ii) above	2.10	78.26	79.92
(iv) Loans	2.5	0.50	230.62
(v) Other financial assets	2.6	45.89	32.69
(c) Current tax assets (Net)		37.81	33.44
(d) Other current assets	2.7	64.76	15.40
Total Current Assets (II)		**3,056.20**	**4,044.59**
Total Assets (I)+(II)		**4,703.94**	**5,309.86**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	2.11	541.18	541.18
(b) Other equity	2.12	(492.80)	85.50
Total Equity (I)		**48.38**	**626.68**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.13	1,557.25	788.63
(b) Provisions	2.15	164.40	115.59
(c) Deferred tax liabilities (Net)	2.16	210.21	100.99
(d) Other non-current liabilities	2.17	-	0.03
Total Non-current liabilities (II)		**1,931.86**	**1,005.24**

Standalone Balance Sheet as at 31 March 2022(cont'd)

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

Current liabilities			
(a) Financial liabilities			
i) Borrowings	2.13	1,712.69	2,529.09
ii) Trade payables	2.18		
A) Total outstanding dues of micro and small enterprises; and		14.48	0.47
B) Total outstanding dues of creditors other than micro and small enterprises		737.85	900.11
iii) Other financial liabilities	2.14	140.90	158.44
(b) Provisions	2.15	48.69	29.76
(c) Other current liabilities	2.17	69.09	60.07
Total current Liabilities (III)		**2,723.70**	**3,677.94**
Total equity and liabilities (I)+(II)+(III)		**4,703.94**	**5,309.86**

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/N500013

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

Krishnakumar Ananthasivan	**Sachin Saxena**	**Mohammed Sherif Shah**	**Baiju T.**	**M.E. Mohamed**	**Navas M. Meeran**
Partner Membership No: 206229	Chief Executive Officer	Chief Financial Officer	Company Secretary	Managing Director DIN: 00129005	Chairman DIN: 00128692

Kochi
30 May 2022

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

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

		Note	Year Ended 31 March 2022	Year Ended 31 March 2021
I.	**Income**			
	Revenue from operations	2.19	7,227.54	6,659.57
	Other income	2.20	33.96	49.28
	Total income (I)		**7,261.50**	**6,708.85**
II.	**Expenses**			
	Cost of materials consumed	2.21	4,966.83	4,252.04
	Purchases of stock-in-trade		60.94	20.23
	Changes in stock of finished goods, work-in-progress and stock-in-trade	2.22	238.32	96.14
	Employee benefits expense	2.23	971.62	810.32
	Finance costs	2.24	320.48	331.41
	Depreciation and amortisation expense	2.25	183.23	212.22
	Other expenses	2.26	1,509.40	1,075.92
	Total expenses (II)		**8,250.82**	**6,798.28**
III.	**Loss before Tax (I-II)**		**(989.32)**	**(89.43)**
IV.	Tax expense:			
	Deferred tax credit	2.34	(21.19)	(32.02)
	Total tax expense (IV)		**(21.19)**	**(32.02)**
V.	**Loss for the year (III-IV)**		**(968.13)**	**(57.41)**
VI.	**Other comprehensive income / (Loss)**			
	(A) Items that will not be reclassified to Profit or Loss:			
	(a) (i) Re-measurement (loss) /gain in defined benefit Plans		(56.86)	3.72
	(ii) Income tax relating to items that will not be reclassified to profit and loss		14.31	(0.94)
			(42.55)	2.78
	(b) (i) Revaluation gain relating to Property, Plant and Equipment		574.98	--
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(144.72)	--
			430.26	--
	Other comprehensive income, net of Tax (VI)		**387.71**	**2.78**
VII.	**Total comprehensive Loss for the year (V+VI)**		**(580.42)**	**(54.63)**
	Loss per equity share (₹ per share)	2.27		
	Basic		(18.50)	(1.10)
	Diluted		(18.50)	(1.10)

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	**Sachin Saxena**	**Mohammed Sherif Shah**	**Baiju T.**	**M.E. Mohamed**	**Navas M. Meeran**
Partner Membership No: 206229	Chief Executive Officer	Chief Financial Officer	Company Secretary	Managing Director DIN: 00129005	Chairman DIN: 00128692

Kochi
30 May 2022

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

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

	Year Ended 31 March 2022	Year Ended 31 March 2021
A. Cash flow from operating activities		
Loss before Tax	**(989.32)**	**(89.43)**
Adjustments for:		
Depreciation and amortisation expense	183.23	212.22
Finance costs	320.48	331.41
Bad debts written off	-	4.21
Provision for inventory	2.46	-
Provision for doubtful debts	318.96	42.18
Loss / (Profit) on sale of Property, plant and equipment	2.11	(10.56)
Provision on employee benefits	28.10	13.52
Interest income	(26.16)	(20.80)
Provision for impairment of investment	2.59	-
Operating profit before working capital changes	**(157.55)**	**482.75**
Adjustments for working capital changes		
Decrease/(Increase) in inventories	290.76	7.73
(Increase)/Decrease in trade receivables	247.56	(29.89)
Decrease in other receivables	(64.55)	24.80
Decrease in trade and other payables	(172.29)	(36.11)
Cash generated from operations	**143.93**	**449.28**
Direct taxes paid	(4.37)	(3.36)
Net cash generated from operating activities (A)	**139.56**	**445.92**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital advances)	(27.71)	(19.90)
Proceeds from sale of property, plant and equipment	20.16	44.88
Decrease/(Increase) in other bank balances	12.85	(20.32)
Repayment of Loan by/(loan given to) erstwhile subsidiary	230.12	(83.93)
Repayment of loan given to others	-	2.72
Interest received	26.16	20.91
Net cash generated from/ (used) in investing activities (B)	**261.58**	**(55.64)**
C. Cash flow from financing activities		
Proceeds from non-current borrowings	1,001.00	559.68
Repayment of non-current borrowings	(170.15)	(174.90)
Repayment of current borrowings	(926.43)	(471.06)
Interest paid	(269.36)	(278.87)
Net cash used in financing activities (C)	**(364.94)**	**(365.15)**
Net increase in cash and cash equivalents (A+B+C)	**36.20**	**25.13**
Cash and cash equivalents at the beginning of the year	44.23	19.10
Cash and cash equivalents at the end of the year	**80.43**	**44.23**

Components of cash and cash equivalents (Refer note 2.9)	As at 31 March 2022	As at 31 March 2021
Cash in hand	1.61	2.45
Balances with banks - in current accounts	78.82	41.78
Total	**80.43**	**44.23**

Standalone Statement of Cash flows for the year ended 31 March 2022(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 1 April 2020	Financing Cash Flows	Non-Cash Changes	As at 31 March 2021
Current Borrowings	2,418.55	(471.06)	--	1,947.49
Non-Current Borrowings (including current maturities)	936.11	384.78	49.34	1,370.23
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 1 April 2021	Financing Cash Flows	Non-Cash Changes	As at 31 March 2022
Current Borrowings	1,947.49	(926.43)	--	1,021.06
Non-Current Borrowings (including current maturities)	1,370.23	830.85	47.80	2,248.88
Total	**3,317.72**	**(95.58)**	**47.80**	**3,269.94**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7)-Statement of Cash Flow

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

Sachin Saxena
Chief Executive Officer

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

M.E. Mohamed
Managing Director
DIN: 00129005

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
30 May 2022

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

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

a) Equity Share Capital

Particulars	Number (in Lakhs)	Amount *
Equity Shares of ₹10 each, fully paid-up		
Balance as at 1 April 2020	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2021	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2022	52.32	541.18

** Including forfeited shares balance ₹17.98 lakhs*

Reconciliation for instruments entirely equity in nature

Particulars	As at 1 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2021	Changes in Equity Share Capital during the year	As at 31 March 2022
Equity Share Capital	541.18	--	541.18	--	541.18

Reconciliation for instruments entirely equity in nature

Particulars	As at 1 April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2020	Changes in Equity Share Capital during the year	As at 31 March 2021
Equity Share Capital	541.18	--	541.18	--	541.18

b) Other Equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus			Items of other comprehensive income		Total other Equity
		Capital Reserve	General Reserves	Retained Earnings	Revaluation Surplus	Other items of other comprehensive income /(Loss)	
Balance as at 1 April 2021	**744.41**	**100.00**	**97.46**	**(827.03)**	--	**(29.34)**	**85.50**
Loss for the year	--	--	--	(968.13)	--	--	**(968.13)**
Equity contribution of loan given by promoter	2.12	--	--	--	--	--	**2.12**
Other comprehensive income/(loss), net of tax	--	--	--	--	430.26	(42.55)	**387.71**
Balance as at 31 March 2022	746.53	100.00	97.46	(1,795.16)	430.26	(71.89)	**(492.80)**

Statement of Changes in Equity for the year ended 31 March 2022 (cont'd)

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

Particulars	Equity component of compound financial instruments	Reserves and Surplus			Items of other comprehensive income		Total other Equity
		Capital Reserve	General Reserves	Retained Earnings	Revaluation Surplus	Other items of other comprehensive income /(Loss)	
Balance as at 1 April 2020	**744.41**	**100.00**	**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	**744.41**	**100.00**	**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

Sachin Saxena
Chief Executive Officer

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

M.E. Mohamed
Managing Director
DIN: 00129005

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
30 May 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2022

(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. Previous year figures have been re-grouped/reclassified where necessary, to confirm with the current year presentation for the purpose of comparability.

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.

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.

(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

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.

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.

1.5. Employee Benefits

Employee benefits include provident fund, employee state insurance scheme and gratuity and compensated absences. 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 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.

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

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.

All exchange differences are included in the statement of Profit and loss except any exchange difference on monetary terms designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

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 2022 (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. The Company has adopted revaluation model as permitted by Ind As 16 "Property Plant and Equipment" for measurement of carrying value of the land owned by the Company with effect from 31 March2022.

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.

Land held for use in the production or supply of goods or services (excluding investment properties), or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation increase arising on the revaluation of such land is credited to the revaluation surplus under other equity (net of tax), except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation surplus relating to a previous revaluation of that asset. 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	3-5 Years	j) Office equipment	5 Years

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

The Company 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 company's assets are not capable of being accounted separately as components. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

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.

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 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.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

(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 Company 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 Company 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.

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

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

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 Company.

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).

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 Recent accounting pronouncements - Standards issued but not effective on Balance Sheet date:

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (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 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**
Balance as at 01 April 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**
Additions	-	-	7.92	-	0.30	0.16	2.38	13.00	8.57	32.33	0.62
Gain on Revaluation of Property	574.98	-	-	-	-	-	-	-	-	574.98	-
Disposals	-	-	-	(24.75)	-	-	(3.00)	(56.75)	-	(84.50)	(7.92)
Balance as at 31 March 2022	**720.61**	**342.06**	**1,181.80**	**160.55**	**22.50**	**5.12**	**32.04**	**35.51**	**230.27**	**2,730.46**	**16.61**
Accumulated Depreciation											
Balance as at 01 April 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**	**--**
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**	**-**
Depreciation charge for the year	-	14.34	127.51	4.06	2.11	0.09	2.80	6.35	23.39	180.65	-
Disposals	-	-	-	(8.56)	-	-	(2.85)	(50.88)	-	(62.29)	-
Balance as at 31 March 2022	**-**	**82.69**	**729.92**	**63.97**	**13.76**	**4.40**	**26.88**	**19.18**	**190.32**	**1,131.12**	**-**
Net Block											
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**
Balance as at 31 March 2022	**720.61**	**259.37**	**451.88**	**96.58**	**8.74**	**0.72**	**5.16**	**16.33**	**39.95**	**1,599.34**	**16.61**

Notes:

a) Contractual Obligations - Refer note 2.30

b) Capitalised borrowing cost - There is no borrowing costs capitalised during the year ended 31 March 2022 (31 March 2021: Nil).

c) Property, Plant and Equipment and capital work-in-progress Pledged as Security - Refer note 2.13 and 2.28

d) Useful life and method of depreciation – Refer note 1.12

e) Revaluation of freehold land - The Audit Committee and the Board of Directors of the Company at their respective meetings held on 31 March 2022 approved adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company. Fair valuation of the land had been carried out by a registered valuer and the fair value of land was estimated at ₹720.61 lakhs and consequent revaluation gain of ₹574.98 lakhs has been recognised in other comprehensive income during the year ended 31 March 2022.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.1 Capital Work in Progress ageing

Ageing as at 31 March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.61	--	--	16.00	16.61
Projects temporarily suspended	--	--	--	--	--

Ageing as at 31 March 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	7.91	--	--	16.00	23.91
Projects temporarily suspended	--	--	--	--	--

There are no Capital Work in Progress which are overdue or has exceeded the costs compared to its original plan

2.2. Intangible Assets

	Software	Total
Gross carrying amount		
Balance as at 01 April 2020	26.12	26.12
Additions	1.34	1.34
Balance as at 31 March 2021	**27.46**	**27.46**
Balance as at 01 April 2021	**27.46**	**27.46**
Additions	0.41	0.41
Balance as at 31 March 2022	**27.87**	**27.87**
Accumulated Amortisation		
Amortisation for the Year	5.35	5.35
Balance as at 01 April 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 01 April 2021	**22.00**	**22.00**
Amortisation for the Year	2.58	2.58
Balance as at 31 March 2022	**24.58**	**24.58**
Net carrying amount		
Balance as at 31 March 2021	**5.46**	**5.46**
Balance as at 31 March 2022	**3.29**	**3.29**

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 2022	As at 31 March 2021
Valued at cost, unquoted		
In subsidiary company *	2.59	2.59
Shipnext Solutions private limited (1,441,550 equity shares of ₹ 0.18 each)		
Less: Loss allowance	(2.59)	--
	--	**2.59**
Aggregate value of unquoted investment	2.59	2.59
Aggregate impairment in value of investment	(2.59)	--

* Shipnext Solutions Private Limited ceased to be a subsidiary of the Company on 30 November 2021 and continued as an associate till 15 February 2022. As at 31 March 2022, the company was neither a subsidiary, not an associate.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.4. Trade Receivables

	As at 31 March 2022	As at 31 March 2021
Non- Current		
Trade Receivables considered good – Unsecured	0.35	0.35
	0.35	**0.35**
Current		
(a) Trade Receivables considered good – Secured	73.73	223.97
(b) Trade Receivables considered good - Unsecured	1,873.36	2,177.08
(c) Trade Receivables considered good - Related party (Refer note 2.29)	164.93	164.72
(d) Trade Receivables which have significant increase in Credit Risk	310.51	104.32
	2,422.53	**2,670.09**
Less: Allowances for expected credit loss	(423.28)	(104.32)
	1,999.25	**2565.77**

There are no trade receivables due from any directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member except as disclosed in the above note.

Trade receivables ageing schedule as at 31 March 22

Particulars	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,841.48	174.34	54.01	38.28	4.26	**2,112.37**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	34.73	53.68	106.81	34.17	5.97	**235.36**
(iii) Disputed Trade Receivables - which have significant increase in credit risk	4.14	7.23	6.98	41.60	15.20	**75.15**
Less: Allowances for expected credit loss	--	--	--	--	--	**(423.28)**
Total trade receivables	**1,880.35**	**235.25**	**167.80**	**114.05**	**25.43**	**1,999.60**

Trade receivables ageing schedule as at 31 March 21

Particulars	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	2,026.26	179.86	360.00	--	--	**2,566.12**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	2.57	0.43	30.37	11.19	11.21	**55.77**
(iii) Disputed Trade Receivables - which have significant increase in credit risk	--	--	35.13	3.91	9.51	**48.55**
Less: Allowances for expected credit loss	**--**	**--**	**--**	--	**--**	**(104.32)**
Total trade receivables	**2,028.83**	**180.29**	**425.50**	**15.10**	**20.72**	**2,566.12**

2.4(a) Trade receivables as on 31 Mach 2022 includes certain overdue debts amounting to ₹1,085.13 lakhs (net of expected credit loss allowance of ₹90.64 lakhs). As directed by the Board of Directors in their meeting dated 31 March 2022, the management has made a detailed assessment of carrying value of all receivables and an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including allowance for certain specific debts, has been made in the financial statement during the year ended 31 March 2022.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.5. Loans

	As at 31 March 2022	As at 31 March 2021
Current - (Unsecured, considered good)		
Loans and advances		
(a) To related party* (Refer note 2.29)	--	230.12
(b) To others	0.50	0.50
	0.50	**230.62**

* ₹ NIL (PY ₹ 230.12 lakhs) is inclusive of interest chargeable @ 10.15% p.a, loan has been given to the erstwhile subsidiary company "Shipnext Solutions Private Limited", to meet its operational requirements and is repayable on demand. Refer Note 2.29 and 2.38

2.6. Other Financials Assets

	As at 31 March 2022	As at 31 March 2021
Non-current		
(Unsecured considered good)		
Security Deposits	24.32	21.57
Balances with bank- Deposit account *(Refer note (a) below)*	-	11.05
	24.32	**51.52**
Current		
Security Deposits	17.77	23.69
Others	28.12	9.00
	45.89	**32.69**

(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.

2.7. Other Assets

	As at 31 March 2022	As at 31 March 2021
Non-current		
(Unsecured, Considered Good)		
Prepaid Expenses	2.56	3.32
Capital Advance	1.27	2.13
	3.83	**5.45**
Current		
(Unsecured, Considered Good)		
Prepaid Expenses	13.70	13.39
Balances with statutory authority	0.09	0.09
Advance for Expenses	0.17	1.92
Other Current Assets	50.80	-
	64.76	**15.40**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.8. Inventories

	As at 31 March 2022	As at 31 March 2021
Raw Materials	118.79	171.45
Work in Progress	77.98	152.97
Finished Goods (Refer Note (a) and (b))	514.46	678.19
Goods in Transit (Finished Goods)	8.41	8.01
Packing Materials	17.42	14.76
Fuel and Oil	1.96	2.80
Tools and Spares	13.40	15.00
Less: Provision for inventory	(3.12)	(0.66)
	749.30	**1,042.52**

Notes:

(a) The value of finished goods includes stock in trade worth ₹ 46.62 lakhs for the current year and ₹ 30.13 lakhs for the previous year.

(b) Provision for inventory for ₹ 3.12 lakhs (PY ₹ 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 note1.15

2.9. Cash and Cash Equivalents

	As at 31 March 2022	As at 31 March 2021
Cash in Hand	1.61	2.45
Balances with Banks (with maturities less than three months) - in Current Accounts	78.82	41.78
	80.43	**44.23**

2.10. Bank balances other than Cash and Cash Equivalents

	As at 31 March 2022	As at 31 March 2021
Unpaid Dividend accounts	8.04	7.90
Balances with bank- Deposit account (Refer Note (a))	70.22	72.02
	78.26	**79.92**

(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.

2.11. Share capital

	As at 31 March 2022		As at 31 March 2021	
	Number (In Lakhs)	Amount	Number (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 2022 (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 2022		As at 31 March 2021	
	Number (In Lakhs)	Amount	Number (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 2022		As at 31 March 2021	
	Number (In Lakhs)	Percentage	Number (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%

(e) **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.

Redemption of preference shares

(i) The company has not redeemed any preference shares during the financial Year 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22.

(f) **Issue of Bonus Shares**

There has been no issuance of bonus shares or share buyback during five years immediately preceding 31 March 2022.

(g) **Details of Forfeited shares**

	As at 31 March 2022		As at 31 March 2021	
	Number (In Lakhs)	Amount originally paidup	Number (In Lakhs)	Amount originally paidup
Equity shares with voting rights*	3.60	17.98	3.60	17.98

*These shares were forfeited on 13 August 2014.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

(h) **Details of shared held by promoters as at 31 March 2022**

Promoter name	No. of shares	% of total shares	% Change during the year
Feroz Meeran	13.51	25.81%	--
Navas M Meeran	13.22	25.27%	--
Kerala State Industrial Development Corporation Limited	6.15	11.75%	--
Niza Zakir	0.49	0.93%	--
Soyamol Anwar Sajith	0.40	0.76%	--
Riya Mohamed	0.01	0.01%	--
Shameena Mohamed	0.01	0.02%	--
Nabeesa Meeran	0.34	0.65%	--
M E Mohamed	0.24	0.46%	--

The above information has been compiled from the filings made with stock exchange, by the Company during the year

2.12. **Other Equity (Refer standalone statement of change in Equity)**

	As at 31 March 2022	As at 31 March 2021
Capital Redemption Reserve	100.00	100.00
Equity component of compound financial instruments	746.53	744.41
General Reserves	97.46	97.46
Retained Earnings	(1,795.16)	(827.03)
Items of other comprehensive income:		
- Re-measurements of the defined benefit plans	(71.89)	(29.34)
- Revaluation surplus*	430.26	--
	(492.80)	**85.50**

* The Audit Committee and the Board of Directors of the Company at their respective meetings held on 31 March 2022 approved adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company. Fair valuation of the land had been carried out by a registered valuer and the fair value of land was estimated at ₹720.61 lakhs and consequent revaluation gain of ₹430.26 lakhs (net of tax) was recognized in other comprehensive income, during the year ended 31 March 2022.

Nature and purpose of each reserve:

(a) **Capital Redemption Reserve:** The Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100/- each amounting to ₹1 crore 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.

(b) **Equity component of compound financial instruments :** The balance in the other equity represents the owners' equity component of the Preference shares reclassified in accordance with Ind AS 32.

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

(d) **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.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

(e) **Items of other comprehensive income:**

i). **Re-measurements of the defined benefit plans:** 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.

ii). **Revaluation surplus:** Gain on revaluation of Property, Plant and Equipment consequent to adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company is accumulated under Revaluation surplus.

2.13. Borrowings

	As at 31 March 2022	As at 31 March 2021
Non-current		
a) Term Loan		
(Secured)		
i) Term Loans from Bank (Refer Note (i))	1,198.82	602.05
ii) Vehicle Loans from Bank (Refer Note (ii))	-	7.70
(Unsecured)		
b) Loan from Related Party (refer note (v))	246.33	-
c) Liability Component of Cumulative Redeemable Preference Shares (Refer note (iii))	803.73	760.48
	2,248.88	**1,370.23**
Amount disclosed under current borrowings		
Less: current maturities of Secured Term Loan	(191.63)	(173.90)
Less: Current Maturities of liability component of cumulative redeemable preference share	(500.00)	(400.00)
Less: Current Maturities of Vehicle loan	-	(7.70)
	1,557.25	**788.63**
Current		
a) Loans repayable on demand		
(Secured)		
i) Cash Credit (Refer Note (iv))	1,021.06	1,947.49
b) Current maturities of secured term loans	191.63	173.90
c) Current maturities of vehicle loans	-	7.70
	1,212.69	2,129.09
(Unsecured)		
Liability Component of Cumulative Redeemable Preference Shares (Refer note (iii))	500.00	400.00
	500.00	400.00
	1,712.69	**2,529.09**

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 7 years with equal monthly instalments ranging from ₹ 1.75 lakhs to ₹ 14.36 lakhs .The rate of interest ranges from 8.95% p.a. to 10.15% p.a.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (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 3 years to 5 years with equal monthly instalments ranging from ₹0.10 lakhs to ₹0.28 lakhs .The rate of interest ranges from 8.92% to 11.50% p.a.

(iii) Liability Component of Cumulative Redeemable Preference Shares

a) The Company had 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 ₹1 crore per year.

During the FY 2016-17, the Company had redeemed 100,000 numbers of Zero coupon cumulative Redeemable Preference Shares of ₹100 each valued at ₹1 crore. 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.

(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 loan is repayable on demand and the rate of interest for the cash credit facility with Federal Bank Limited is 8.90% p.a .

(v) Loan from related party

(a) Loan from related party is unsecured

(b) The loan is repayable at the end of 3 years and the rate of interest applicable to the loan is 7.95%

2.14. Other Financial Liabilities

	As at 31 March 2022	As at 31 March 2021
Current		
Security Deposit /Retention Money Payable	66.11	82.88
Deposit from Employees	-	4.72
Due to Employees	62.15	56.47
Creditors for Capital Goods	0.20	3.27
Other Financial Liabilities	4.40	3.20
Unpaid Dividends	8.04	7.90
	140.90	**158.44**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.15. **Provisions**

	As at 31 March 2022	As at 31 March 2021
Non-current		
Provision for Employee Benefits *(Refer Note 2.23)*	164.40	115.59
	164.40	**115.59**
Current		
Provision for Employee Benefits *(Refer Note 2.23)*	48.69	29.76
	48.69	**29.76**

2.16. **Deferred Tax Liabilities**

	As at 31 March 2022	As at 31 March 2021
Deferred Tax Liability		
On excess of net book value over Income Tax written down value of fixed assets	29.52	39.35
Deferred Tax impact on fair value changes	180.69	61.64
	210.21	100.99
Deferred Tax Liabilities, net	**210.21**	**100.99**

Movement in deferred tax liabilities (Refer note 2.34)

On a prudent basis, the management is not recognizing deferred tax asset on losses and provisions as there is no certainty of sustainable taxable profit in the future

2.17. **Other Liabilities**

	As at 31 March 2022	As at 31 March 2021
Non-current		
Others	-	0.03
	-	**0.03**
Current		
Advance Lease Rent	0.94	1.70
Advances from Customers	6.85	4.83
Statutory dues	61.30	53.10
Others	-	0.44
	69.09	**60.07**

2.18. **Trade Payables**

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note (a) below)	14.48	0.47
Total outstanding dues of creditors - other than Micro Enterprises and Small Enterprises		
a) Related parties (Refer note 2.29)	18.91	12.38
b) Others	718.94	887.73
	752.33	**900.58**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

Trade payables includes provision for accrued and other claims for which bills are yet to be received and pending settlement

(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. This has been relied upon by the Auditors

	As at 31 March 2022	As at 31 March 2021
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	14.48	0.47
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	**14.48**	**0.47**

Trade payable ageing as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - Undisputed	14.48	--	--	--	14.48
(ii) Others - Undisputed	677.63	1.24	0.16	--	679.03
Total					693.51
Accrued expenses (others)					58.82
Grant Total					752.33

Trade payable ageing as at 31 March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - Undisputed	0.47	--	--	--	0.47
(ii) Others - Undisputed	870.93	4.09	0.19	0.03	875.24
Total					875.71
Accrued expenses (others)					24.87
Grant Total					900.58

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.19. Revenue from Operations

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from Sale of Goods		
Gross sales	7,542.65	7,079.10
Discount	(383.45)	(488.04)
Sale of products	**7,159.20**	**6,591.06**
Other Operating Revenue		
Retreading Charges	62.72	53.77
Lease Rent Received	5.62	14.74
	68.34	**68.51**
	7,227.54	**6,659.57**

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 2022	Year ended 31 March 2021
Contracted price	7,542.65	7,079.10
Less : Trade discount, rebates etc.	(383.45)	(488.04)
Net Revenue recognised from Contracts with Customers	**7,159.20**	**6,591.06**

2.19.2 Contract balances

	Year ended 31 March 2022	Year ended 31 March 2021
Trade receivables	1,999.60	2,566.12
Contract liabilities- advance from customers	6.85	4.83
	2,006.45	**2,570.95**

During the year ended 31 March 2022, the Company has recognised revenue of ₹4.83 Lakhs (31 March 2021: ₹5.70 Lakhs) arising from opening contract liabilities

2.20. Other Income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest Income		
- Interest received on bank deposit carried at amortised cost	3.60	19.94
- Other interest income financial assets carried at amortised cost	22.56	0.86
Other Income	7.80	28.48
	33.96	**49.28**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.21. Cost of Materials Consumed

	Year ended 31 March 2022	Year ended 31 March 2021
Opening Inventory	171.45	83.93
Add: Purchases	4,914.17	4,339.56
Less: Closing Inventory	(118.79)	(171.45)
	4,966.83	**4,252.04**

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

	Year ended 31 March 2022	Year ended 31 March 2021
Opening Stock		
Finished Goods (including goods in transit)	686.20	822.67
Work-in-Progress	152.97	112.64
	839.17	**935.31**
Closing Stock		
Finished Goods (including goods in transit)	522.87	686.20
Work-in-Progress	77.98	152.97
	600.85	**839.17**
	238.32	**96.14**

2.23. Employee Benefits Expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, Wages and Bonus	845.79	702.47
Contributions to Provident and other Funds *[refer note (a)]*	62.38	56.68
Gratuity *[refer note (b)]*	28.10	22.52
Staff Welfare Expenses	35.35	28.65
	971.62	**810.32**

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:

	Year ended 31 March 2022	Year ended 31 March 2021
Employer's contribution to Provident Fund	47.10	41.82
Employer's contribution to ESI	13.27	12.88
Labour welfare and other funds	2.01	1.98

(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.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.23 Employee benefits expense (Cont'd)

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 2022	Year ended 31 March 2021
Present value of defined benefit obligations at beginning of the year	146.16	137.61
Current service cost	18.54	12.95
Interest cost	9.82	9.42
Benefits settled	(11.55)	(8.31)
Actuarial gain / (loss)	56.03	(5.51)
Present value of the defined benefit obligation at end of the year	**219.00**	**146.16**

Reconciliation of present value of Obligation and the fair value of assets	Year ended 31 March 2022	Year ended 31 March 2021
Present value of the defined benefit obligation at end of the year	219.00	146.16
Fair Value of plan assets	5.91	0.81
Liability recognised in the Balance Sheet	**213.09**	**145.35**

Change in fair value of plan assets	Year ended 31 March 2022	Year ended 31 March 2021
Fair Value of the Plan Assets at the beginning of the period	0.81	2.06
Expected Return on Plan assets	0.26	0.31
Contributions by employer	17.22	8.69
Benefits paid from the fund	(11.55)	(8.46)
Actuarial Loss	(0.83)	(1.79)
Fair Value of the Plan Assets at the end of the period	**5.91**	**0.81**

Components of net Gratuity Cost	Year ended 31 March 2022	Year ended 31 March 2020
Current service cost	18.54	12.95
Interest cost	9.56	9.57
Net gratuity costs charged to profit or loss	**28.10**	**22.52**
Components Actuarial (Gains) / Losses in Other Comprehensive Income		
Actuarial Loss on Plan Assets	0.83	1.79
Actuarial loss / (gain) due to financial assumption changes - in defined benefit obligations	41.69	(0.54)
Actuarial loss / (gain) due to experience on defined benefit obligations	14.34	(4.97)
Total actuarial loss / (gain) included in other comprehensive income	**56.86**	**(3.72)**
Assumptions Used		
a) Discount Rate		
Permanent	7.12%	7.06%
Casual	5.04%	7.06%
b) Salary Escalation Rate*		
Permanent	5.00%	2.00%
Casual	10.00%	2.00%
c) Attrition Rate		
Permanent	11.60%	1.92%
Casual	90.73%	1.92%
d) 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.

(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 2022		Year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	(5.67)	6.03	(9.59)	10.94
Salary growth rate (- / + 1%)	5.09	(4.85)	11.37	(10.09)
Attrition rate (- / + 1%)	(0.36)	0.38	3.74	(4.15)

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.

2.24. Finance Costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest Expense	296.72	303.17
Other Borrowing Costs	23.76	28.24
	320.48	**331.41**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.25. Depreciation and Amortisation Expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on Tangible Assets (refer note 2.1)	180.65	208.97
Amortisation on Intangible Assets (refer note 2.2)	2.58	3.25
	183.23	**212.22**

2.26. Other Expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Repairs and Maintenance:		
Building	1.87	1.54
Plant and Machinery	1.19	1.70
Others	19.13	14.50
Rent	59.78	54.70
Insurance	9.19	10.90
Professional Charges	89.41	14.37
Payments to the auditor (refer note 2.26.1)	11.43	11.53
Travelling Expenses	40.89	32.02
Business Promotion Expenses	30.06	55.41
Freight Charges	197.65	142.41
Claim Settlement	10.44	6.05
Tools and Spares Consumed	21.39	16.31
Commission	37.68	13.38
Power and Fuel	284.30	301.75
Rates and Taxes excluding Taxes on Income	10.64	46.41
Job Work Charges	16.72	15.34
Consumables	59.91	74.77
Packing Materials Consumed	194.67	135.77
General Factory Expenses	61.25	54.32
Provision for doubtful debts	318.96	42.18
Provision for inventory	2.46	--
Bad Debts	-	4.21
Miscellaneous Expenses	27.79	26.35
Provision for impairment of investments	2.59	-
	1,509.40	**1,075.92**

2.26.1 Payments to the Auditor

	Year ended 31 March 2022	Year ended 31 March 2021
For Statutory audit	11.00	11.00
Reimbursement of expenses	0.43	0.53
	11.43	**11.53**

2.27. Loss per Share

	Year ended 31 March 2022	Year ended 31 March 2021
Net loss after tax attributable to equity shareholders	(968.13)	(57.41)
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)	(18.50)	(1.10)

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

(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 2022	As at 31 March 2021
Current		
First Charge		
Financial Assets		
Trade Receivables	1,999.25	2,557.67
Cash and Cash Equivalents	80.43	44.23
Bank Balances other than Cash and Cash Equivalents above	78.26	79.92
Loans	0.50	230.62
Other Financial Assets	45.89	13.79
Inventories	749.30	1,042.52
Other Current Assets	64.76	15.40
Total Current Assets Pledged as Securities	**3,018.39**	**3,984.15**
Non-Current		
First Charge		
Property, Plant and Equipment (PPE) and Capital Work in Progress	1,615.95	1,218.80
Total Non-Current Assets Pledged as Securities	**1,615.95**	**1,218.80**
Total Assets Pledged as Security	**4,634.34**	**5,202.95**

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 Navas	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
Sachin Saxena	Chief Executive Officer

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 Mattresses Private Limited
3. Eastern Retreads Private Limited
4. Eastea Chai Private Limited
5. Soya Rubbers Private Limited
6. Cannymate Business Solutions Pvt Ltd
7. Shipnext Solutions Private Limited (Subsidiary up to 30 November 2021 and Associate from 1 December 2021 to 15 February 2022)
8. Reenaz Properties Private Limited
9. Sahara Treads

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (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 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
1. **Sale of Finished Goods**				
Eastern Retreads Private Limited	237.08	277.74	--	--
2. **Interest Income**				
Shipnext solutions Private limited	21.47	15.60	--	--
3. **Loan Received**				
Navas Meeran	--	--	241.00	--
4. **Interest Expense**				
Navas Meeran	--	--	6.67	--
5. **Sale of Scrap**				
Eastea Chai Private Limited	-	0.10	--	--
6. **Sale of Fixed Asset**				
Shipnext Solutions Private Limited	0.30	--	--	--
7. **Purchase of Fixed Asset**				
Eastern Condiments Private limited	13.13	--	--	--
8. **Purchase of Goods**			--	--
Eastern Mattresses Pvt Ltd	0.06	-		
Eastern Retreads Private Limited	0.32	0.44	--	--
9. **Sharing of Expenses**				
Eastern Condiments Private Limited	2.47	8.26	--	--
Eastern Retreads Private Limited	0.98	0.60	--	--
Eastern Chai Private Limited	0.35	0.30	--	--
Cannymate Business Solutions Pvt Ltd	59.95	-	--	--
Reenaz Properties Private Limited	18.76	-	--	--
Sahara Treads	4.49	5.40	--	--
10. **Freight Charges**				
Shipnext solutions Private limited	-	1.82	--	--
11. **Sharing of Expenses -Security Services**				
Soya Rubbers Private Limited	-	12.75	--	--
12. **Rent Deposit Paid**				
Sahara Treads	--	--	--	--
13. **Loans given to subsidiary**				
Shipnext solutions Private limited	104.63	241.06	--	--
14. **Loans Repaid by Subsidiary**				
Shipnext solutions Private limited	354.36	171.53	--	--

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

15. **Loans given to CEO**				
Sachin Saxena	--	--	22.65	--
16. **Loans Repaid by CEO**				
Sachin Saxena	--	--	11.25	--
17. **Remuneration**				
Mohamed Sherif Shah	--	--	21.28	16.97
Baiju T.	--	--	12.58	11.09
Sachin Saxena			60.69	--
M E Mohammed	--	--	13.80	--
18. **Reimbursement of Office Expenses**				
Mohamed Sherif Shah	--	--	0.62	0.86
Baiju T.			0.02	0.07
Sachin Saxena	--	--	3.29	--
M E Mohammed	--	--	1.26	--
19. **Sitting Fees**				
Neelakanta Iyer Kaitharam Subramony Iyer	--	--	0.30	0.30
Naiju Joseph	--	--	0.30	0.24
Rani Joseph	--	--	0.30	0.30
Rajesh Jacob	--	--	0.10	--

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

Nature of amount outstanding	As at 31 March 2022	As at 31 March 2021
Amount Receivable		
(1) Trade Receivable		
Eastern Retreads Private Limited	164.93	164.72
(2) Loan		
Shipnext Solutions Private Limited	--	230.12
(3) Advance		
Sachin Saxena	15.15	--
Amount Payable		
(1) Trade Payables		
Eastern Condiments Private Limited	15.27	9.68
Cannymate Business Solutions Private Limited	0.73	--
Reenaz Properties Private Limited	2.91	--
Soya Rubbers Private Limited	--	1.68
Sahara Treads	--	1.02
(2) Loan and Interest on loan		
Navas Meeran	247.67	--
Investments in		
Shipnext Solutions Private Limited (net of provision for impairment ₹ 2.59 lakhs as on 31 March 2022 (31 March 2021; nil))	--	2.59

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

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

	As at 31 March 2022	As at 31 March 2021
a) Claims against the company not acknowledged as debt		
i) Income Tax matters	20.97	20.97
b) Bank Guarantees outstanding		
(including guarantee given on behalf of erstwhile Subsidiary Company as at 31 March 2022 ₹110 lakhs (31 March 2021: 110 lakhs))	388.99	411.86
c) Commitments		
Estimated amounts of contracts remaining to be executed not provided for	--	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:

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 ₹2,422.88 Lakhs and ₹2,670.44 Lakhs as of 31 March 2022 and 31 March 2021 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.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

Movement in the provision for doubtful receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning	104.32	62.14
Credit Loss Recognised	318.96	42.18
Balance at the end	423.28	104.32

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.

Maturities of financial liabilities

As at 31 March 2022	**< 1year**	**1-5 years**	**>5years**	**Total**
Borrowings	1,212.69	1,111.52	142.00	2,466.21
Preference Share Redemption	500	400.00	--	900.00
Other Financial Liabilities	140.90	-	--	140.90
Trade Payables	752.33	-	--	752.33
	2,605.92	**1,511.52**	**142.00**	**4,259.44**
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	158.44	--	--	158.44
Trade Payables	900.58	--	--	900.58
	3,588.11	**928.15**	**--**	**4,516.26**

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.

The Company operates internationally and a significant portion of the business is transacted in USD currencies and consequently the Company is exposed to foreign exchange risk through its sales and purchase in 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 exposes the company to currency risk are disclosed below;

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

Particulars		As at 31 March 2022		As at 31 March 2021	
Included In	Currency	Amount in foreign currency Lakhs	Amount in ₹ Lakhs	Amount in foreign currency Lakhs	Amount in ₹ Lakhs
Financial assets					
Trade receivables	USD	0.99	74.25	0.41	29.81
Financial liabilities		-	-		
Trade payables	USD			0.85	62.92

Conversion rates	Financial Assets	Financial Liabilities
	USD	USD
As at 31 March 2022	75.00	NA
As at 31 March 2021	72.77	74.19

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 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.

Impact on profit after tax	Increase 31 March 2022	Decrease 31 March 2022	Increase 31 March 2021	Decrease 31 March 2021
Sensitivity				
INR/USD	0.74	(0.74)	(0.32)	0.32

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 2022	31 March 2021
Interest rates – increase by 100 basis points (100 bps)	1.00%	(24.66)	(25.50)
Interest rates – decrease by 100 basis points (100 bps)	1.00%	24.66	25.50

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 current and noncurrent 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

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

	As at 31 March 2022	As at 31 March 2021
Current Borrowings	1,521.06	2,347.49
Non current borrowings	1,557.25	788.63
Current maturities of long term borrowings	191.63	181.60
Less: Cash and cash equivalents	(80.43)	(44.23)
Less: Bank balances other than cash and cash equivalents	(78.26)	(79.92)
Net Debt	**3,111.25**	**3,193.57**
Equity share capital	541.18	541.18
Other equity	(492.80)	85.50
Total capital (equity + net debt)	**3,159.63**	**3,820.25**
Gearing Ratio	**98%**	**84%**

2.33. Disclosure with respect to Operating Leases

The lease expenses for cancellable operating leases during the year ended 31 March 2022: ₹59.78 lakhs (31 March 2021 is ₹54.70 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.

	Year ended 31 March 2022	Year ended 31 March 2021
Net block value of plant and machinery given on lease (refer note 2.1)	96.58	116.83
Future minimum lease payments		
- not later than one year	2.22	6.02
- later than one year and not later than five years	-	2.22

2.34. Income Tax

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax		
Current income tax charge	-	--
Deferred tax credit		
Relating to the origination and reversal of temporary differences	(21.19)	(32.02)
Income tax expense reported in Statement of Profit and Loss	**(21.19)**	**(32.02)**
Deferred tax related to items recognised in Other comprehensive income (OCI)		
Income tax relating to re-measurement loss on defined benefit plans	(14.31)	0.94
Income tax relating to re-measurement gains changes in revaluation surplus of Property, Plant and Equipment	144.72	--

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

Reconciliation of Deferred Tax (net)

	As at 31 March 2022	As at 31 March 2021
Opening balance	100.99	132.07
Tax credit during the year recognized in statement of profit and loss	(21.19)	(32.02)
Tax credit during the year recognised in Other Comprehensive Income (OCI)	130.41	0.94
Closing balance	**210.21**	**100.99**

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

	Year ended 31 March 2022	Year ended 31 March 2021
Accounting loss before tax and exceptional item	(989.32)	(89.43)
Tax on accounting profit at statutory income tax rate at 25.17% (31 March 2021: 25.17%)	(249.01)	(22.51)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Deferred tax assets not recognized on the loss as there is no certainty of future taxable profit.	221.84	13.08
Others	5.98	(22.59)
Tax charge for the year	**(21.19)**	**(32.02)**
Income tax expense reported in the Statement of Profit and Loss	(21.19)	(32.02)

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 2022			31 March 2021		
	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	--	--
ii) Trade Receivables	0.35	--	--	0.35	--	--
iii) Other Financial Assets	24.32	--	--	32.62	--	--
Current						
i) Trade Receivables	1,999.25	--	--	2,565.77	--	--
ii) Cash and Cash Equivalents	80.43	--	--	44.23	--	--
iii) Bank Balances other than (ii) above	78.26	--	--	79.92	--	--
iv) Loans	0.50	--	--	230.62	--	--
v) Other Financial Assets	45.89	--	--	32.69	--	--
Total financial assets	**2,229.00**	**--**	**--**	**2,988.79**	**--**	**--**
Financial Liabilities:						
Non-current						
i) Borrowings	1,557.25	--	--	788.63	--	--
ii) Other Financial Liabilities	-	--	--	--	--	--
Current						
i) Borrowings	1,712.69	--	--	2,529.09	--	--
ii) Trade Payables	752.33	--	--	900.58	--	--
iii) Other Financial Liabilities	140.90	--	--	158.44	--	--
Total Financial Liabilities	**4,163.17**	**--**	**--**	**4,376.74**	**--**	**--**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

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 or indirectly observable.

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.

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 2022	Year ended 31 March 2021
Sales of products	7,159.20	6,591.06
	7,159.20	**6,591.06**

(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 2022	Year ended 31 March 2021
India	6,520.26	6,214.56
Outside India	638.94	376.50
	7,159.20	**6,591.06**

(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 2022	Year ended 31 March 2021
India	1,623.07	1,229.71
Outside India	-	--
	1,623.07	**1,229.71**

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

(iv) The following table gives details in respect of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Company's revenues from product sale:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from Top customer	1,302.34	640.63
Revenue from customers contributing 10% or more to the company's revenue from product sale	1,302.34	1,149.43

2.37. Impact of COVID-19

The Company has reported a net loss of ₹968.13 lakhs during the current year and has accumulated losses amounting to ₹1,795.16 lakhs as on 31 March 2022. The spread of COVID-19 has impacted the normal operations of the Company during the period. The country has witnessed several disruptions in normal operations. The operations of the Company were disrupted significantly during the first quarter of the financial year. 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 timely collections from customers during the period. The extent to which the COVID-19 pandemic 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 results. The Company has performed an assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, including overdue receivables from various state road transport corporations, 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.

The Company has received a letter of support from the chairman and promoter director of the Company, wherein he has confirmed to provide all financial support to the Company to meet the shortfall in its fund requirements for payment of timely dues to banks & other parties and to meet the operating expenses, if required. for a period of not less than 12 months from the date of financial closure. In view of the above letter of support and various performance improvement measures undertaken, the Management believes that the Company will be able to meet its operational and other commitments as and when these become due in the foreseeable future. Hence the financial statements have been prepared on a going concern basis.

2.38. An offer of rights issue was made to the Company by Shipnext Solutions Private Limited ("Subsidiary") on 4 September 2021 which was renounced by the Company in it's board of directors meeting held on 13 September 2021. Subsequently, the capital base of the Subsidiary was increased by way of private placement of equity shares to other investors on 30 November 2021. Consequently, the shareholding of the Company has reduced to 14.53% resulting in loss of control in Subsidiary and Shipnext Solutions Private Limited became an associate as per Ind AS 28 "Investments in Associates and Joint Ventures" with effect from 1 December 2021. Further, due to various actions taken by the management of the Company including amendment in shareholders' agreement, Shipnext Solutions Private Limited ceased to be an associate of the Company with effect from 15 February 2022

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

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

Name of the Party	Relationship	As at 31 March 2022	As at 31 March 2021
Shipnext Solutions Private Limited	Erstwhile Subsidiary Company	-	230.12

iii. Details of guarantees given are given on behalf erstwhile Subsidiary given below:

Name of the Party	Relationship	As at 31 March 2022	As at 31 March 2021
Shipnext Solutions Private Limited	Erstwhile Subsidiary Company	110	110

2.40. **Key Ratios**

Particulars	31 March 2022	31 March 2021	% Variance	Reason for variance
Current ratio	1.12	1.10	2%	-
Debt-equity ratio	67.59	5.29	1178%	The company has incurred loss during the current year due to which the equity of the company has come down.
Debt service coverage ratio	(0.29)	1.10	-126%	There was an increase in the loss during the year due to which the earnings available for debt service has come down.
Return on equity ratio	(2.87)	(0.09)	3089%	There was an increase in the loss during the year due to which the loss was higher when compared to previous year.
Inventory turnover ratio	8.05	6.36	27%	The overall inventory holding of the company has come down due to management decision of reducing the inventory holding
Trade receivables turnover ratio	2.84	2.51	13%	-
Trade payables turnover ratio	6.34	5.00	27%	The purchases made during the year has decreased when compared to previous year. Further, company has paid off trade payables due to which trade payables was also less when compared to previous year.
Net capital turnover ratio	21.74	18.16	20%	-
Net profit ratio	(0.13)	(0.01)	1200%	There was an increase in the loss during the year due to which the loss was higher when compared to previous year.
Return on capital employed	(0.19)	0.06	-417%	There was an increase in the loss during the year due to which the loss was higher when compared to previous year.

Numerator and denominator used for computation

Particulars	**Numerator**	**Denominator**
Current ratio	Current assets	Current liabilities
Debt-equity ratio	Total borrowings	Equity share capital and other equity
Debt service coverage ratio	Earnings available for debt service	Debt service
Return on equity ratio	Net loss	Average shareholder's equity
Inventory turnover ratio	Revenue from operations	Average inventory
Trade receivables turnover ratio	Revenue from operations	Average trade receivables
Trade payables turnover ratio	Total purchases	Average trade payables
Net capital turnover ratio	Revenue from operations	Working capital
Net profit ratio	Net loss	Revenue from operations
Return on capital employed	Loss before interest and tax	Capital employed

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

2.41. a) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

c) As per the information available with the Company, the Company has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

d) There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period.

e) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall -

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries).

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
Company has not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall

i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

ii. provided any guarantee, security or the like on behalf of the ultimate beneficiaries.

f) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2022.

g) The Company does not have any surrendered or undisclosed income during the year in the tax assessments under the Income Tax Act, 1961.

h) The title deeds of all the immovable properties held by the Company disclosed in the financial statements are held in the name of the Company.

i) The borrowings obtained by the Company from banks and financial institutions have been applied for the purposes for which such loans were taken.

j) The Company has complied with the number of layers prescribed under the Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

k) The Company has revalued its freehold land during the current year and the revaluation has been carried out by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Summary of Significant Accounting Policies and other Explanatory Information for the Year ended 31 March 2022 (cont'd)

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

l) Details of loans or Advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties are disclosed below:

Type of borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Chief executive officer	15.15	100%

m) Details of differences between amounts of as per books of accounts and quarterly stock statements submitted to the bank are disclosed below:

Quarter	Name of bank	Particulars of securities provided	Amount as per books of accounts	Amount as per quarterly stock statement submitted to bank	Amount of difference	Reason for material discrepancies
Jun-21	Federal Bank Limited	Trade receivable*	1,795.17	2,201.54	406.37	Refer note below#

* As per the terms and conditions with the bank, only trade receivables aged below 120 days shall be considered for the purpose of computation of drawing power.

The company has inadvertently considered trade receivable aged more than 120 days for the purpose of stock statement.

2.42. Events after the balance sheet date

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.

2.43. Prior year comparatives have been regrouped/reclassified where necessary to conform with the current 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

Krishnakumar Ananthasivan
Partner
Membership No: 206229

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

Sachin Saxena	**Mohammed Sherif Shah**	**Baiju T.**	**M.E. Mohamed**	**Navas M. Meeran**
Chief Executive Officer	Chief Financial Officer	Company Secretary	Managing Director DIN: 00129005	Chairman DIN: 00128692

Kochi
30 May 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Eastern Treads Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of Eastern Treads Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), and its associate as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2022, 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 except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at 31 March 2022, 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 Qualified Opinion

3. As described in note 2.4(a) to the accompanying financial statements, the Holding Company has certain overdue trade receivables as at 31 March 2022 aggregating to ₹1,085.13 lakhs, (net of expected credit loss allowance of ₹ 90.64). As further stated in the said note, the management has assessed the recoverability of trade receivables outstanding as at year end and created an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including on certain specific debts, during the current year. However, in absence of sufficient appropriate audit evidence to support aforesaid accounting estimate made by the management as required under the principles of expected credit loss enunciated under Ind AS 109, Financial Instruments, we are unable to comment on the adequacy of such allowance made against aforesaid overdue trade receivables as at 31 March 2022, and the consequential impact thereof on the accompanying consolidated financial statements for the year ended 31 March 2022.

4. 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 Group and its associate, 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 consolidated 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 qualified opinion.

Emphasis of Matter – COVID-19

5. We draw attention to note 2.37 of the accompanying standalone financial statements which describes the uncertainties associated with recovery of market operations post COVID-19 and the Management's evaluation of its probable impact on the Holding Company's operations as at the reporting date, the extent of which is dependent on ongoing as well as future developments, which are highly uncertain. Further, as stated in the same note, the Holding Company has received a letter of financial support from the chairman and promoter director of the Holding Company to mitigate the aforesaid impact on the Holding Company. Our opinion is not modified in respect of this matter.

Key Audit Matter

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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.

7. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matter 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
Valuation of inventory The net carrying value of inventory held by the Holding Company as on 31 March 2022 amounts to ₹749.30 lakhs as disclosed in note 2.8 to accompanying consolidated financial statements, which is 15.93 % of total assets of the Holding Company as on that date. Further, refer to note 1.15 for accounting policies relating to valuation of inventory adopted by the management in accordance with Ind AS 2, Inventories ('Ind AS 2'). 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 as further detailed below: **(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 basis using first-in, first-out ('FIFO') method of computation. **(ii) Finished goods and work in progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads determined based on the normal operating capacity. Cost is determined using weighted average method of computation. 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. The management also identifies slow-moving, obsolete and damaged inventory on a periodical basis and makes an appropriate provision for obsolescence for such items as at reporting date.	Our audit procedures in relation to valuation of inventory included, but were not limited to, the following: • Evaluated the design and implementation, and tested the operating effectiveness of key internal controls over measurement of inventory balances as at year end. • Assessed the appropriateness of the principles used in the valuation of inventory in accordance with the requirements of Ind AS 2. • Tested, on a sample basis, the accuracy of cost computed for raw material inventory by verifying the actual costs of latest purchase of raw materials applying the principle of FIFO method, by inspection of supporting documents. • Tested, on a sample basis, the accuracy of cost computed for work-in-progress and finished goods inventory by recomputing the weighted average cost computation. Further, in the process, tested the cost of direct materials used as per bills-of-material (BOM), and allocation of labour and manufacturing overheads to such finished goods; • Obtained management working of valuation of inventory and reconciled the quantities with the stock verification reports to ensure completeness of the underlying data on which valuation is performed by the management and tested the mathematical accuracy of such workings. • Recomputed the overall allocation computation of overheads on inventory and ensured consistency of assumptions used therein by the management with prior periods. • Tested, on sample basis, the inventory aging report and net realisable value of inventories basis the latest market prices of the products.

The aforesaid inventory valuation and estimation of provision for obsolescence is manually performed by the management on the reporting date and involve significant estimates and judgements. Considering the size, the assumptions used in the valuation and the complexities involved significant auditor attention is required to test accuracy of inventory valuation, and thus, we have identified valuation of inventory as a key audit matter in the current year audit.	• Evaluated the process followed by the management for identification of slow-moving, obsolete and damaged inventory items and accordingly assessed reasonableness of provision for obsolescence estimated by the Company. • Evaluated the appropriateness and adequacy of disclosures presented by the management relating to inventory balances in the financial statements in accordance with applicable financial reporting framework.

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

8. 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 available to us after the date of this auditor's 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 identified above when it becomes available 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

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 including its associate in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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.

11. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

13. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated 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 system 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 Board of Directors' 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 and its associate 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 and its associate 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 statements of the entities or business activities within the Group, to express an opinion on the consolidated 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. We remain solely responsible for our audit opinion

14. 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.

15. 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.

16. 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

17. We did not audit the financial information of an erstwhile subsidiary, whose financial information reflect total assets of ₹ nil and net assets of ₹ nil as at 31 March 2022, total revenues of ₹ 542.09 lakhs and net cash outflow amounting to ₹ 8.73 lakhs for the period ended 30 November 2021, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 2.59 lakhs for the period 1 December 2021 till 15 February 2022, as considered in the consolidated financial statements, in respect of one associate, whose financial information has not been audited by us. This financial information is unaudited and have 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 aforesaid erstwhile subsidiary and erstwhile associate is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

    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 matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

18. As required by section 197(16) of the Act based on our audit, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

19. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act we report that:

    A. Following are the qualifications reported by in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date:

Sl No	Name	CIN	Holding Company / subsidiary / Associate	Clause number of the CARO report which is qualified or adverse
1	Eastern Treads Limited	L25119KL1993PLC007213	Holding Company	ii (b)
2	Eastern Treads Limited	L25119KL1993PLC007213	Holding Company	iii (b)
3	Eastern Treads Limited	L25119KL1993PLC007213	Holding Company	iii (c)
4	Eastern Treads Limited	L25119KL1993PLC007213	Holding Company	vii (a)

B. Following are the companies included in the consolidated financial statements for the year ended 31 March 2022 audited by other auditors, for which the reports under section 143(11) of such companies have not yet been issued by the other auditors, as per information and explanation given to us by the management in this respect:

Sl No	Name	CIN	Subsidiary/ Associate
1	Shipnext Solutions Private Limited	U72900KL2015PTC039195	Subsidiary up to 30 November 2021 Associate from 1 December 2021 to 15 February 2022

20. 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 except for the matter described in the Basis for Qualified Opinion section, 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, except for the possible effects of the matter described in paragraph 3 of the Basis for Qualified Opinion section with respect to the financial statements of the Holding Company;

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) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) The matter described in paragraph 3 of the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Holding Company.

f) 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, none of the directors of the Holding Company is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to the Holding Company;

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in ‘Annexure I’ wherein we have expressed a modified opinion; and

i) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate as detailed in Note 2.30 to the consolidated financial statements;

ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2022.

iii. a. The management of the Holding Company, to the best of its knowledge and belief disclosed in note 2.40(e) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management of the Holding Company, to the best of its knowledge and belief as disclosed in the note 2.40(e) to the accompanying consolidated financial statements, no funds have been received by the Holding Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

iv. The Holding Company has not declared or paid any dividend during the year ended 31 March 2022

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 22206229AJXOSE8619

Place: Kochi
Date: 30 May 2022

Annexure 1

Entity	Country of incorporation	Relationship
Shipnext Solutions Private Limited	India	Subsidiary up to 30 November 2021
Shipnext Solutions Private Limited	India	Associate from 1 December 2021 to 15 February 2022

Annexure II

Annexure II 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 2022

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 (the Holding Company and its subsidiary together referred to as 'the Group'), and its associate as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, and its associate 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, its subsidiary company, and its associate 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 . 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, its subsidiary company, and its associate 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 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, its subsidiary company and its associate 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.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company’s internal financial controls with reference to financial statements as at 31 March 2022:

9. The Holding Company’s internal financial control system towards evaluation of provisioning required for expected credit losses on receivables, as explained in note 2.4(a) to the accompanying financial statements, were not operating effectively, which could potentially result in the Holding Company not providing for adjustments, if any, that may be required to the carrying value of these receivables and its consequential impact on the losses, reserves and related disclosures in the financial statements.

10. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Holding Company’s, its subsidiary company’s, and its associate company’s annual or interim financial statements will not be prevented or detected on a timely basis.

11. In our opinion, the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements as at 31 March 2022, based on the internal controls with reference to financial statements criteria established by the Holding 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2022.

12. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company, its subsidiary company, and its associate company as at and for the year ended 31 March 2022, and the material weakness has affected our opinion on the consolidated financial statements of the Company and we have issued a modified opinion on the consolidated financial statements.

Other Matter

13. We did not audit the internal financial controls with reference to financial statements in so far as it relates to an erstwhile subsidiary, which is a company covered under the Act, whose financial information reflect total assets of ₹ nil and net assets of ₹ nil as at 31 March 2022, total revenues of ₹ 542.09 lakhs and net cash outflows amounting to ₹ 8.73 lakhs for the period ended 30 November 2021; and an erstwhile associate company, which is a company covered under the Act, in respect of which, the Group's share of net loss (including other comprehensive income) of ₹ 2.59 lakhs for the period 1 December 2021 till 15 February 2022 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of the erstwhile subsidiary company and erstwhile associate company, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid erstwhile subsidiary and erstwhile associate company, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 22206229AJXOSE8619

Kochi
30 May 2022

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

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

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2.1	1,599.34	1196.09
(b) Capital Work in Progress	2.1	16.61	23.91
(c) Goodwill		-	16.02
(d) Intangible Assets	2.2	3.29	6.45
(e) Intangible Assets under development		-	147.08
(f) Financial Assets			
(i) Trade Receivables	2.4	0.35	0.35
(ii) Other Financial Assets	2.6	24.32	32.62
(g) Deferred Tax Assets (Net)		-	0.36
(h) Other Non-Current Assets	2.7	3.83	5.45
Total Non-current assets (I)		**1,647.74**	**1,428.33**
Current Assets			
(a) Inventories	2.8	749.30	1,042.52
(b) Financial Assets			
(i) Trade Receivables	2.4	1,999.25	2,657.06
(ii) Cash and Cash Equivalents	2.9	80.43	52.96
(iii) Bank balances other than (ii) above	2.10	78.26	79.92
(iv) Loans		0.50	0.65
(v) Other Financial Assets	2.6	45.89	32.69
(c) Current Tax Assets (Net)		37.81	45.16
(d) Other Current Assets	2.7	64.76	127.21
Total Current Assets (II)		**3,056.20**	**4,038.17**
Total assets (I)+(II)		**4,703.94**	**5,466.50**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.11	541.18	541.18
(b) Other Equity	2.12	(492.80)	35.03
(c) Non-Controlling Interest		--	(52.25)
Total equity (I)		**48.38**	**523.96**
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.13	1,557.25	845.96
(b) Provisions	2.15	164.40	115.59
(c) Deferred Tax Liabilities (Net)	2.16	210.21	100.99
(d) Other Non-Current Liabilities	2.17	-	0.03
Total Non-current Liabilities (II)		**1,931.86**	**1,062.57**

Consolidated Balance Sheet as at 31 March 2022(cont'd)

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

Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.13	1,712.69	2,600.22
(ii) Trade Payables	2.18		
(A) total outstanding dues of micro and small enterprises		14.48	0.47
(B) total outstanding dues of creditors – other than micro and small enterprises		737.85	1,015.47
(iii) Other Financial Liabilities	2.14	140.90	162.00
(b) Provisions	2.15	48.69	29.76
(c) Other Current Liabilities	2.17	69.09	72.05
Total current Liabilities (III)		**2,723.70**	**3,879.97**
Total equity and liabilities (I)+(II)+(III)		**4,703.94**	**5,466.50**

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

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

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Sachin Saxena
Chief Executive Officer

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

M.E. Mohamed
Managing Director
DIN: 00129005

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
30 May 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

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

	Note	Year Ended 31 March 2022	Year Ended 31 March 2021
I **Income**			
Revenue from Operations	2.19	7,227.54	6,659.57
Other Income	2.20	36.55	49.28
Total Income (I)		**7,264.09**	**6,708.85**
II **Expenses**			
Cost of Materials Consumed	2.21	4,966.83	4,252.04
Purchases of Stock-in-Trade		60.94	20.23
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22	238.32	96.14
Employee Benefits Expense	2.23	971.62	810.32
Finance Costs	2.24	320.48	331.41
Depreciation and Amortisation Expense	2.25	183.23	212.22
Other Expenses	2.26	1,509.40	1,075.92
Total Expenses (II)		**8,250.82**	**6,798.28**
Loss before share of loss of associates, exceptional items and tax(I-II)		**(986.73)**	**(89.43)**
III Share of loss of associate, net of tax		**(2.59)**	**-**
IV Loss before tax (I-II-III)		**(989.32)**	**(89.43)**
V Tax Expense:			
Deferred tax credit	2.34	(21.19)	(32.02)
Total tax expense (V)		**(21.19)**	**(32.02)**
VI **Loss for the Year (IV-V)**		**(968.13)**	**(57.41)**
VII Discontinued Operations	2.38		
Profit/(loss) from discontinued Operations before tax		12.41	(40.84)
Tax credit of Discontinued Operations		(0.01)	(0.01)
VIII Loss for the Year (VI+VII)		(955.71)	(98.24)
IX **Other Comprehensive income /(Loss)**			
i) Items that will not be reclassified to Profit or Loss:			
a) Re-measurement gain / (loss) in defined benefit plans		(56.86)	3.72
b) Income tax relating to items that will not be reclassified to profit or loss		14.31	(0.94)
		(42.55)	**2.78**
a) Re-measurement gain / (loss) in defined benefit plans		574.98	-
c) Income tax relating to items that will not be reclassified to profit or loss		(144.72)	-
		430.26	-
Other comprehensive income(net of tax)(IX)		**387.71**	**2.78**
X **Total Comprehensive Loss for the year (VIII+IX)**		**(568.00)**	**(95.46)**

Consolidated Statement of Profit And Loss for the Year Ended 31 March 2022 (cont'd)

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

Loss for the year attributable to:			
Equity owners of the Company		**(917.66)**	**(79.88)**
Non- controlling Interest		**(38.05)**	**(18.36)**
Other comprehensive income / (loss) attributable to:			
Equity owners of the Company		387.71	2.78
Non- controlling Interest		-	--
Total comprehensive loss attributable to:			
Equity owners of the Company		(529.95)	(77.10)
Non- controlling Interest		(38.05)	(18.36)
Loss per equity share (₹ per share)	2.27		
Basic		(17.54)	(1.53)
Diluted		(17.54)	(1.53)

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	Sachin Saxena	Mohammed Sherif Shah	Baiju T.	M.E. Mohamed	Navas M. Meeran
Partner Membership No: 206229	Chief Executive Officer	Chief Financial Officer	Company Secretary	Managing Director DIN: 00129005	Chairman DIN: 00128692

Kochi
30 May 2022

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

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

	Year Ended 31 March 2022	Year Ended 31 March 2021
A. Cash flow from Operating Activities		
Loss before Tax	**(989.32)**	**(130.28)**
Adjustments for:		
Depreciation and Amortisation Expense	183.23	213.74
Finance Costs	320.48	335.64
Bad Debts written off	--	4.21
Provision for Doubtful Debts	318.96	42.18
Provision for Inventory	2.46	--
Loss/(Profit) on sale of property, plant and equipment	2.11	(10.56)
Provision on employee benefits	28.10	13.52
Interest Income	(26.16)	(5.20)
Provision for Impairment of investment	2.59	--
Operating Profit /(loss) before Working Capital Changes	**(157.55)**	**463.25**
Adjustments for Working Capital Changes		
Decrease in inventories	290.76	7.73
(Increase) / Decrease in trade receivables	247.56	(97.08)
Increase other receivables	(64.55)	(80.84)
Increase / (Decrease) in trade and other payables	(172.29)	46.29
Cash Generated from Operations	**143.93**	**339.35**
Direct Taxes Paid	(4.37)	(3.36)
Net cash generated from operating activities (A)	**139.56**	**335.99**
B. Cash Flow from Investing Activities		
Payments for Purchase of Property, Plant and Equipment (including Capital Advances)	(27.71)	(20.97)
Payments for Purchase of Intangible Assets	--	(50.97)
Proceeds from sale of Property, Plant and Equipment	20.16	44.88
Decrease/(Increase) in Other Bank Balances	12.85	(20.32)
Repayment of loan by erstwhile subsidiary	230.12	--
Repayment of loan given to others	--	2.72
Interest Received	26.16	5.32
Net Cash Generated from / (used) in Investing Activities (B)	**261.58**	**(39.34)**
C. Cash Flow from Financing Activities		
Proceeds from non current Borrowings	1,001.00	648.96
Repayment of non current Borrowings	(170.15)	(189.02)
Repayment of current Borrowings (Net)	(926.43)	(441.29)
Interest Paid	(269.36)	(283.10)
Net Cash used in Financing Activities (C)	**(364.94)**	**(264.45)**
Net increase in Cash and Cash Equivalents (A+B+C)	**36.20**	**32.20**
Derecognition on account of loss of control in subsidiary Refer note 2.38	**(8.73)**	**--**
Cash and Cash Equivalents at the beginning of the year	52.96	20.76
Cash and Cash Equivalents at the end of the Year	**80.43**	**52.96**

Components of cash and cash equivalents (Refer note 2.9)	As at 31 March 2022	As at 31 March 2021
Cash in hand	1.61	2.45
Balances with banks - in current accounts	78.82	50.51
Total	**80.43**	**52.96**

Consolidated Statement of Cash flows for the year ended 31 March 2022(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 1 April 2020	Financing Cash Flows	Non-Cash Changes	As at 31 March 2021
Current Borrowings	2,442.08	(441.29)	-	2,000.79
Non-Current Borrowings (including current maturities)	936.11	459.94	49.34	1,445.39
	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 1 April 2021	Financing Cash Flows	Non-Cash Changes	As at 31 March 2022
Current Borrowings	2,000.79	(926.43)	(53.30)	1,021.06
Non-Current Borrowings (including current maturities)	1,445.39	830.85	(27.36)	2,248.88
	3,446.18	**(95.58)**	**(80.66)**	**3,269.94**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

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

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Kochi
30 May 2022

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

Sachin Saxena
Chief Executive Officer

Mohammed Sherif Shah
Chief Financial Officer

Baiju T.
Company Secretary

M.E. Mohamed
Managing Director
DIN: 00129005

Navas M. Meeran
Chairman
DIN: 00128692

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(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 2020	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2021	52.32	541.18
Changes in equity share capital during the year	--	--
Balance as at 31 March 2022	52.32	541.18

** Including forfeited shares balance ₹17.98 lakhs*

Reconciliation for instruments entirely equity in nature

Particulars	As at 01 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 April 2021	Changes in Equity Share Capital during the current year	As at 31 March 2022
Equity Share Capital	541.18	--	541.18	--	541.18

Reconciliation for instruments entirely equity in nature

Particulars	As at 01 April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 April 2020	Changes in Equity Share Capital during the current year	As at 31 March 2021
Equity Share Capital	541.18	--	541.18	--	541.18

b) Other Equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus			Items of other comprehensive income		Total other Equity	Non controlling interest	Total
		Capital Reserve	General Reserves	Retained Earnings	Revaluation Surplus	Other items of other comprehensive income /(Loss)			
Balance as at 1 April 2021	**744.41**	**100.00**	**97.46**	**(877.50)**	--	**(29.34)**	**35.03**	**(52.25)**	**(17.22)**
Loss for the year	--	--	--	(917.66)	--	--	**(917.66)**	**(38.05)**	**(955.71)**
Equity contribution of loan given by promoter	2.12	--	--	--	--	--	**2.12**	**--**	**2.12**
Other comprehensive income/(loss), net of tax	--	--	--	--	430.26	(42.55)	**387.71**	**--**	**387.71**
Derecognition on account of loss of control in subsidiary (Refer note 2.38)	--	--	--	--	--	--	--	**90.30**	**90.30**
Balance as at 31 March 2022	746.53	100.00	97.46	(1,795.16)	430.26	(71.89)	**(492.80)**	**--**	**(492.80)**

Consolidated Statement of Changes in Equity for the year ended 31 March 2022 (cont'd)

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

Particulars	Equity component of compound financial instruments	Reserves and Surplus			Items of other comprehensive income		Total other Equity	Non controlling interest	Total
		Capital Reserve	General Reserves	Retained Earnings	Revaluation Surplus	Other items of other comprehensive income /(Loss)			
Balance as at 1 April 2020	**744.41**	**100.00**	**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/(loss), net of tax	--	--	--	--	--	2.78	2.78	--	2.78
Balance as at 31 March 2021	**744.41**	100.00	97.46	**(877.50)**	--	**(29.34)**	**35.03**	**(52.25)**	**(17.22)**

See accompanying notes forming part of these consolidated financial statements

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

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M.E. Mohamed
Managing Director
DIN: 00129005

Navas M. Meeran
Chairman
DIN: 00128692

Kochi
30 May 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

(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. 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.C. Basis of consolidation:

The consolidated financial statements of the Group include:

Subsidiary	Country of incorporation	Percentage of shareholding	
		31 March 2022	31 March 2021
Shipnext Solutions Private limited	India	0%	55%

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 31 March 2022. 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 2022. 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) 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

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.

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.

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.

All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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.

Land held for use in the production or supply of goods or services (excluding investment properties), or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation increase arising on the revaluation of such land is credited to the revaluation surplus under other equity (net of tax), except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation surplus relating to a previous revaluation of that asset

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 2022 (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	3-5 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: 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 Group 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 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.

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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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.

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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022 (Cont'd)

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

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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

1.22. Recent accounting pronouncements

Standards issued but not effective on Balance Sheet date:

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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 2020	**145.63**	**342.06**	**1,170.74**	**219.55**	**22.02**	**4.91**	**33.40**	**105.26**	**214.71**	**2,258.28**	**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**	**4.96**	**35.68**	**79.26**	**221.70**	**2,210.67**	**23.91**
Balance as at 01 April 2021	**145.63**	**342.06**	**1,173.88**	**185.30**	**22.20**	**4.96**	**35.68**	**79.26**	**221.70**	**2,210.67**	**23.91**
Additions	-	-	7.92	-	0.30	0.16	2.38	13.00	8.57	32.33	0.62
Gain on revaluation of property	574.98	-	-	-	-	-	-	-	-	574.98	-
Derecognition of assets of subsidiary	-	-	-	-	-	-	(3.02)	-	-	(3.02)	-
Disposals	-	-	-	(24.75)	-	-	(3.00)	(56.75)	-	(84.50)	(7.92)
Balance as at 31 March 2022	**720.61**	**342.06**	**1,181.80**	**160.55**	**22.50**	**5.12**	**32.04**	**35.51**	**230.27**	**2,730.46**	**16.61**
Accumulated Depreciation											
Balance as at 01 April 2020	**--**	**53.97**	**473.79**	**66.00**	**9.53**	**4.20**	**23.95**	**64.36**	**135.12**	**830.92**	**--**
Depreciation charge for the year	--	14.38	128.62	12.51	2.12	0.11	4.18	15.24	31.81	208.97	--
De-recognition **	-	-	-	-	-	-	0.62	-	-	0.62	-
Disposals	--	---	--	(10.04)	--	--	--	(15.89)	--	(25.93)	--
Balance as at 31 March 2021	**--**	**68.35**	**602.41**	**68.47**	**11.65**	**4.31**	**28.75**	**63.71**	**166.93**	**1,014.58**	**--**
Balance as at 01 April 2021	**--**	**68.35**	**602.41**	**68.47**	**11.65**	**4.31**	**28.75**	**63.71**	**166.93**	**1,014.58**	**--**
Depreciation charge for the year	-	14.34	127.51	4.06	2.11	0.09	2.80	6.35	23.39	180.65	-
De-recognition **	-	-	-	-	-	-	(1.82)	-	-	(1.82)	-
Disposals	-	-	-	(8.56)	-	-	(2.85)	(50.88)	-	(62.29)	-
Balance as at 31 March 2022	**-**	**82.69**	**729.92**	**63.97**	**13.76**	**4.40**	**26.88**	**19.18**	**190.32**	**1,131.12**	**-**
Net Block											
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**
Balance as at 31 March 2022	**720.61**	**259.37**	**451.88**	**96.58**	**8.74**	**0.72**	**5.16**	**16.33**	**39.95**	**1,599.34**	**16.61**

** Derecognition of accumulated depreciation of subsidiary

Notes:-

a) Contractual Obligations

Refer note 2.30

b) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2022 (31 March 2021: 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

e) Revaluation of freehold land

The Audit Committee and the Board of Directors of the Holding Company at their respective meetings held on 31 March 2022 approved adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company. Fair valuation of the land had been carried out by a registered valuer and the fair value of land was estimated at ₹720.61 lakhs and consequent revaluation gain of ₹574.98 lakhs was added to the carrying value of freehold land during the year ended 31 March 2022.

f) De-recognition of Property, Plant and Equipment of subsidiary.

Shipnext Solutions Private Limited ceased to be a subsidiary of the company during the current year and hence, the assets of the erstwhile sibsidiary was de-recognised in the books of accounts. Refer note 2.38

2.1 Capital Work in Progress ageing

Ageing as at 31 March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.61	--	--	16.00	16.61
Projects temporarily suspended	--	--	--	--	--

Ageing as at 31 March 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	7.91	--	--	16.00	23.91
Projects temporarily suspended	--	--	--	--	--

There are no Capital Work in Progress which are overdue or has exceeded the costs compared to its original plan

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.2. Intangible Assets

	Software	Total
Gross carrying Amount		
Balance as at 01 April 2020	35.75	35.75
Additions	1.95	1.95
Balance as at 31 March 2021	**37.70**	**37.70**
Balance as at 01 April 2021	**37.70**	**37.70**
Additions	0.41	0.41
De recognition of the assets of Subsidiary	(10.24)	(10.24)
Balance as at 31 March 2022	**27.87**	**27.87**
Accumulated Amortisation		
Amortisation for the Year	5.35	5.35
Balance as at 01 April 2020	27.10	27.10
Amortisation for the Year	3.25	3.25
De recognition of the accumulated amortisation of the subsidiary	0.90	0.90
Balance as at 31 March 2021	**31.25**	**31.25**
Balance as at 01 April 2021	**31.25**	**31.25**
Amortisation for the Year	2.58	2.58
De recognition of the accumulated amortisation of the subsidiary	**(9.25)**	**(9.25)**
Balance as at 31 March 2022	**24.58**	**24.58**
Net Carrying Amount		
Balance as at 31 March 2021	**6.45**	**6.45**
Balance as at 31 March 2022	**3.29**	**3.29**

a. **Contractual obligations**

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

b. **De-recognition of intangible assets of subsidiary**

Shipnext Solutions Private Limited ceased to be a subsidiary of the company during the current year and hence, the assets of the erstwhile sibsidiary was de-recognised in the books of accounts. Refer note 2.38

2.2.1. Intangible assets under development

Balance as at 01 April 2020	96.11
Additions	50.97
Deletions	--
Balance as at 31 March 2021	**147.08**
Additions	-
Deletions	-
De recognition of the assets of Subsidiary	147.08
Balance as at 31 March 2021	**147.08**
Balance as at 31 March 2022	**-**

Summary of significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.1.2. Intangible assets under development ageing schedule

Ageing as at 31 March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	--	--	--	--	--
Projects temporarily suspended	--	--	--	--	--

Ageing as at 31 March 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	50.97	71.16	24.95	-	**147.08**
Projects temporarily suspended	--	--	--	--	--

There are no intangible assets under development which are overdue or has exceeded the costs compared to its original plan.

The above intangible assets under development were owned by Shipnext Solutions Private Limited, the erstwhile subsidiary of Eastern treads Limited. Shipnext Solutions Private Limited ceased to be a subsidiary of the company during the current year and hence, the assets of the erstwhile subsidiary was de-recognised in the books of accounts. Refer note 2.38

2.4. Trade Receivables

	As at 31 March 2022	As at 31 March 2021
Non- Current		
Trade Receivables considered good – Unsecured	0.35	0.35
	0.35	**0.35**
Current		
(a) Trade Receivables considered good – Secured	73.73	223.97
(b) Trade Receivables considered good – Unsecured	1,873.36	2,268.37
(c) Trade Receivables considered good - Related party (Refer note 2.29)	164.93	164.72
(d) Trade Receivables which have significant increase in Credit Risk	3 10.51	104.32
	2,422.53	**2,761.38**
Less: Allowances for expected credit loss	(423.28)	(104.32)
	1,999.25	**2,657.06**

Trade receivables ageing schedule as at 31 March 22

Particulars	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(iv) Undisputed Trade receivables - considered good	1,841.48	174.34	54.01	38.28	4.26	**2112.37**
(v) Undisputed Trade Receivables - which have significant increase in credit risk	34.73	53.68	106.81	34.17	5.97	**235.36**
(vi) Disputed Trade Receivables - which have significant increase in credit risk	4.14	7.23	6.98	41.60	15.20	**75.15**
Less: Allowances for expected credit loss	--	--	--	--	--	**(423.28)**
Total trade receivables	**1,880.35**	**235.25**	**167.80**	**114.05**	**25.43**	**1,999.60**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Trade receivables ageing schedule as at 31 March 21

Particulars	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(iv) Undisputed Trade receivables - considered good	2,026.26	179.86	360.00	--	--	**2,566.12**
(v) Undisputed Trade Receivables - which have significant increase in credit risk	2.57	0.43	30.37	11.19	11.21	**55.77**
(vi) Disputed Trade Receivables - which have significant increase in credit risk	--	--	35.13	3.91	9.51	**48.55**
Less: Allowances for expected credit loss	**--**	**--**	**--**	--	**--**	**(104.32)**
Total trade receivables	**2,028.83**	**180.29**	**425.50**	**15.10**	**20.72**	**2,566.12**

2.4(a) Trade receivables as on 31 Mach 2022 includes certain overdue debts amounting to ₹1,085.13 lakhs (net of expected credit loss allowance of ₹90.64 lakhs). As directed by the Board of Directors of Holding Company in their meeting dated 31 March 2022, the management has made a detailed assessment of carrying value of all receivables and an additional allowance for expected credit loss amounting to ₹318.96 lakhs, including allowance for certain specific debts, has been made in the financial statement during the year ended 31 March 2022.

2.5. Loans

	As at 31 March 2022	As at 31 March 2021
Current - (Unsecured, considered good)		
Loans and advances	0.50	0.65
	0.50	**0.65**

2.6. Other Financials Assets

	As at 31 March 2022	As at 31 March 2021
Non-current		
(unsecured considered good)		
Security Deposits	24.32	21.57
Balance with bank- Deposit account (refer note (a) below)	-	11.05
	24.32	**32.62**
Current		
(unsecured considered good)		
Security Deposits	17.77	23.69
Others	28.12	9.00
	45.89	**32.69**

(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.

2.7. Other Assets

	As at 31 March 2022	As at 31 March 2021
Non-current - *(Unsecured, Considered Good)*		
Prepaid Expenses	2.56	3.32
Capital Advance	1.27	2.13
	3.83	**5.45**

Summary of significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Current - *(Unsecured, Considered Good)*		
Prepaid Expenses	13.70	13.39
Balances with statutory authority	0.09	0.09
Advance for Expenses	0.17	2.24
Other Current Assets	50.80	111.49
	64.76	**127.21**

2.8. Inventories

	As at 31 March 2022	As at 31 March 2021
Raw Materials	118.79	171.45
Work in Progress	77.98	152.97
Finished Goods [Refer note (a) and (b)]	514.46	678.19
Goods in Transit (Finished Goods)	8.41	8.01
Packing Materials	17.42	14.76
Fuel & Oil	1.96	2.80
Tools & Spares	13.4	15.00
Less: Provision for inventory	(3.12)	(0.66)
	749.3	**1,042.52**

Notes:

(a) The value of finished goods includes stock in trade worth ₹ 46.62 lakhs for the current year and ₹ 30.13 lakhs for the previous year).

(b) Provision for inventory for ₹ 3.12 lakhs (PY ₹ 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

2.9. Cash and Cash Equivalents

	As at 31 March 2022	As at 31 March 2021
Cash in Hand	1.61	2.45
Balances with banks (with maturities less than three months): - in current accounts	78.82	50.51
	80.43	**52.96**

2.10. Bank balances other than Cash and Cash Equivalents

	As at 31 March 2022	As at 31 March 2021
Unpaid Dividend accounts	8.04	7.90
Balance with bank- Deposit account (Refer note (a))	70.22	72.02
	78.26	**79.92**

(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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.11.Share capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number (In Lakhs)	Amount	Number (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**

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

Particulars	As at 31 March 2022		As at 31 March 2022	
	Number (In Lakhs)	Amount	Number (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:**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number (In Lakhs)	Percentage	Number (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 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.

Redemption of preference shares

(i) The Holding company has not redemeed any preference shares during the financial Year 2017-18, 2018-19, 2019-20,2020-21 and 2021-22.

(f) **Issue of Bonus Shares**

There has been no issuance of bonus shares or share buyback during five years immediately preceding 31 March 2022.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

(g) **Details of Forfeited shares**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number (In Lakhs)	Amount originally paid up	Number (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

(h) **Details of shared held by promoters as at 31 March 2022**

Promoter name	As at 31 March 2022		% Change during the year
	No. of shares	% of total shares	
Feroz Meeran	13.51	25.81%	--
Navas M Meeran	13.22	25.27%	--
Kerala State Industrial Development Corporation Limited	6.15	11.75%	--
Niza Zakir	0.49	0.93%	--
Soyamol Anwar Sajith	0.40	0.76%	--
Riya Mohamed	0.01	0.01%	--
Shameena Mohamed	0.01	0.02%	--
Nabeesa Meeran	0.34	0.65%	--
M E Mohamed	0.24	0.46%	--

The above information has been compiled from the filings made with stock exchange, by the Company during the year

2.12. Other Equity (Refer Consolidated Statement of Change in Equity)

	As at 31 March 2022	As at 31 March 2021
Capital Redemption Reserve	100.00	100.00
Equity component of compound financial instruments	746.53	744.41
General Reserves	97.46	97.46
Retained Earnings	(1,795.16)	(877.50)
Items of other comprehensive income/(loss):		
-Re-Measurements of the defined benefit plans	(71.89)	(29.34)
- Revaluation Surplus*	430.26	-
	(492.80)	**35.03**

* The Audit Committee and the Board of Directors of the Company at their respective meetings held on 31 March 2022 approved adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company. Fair valuation of the land had been carried out by a registered valuer and the fair value of land was estimated at ₹720.61 lakhs and consequent revaluation gain of ₹430.26 lakhs (net of tax) was recognized in other comprehensive income, during the year ended 31 March 2022.

Nature and purpose of each reserve:

(a) **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.

(b) **Equity component of compound financial instruments:** The balance in the other equity represents the owners' equity component of the Preference shares reclassified in accordance with Ind AS 32.

for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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

(d) **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.

(e) **Items of other comprehensive income/(loss):**

i) Re-measurements of the defined benefit plans:

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.

ii) Revaluation surplus:

Gain on revaluation of Property, Plant and Equipment consequent to adoption of revaluation model as permitted by Ind AS 16 "Property, Plant and Equipment" for measurement of carrying value of the land owned by the Company is accumulated under Revaluation surplus

2.13. Borrowings

	As at 31 March 2022	As at 31 March 2021
Non-current		
a) Term Loans		
(Secured)		
Term Loans from bank *(Refer Note (i))*	1,198.82	677.21
Vehicle Loan from bank*(Refer Note (ii))*	-	7.70
(Unsecured)		
b) Loan from related party(Refer Note (v))	246.33	-
c) Liability Component of Cumulative Redeemable Preference Shares*(Refer Note (iii))*	803.73	760.48
	2,248.88	**1,445.39**
Amount disclosed under Current Borrowings		
Less: Current Maturities of Secured Term Loans	(191.63)	(191.43)
Less: Current Maturities of Liability component of Cumulative Redeemable Preference Shares	(500.00)	(400.00)
Less: Current Maturities of Vehicle Loans	-	(7.70)
	1,557.25	**845.96**
Current		
a) Loan repayable on demand		
(Secured)		
i) Cash Credit *(Refer note (iv))*	1,021.06	1,947.49
ii) Bank overdrafts	-	10.01
iii) Bill Discounting	-	20.29
b) Current Maturities of Secured Term Loans	191.63	191.63
c) Current Maturities of Vehicle Loans	-	7.70
	1,212.69	2,177.22
(Unsecured)		
Liability component of Cumulative Redeemable Preference Shares *(Refer note (iii))*	500.00	400.00
Kerala State Industrial Development Corporation Limited	-	23.00
	500.00	**423.00**
	1,712.69	**2,600.22**

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 7 years with equal monthly instalments ranging from ₹1.75 lakhs to ₹14.36 lakhs .The rate of interest ranges from 8.95% p.a. to 10.75% p.a

(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 3 years to 5 years with equal monthly instalments ranging from ₹0.10 lakhs to ₹0.28 lakhs. The rate of interest ranges from 8.92 % to 11.50% p.a .

(iii) Liability Component of Cumulative Redeemable Preference Shares

(a) The Holding Company had 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 ₹1 crore. 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 ₹1 crore.

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.

(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 loan is repayable on demand and the rate of interest for the Cash credit facility with Federal Bank Limited is 8.90% p.a

(v) Loan from related party

(a) Loan from related party is unsecured
(b) The loan is repayable at the end of 3 years and the rate of interest applicable to the loan is 7.95%

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.14. Other Financial Liabilities

	As at 31 March 2022	As at 31 March 2021
Current		
Security Deposit /Retention Money Payable	66.11	82.88
Deposit from employees	-	4.72
Due to Employees	62.15	56.47
Creditors for Capital Goods	0.20	3.27
Other financial liabilities	4.40	6.76
Unpaid Dividends	8.04	7.90
	140.90	**162.00**

2.15. Provisions

	As at 31 March 2022	As at 31 March 2021
Non-current		
Provision for Employee Benefits *(Refer note 2.23)*	164.40	115.59
	164.40	**115.59**
Current		
Provision for Employee Benefits *(Refer note 2.23)*	48.69	29.76
	48.69	**29.76**

2.16. Deferred Tax Liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred Tax Liabilities		
On excess of net book value over Income Tax written down value of fixed assets	29.52	39.35
Deferred Tax impact on fair value changes	180.69	61.64
	210.21	**100.99**
Deferred Tax Liabilities, net	**210.21**	**100.99**

Movement in Deferred tax liabilities (Refer note 2.34)
On a prudent basis, the management is not recognizing deferred tax asset on losses and provisions as there is no certainty of sustainable taxable profit in the future

2.17. Other Liabilities

	As at 31 March 2022	As at 31 March 2021
Non-current		
Others	-	0.03
	-	**0.03**
Current		
Advance Lease Rent	0.94	1.70
Advances from Customers	6.85	4.83
Statutory dues	61.30	60.60
Others	-	4.92
	69.09	**72.05**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.18. Trade Payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note (a) below)	14.48	0.47
Total Outstanding dues of creditors other than of Micro Enterprises and Small Enterprises		
a) Related parties (Refer Note 2.29)	18.91	12.92
b) Others	718.94	1,002.55
	752.33	**1,015.94**

Trade payables includes provision for accrued and other claims for which bills are yet to be received and pending settlement

(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. This has been relied upon by the auditors:

Particulars	As at 31 March 2022	As at 31 March 2021
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	14.48	0.47
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	14.48	0.47

Trade payable ageing as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - Undisputed	14.48	--	--	--	14.48
(ii) Others - Undisputed	677.63	1.24	0.16	--	679.03
Total					693.51
Accrued expenses (others)					58.82
Grant Total					752.33

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Trade payable ageing as at 31 March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - Undisputed	0.47	--	--	--	0.47
(ii) Others - Undisputed	986.29	4.09	0.19	0.03	990.60
Total					991.07
Accrued expenses (others)					24.87
Grant Total					1015.94

2.19. Revenue from Operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of Sale of Goods		
Gross sales	7 ,542.65	7 ,079.10
Discount	(383.45)	(488.04)
Sale of products	7,159.20	6,591.06
Other Operating Revenue		
Retreading Charges	62.72	53.77
Lease Rent Received	5.62	14.74
	68.34	68.51
	7227.54	**6659.57**

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

	Year ended 31 March 2022	Year ended 31 March 2021
Contracted price	7542.65	7,079.10
Less : Trade discount, rebates etc.	(383.45)	(488.04)
Net Revenue recognised from Contracts with Customers	**7159.20**	**6,591.06**

2.19.2 Contract balances

	Year ended 31 March 2022	Year ended 31 March 2021
Trade receivables	1,999.60	2,657.41
Contract liabilities- advance from customers	6.85	4.83
	2,006.45	2,662.24

During the year ended 31 March 2022, the Company has recognised revenue of ₹ 4.83 Lakhs (31 March 2021: 5.70 Lakhs) arising from opening contract liabilities

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.20. Other Income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest Income		
- Interest received on bank deposit carried at amortised cost	3.60	19.94
- Other interest income financial assets carried at amortised cost	22.56	0.86
Other income	10.39	28.48
	36.55	**49.28**

2.21. Cost of Materials Consumed

	Year ended 31 March 2022	Year ended 31 March 2021
Opening Inventory	171.45	83.93
Add: Purchases	4,914.17	4,339.56
Less: Closing Inventory	(118.79)	(171.45)
	(4,966.83)	**4,252.04**

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

	Year ended 31 March 2022	Year ended 31 March 2021
Opening Stock		
Finished Goods (including goods in transit)	686.20	822.67
Work-in-Progress	152.97	112.64
	839.17	**935.31**
Less: Closing Stock		
Finished Goods (including goods in transit)	522.87	686.20
Work-in-Progress	77.98	152.97
	600.85	**839.17**
	238.32	**96.14**

2.23. Employee Benefits Expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, Wages and Bonus	845.79	702.47
Contributions to Provident and other Funds [refer note (a)]	62.38	56.68
Gratuity [refer note (b)]	28.10	22.52
Staff Welfare Expenses	35.35	28.65
	971.62	**810.32**

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:

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
Employer's contribution to Provident Fund	47.10	41.82
Employer's contribution to ESI	13.27	12.88
Labour welfare and other funds	2.01	1.98

(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 2022	Year ended 31 March 2021
Present value of defined benefit obligations at beginning of the year	146.16	137.61
Current service cost	18.54	12.95
Interest cost	9.82	9.42
Benefits settled	(11.55)	(8.31)
Actuarial (gain) / loss	56.03	(5.51)
Present value of defined benefit obligations at the end of the year	**219.00**	**146.16**

Reconciliation of present value of Obligation and the fair value of assets	Year ended 31 March 2022	Year ended 31 March 2021
Present value of the defined benefit obligation at end of the year	219.00	146.16
Fair Value of plan assets	5.91	0.81
Liability recognised in the Balance Sheet	**213.09**	**145.35**

Change in fair value of plan assets	Year ended 31 March 2022	Year ended 31 March 2021
Fair Value of the Plan Assets at the beginning of the period	0.81	2.06
Expected Return on Plan assets	0.26	0.31
Contributions by employer	17.22	8.69
Benefits paid from the fund	(11.55)	(8.46)
Actuarial Loss	(0.83)	(1.79)
Fair Value of the Plan Assets at the end of the period	**5.91**	**0.81**

Components of net Gratuity Cost	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	18.54	12.95
Net Interest cost	9.56	9.57
Net gratuity costs charged to statement of profit or loss	**28.10**	**22.52**

Components Actuarial Losses / (Gains) in Other Comprehensive Income	Year ended 31 March 2022	Year ended 31 March 2021
Actuarial loss on plan asset	0.83	1.79
Actuarial losses / (gain) due to financial assumption changes in defined benefit obligations	41.69	(0.54)
Actuarial losses / (gain) due to experience on defined benefit obligations	14.34	(4.97)
Total actuarial loss / (gain) included in other comprehensive income	**56.86**	**(3.72)**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Assumptions Used

(a)	Discount Rate		
	Permanent	7.12%	7.06%
	Casual	5.04%	7.06%
(b)	Salary escalation rate *		
	Permanent	5.00%	2.00%
	Casual	10.00%	2.00%
(c)	Attrition Rate		
	Permanent	11.60%	1.92%
	Casual	90.73%	1.92%
(d)	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.

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 2022		Year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	(5.67)	6.03	(9.59)	10.94
Salary growth rate (- / + 1%)	5.09	(4.85)	11.37	(10.09)
Attrition rate (- / + 1%)	(0.36)	0.38	3.74	(4.15)

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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.24. Finance Costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest Expense	296.72	303.17
Other Borrowing Costs	23.76	28.24
	320.48	**331.41**

2.25. Depreciation and Amortisation Expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on Tangible Assets (Refer note 2.1)	180.65	208.97
Amortisation on Intangible Assets (Refer note 2.2)	2.58	3.25
	183.23	**212.22**

2.26. Other Expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Repairs and Maintenance:		
Building	1.87	1.54
Plant and Machinery	1.19	1.70
Others	19.13	14.50
Rent	59.78	54.70
Insurance	9.19	10.90
Professional Charges	89.41	14.37
Payments to the auditor *(Refer note 2.26.1)*	11.43	11.53
Travelling Expenses	40.89	32.02
Business Promotion Expenses	30.06	55.41
Freight Charges	197.65	142.41
Claim Settlement	10.44	6.05
Tools and Spares Consumed	21.39	16.31
Commission	37.68	13.38
Power and Fuel	284.30	301.75
Rates and Taxes	10.64	46.41
Job Work Charges	16.72	15.34
Consumables	59.91	74.77
Packing Materials Consumed	194.67	135.77
General Factory Expenses	61.25	54.32
Provision for doubtful debts	318.96	42.18
Provision for inventory	2.46	-
Bad Debts	-	4.21
Miscellaneous Expenses	27.79	26.35
Provision for Impairment of investment	2.59	-
	1,509.40	**1,075.92**

2.26.1. Payments to the Auditor

	Year ended 31 March 2022	Year ended 31 March 2021
For Statutory audit	11.00	11.00
Reimbursement of expenses	0.43	0.53
	11.43	**11.53**

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2.27. Loss per Share

	Year ended 31 March 2022	Year ended 31 March 2021
Net loss after tax attributable to equity shareholders	(917.66)	(79.88)
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)	(17.54)	(1.53)

2.28. Assets pledged as Security

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

	As at 31 March 2022	As at 31 March 2021
Current		
First Charge		
Financial Assets		
Trade Receivables	1,999.25	2,657.06
Cash and Cash Equivalents	80.43	52.96
Bank Balances other than Cash and Cash Equivalents	78.26	79.92
Loans	0.50	0.65
Other Financial Assets	45.89	32.69
Inventories	749.30	1,042.52
Other Current Assets	64.76	127.21
Total Current Assets Pledged as Securities	**3,018.39**	**3,993.01**
Non-Current		
First Charge		
Property, Plant and Equipment and Capital Work in Progress	1,615.95	1,220.00
Total Non-Current Assets Pledged as Securities	**1,615.95**	**1,220.00**
Total Assets Pledged as Security	**4,634.34**	**5,213.01**

2.29. Related Party Disclosures

A. Name of the related party and nature of relationship where control exists
Key Management Personnel (KMP) - In case of Holding Company

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

In case of erstwhile Subsidiary

Name	Designation	Name	Designation
Mohammed Sherif Shah	Nominee Director	Athul Mathew Benjamin	Director Technology
Baiju T.	Nominee Director	Shereen Navas	Director
Ajit Thundiyil Joseph	Nominee Director	Subin Navas	Director
Clive Jose	Chief Executive Officer	Ayisha Tanya Iqbal	Director
Jaijin P Austin	Chief Technology Officer		

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 erstwhile Subsidiary.

1. Eastern Condiments Private Limited	6. Cannymate Business Solutions Private Limited
2. Eastern Mattresses Private Limited	7. Shipnext Solutions Private Limited (Subsidiary up to 30 November 2021 and Associate from 1 December 2021 to 15 February 2022)
3. Eastern Retreads Private Limited	8. Reenaz Properties Private Limited
4. Eastea Chai Private Limited	9. Sahara Treads
5. Soya Rubbers Private Limited	

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 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
1. **Sale of Finished Goods**				
Eastern Retreads Private Limited	237.08	277.74	--	--
2. **Loan Received**				
Navas Meeran	--	--	241.00	--
3. **Interest Expense**				
Navas Meeran	--	--	6.67	--
4. **Sale of Scrap**				
Eastea Chai Private Limited	--	0.10		--
5. **Purchase of Fixed Asset**				
Eastern Condiments Private limited	13.13	--	--	--
6. **Purchase of Goods**				
Eastern Mattresses Pvt Ltd	0.06	--	--	--
Eastern Retreads Private Limited	0.32	0.44	--	--
7. **Sharing of Expenses**				
Eastern Condiments Private Limited	2.47	8.26	--	--
Eastern Retreads Private Limited	0.98	0.60	--	--
Eastern Chai Private Limited	0.35	0.30	--	--
Cannymate Business Solutions Pvt Ltd	59.95	--	--	--
Reenaz Properties Private Limited	18.76	--	--	--
Sahara Treads	4.49	5.40	--	--
8. **Freight Charges**				
Eastern Condiments Private Limited	--	327.52	--	--
9. **Sharing of Expenses -Security Services**				
Soya Rubbers Private Limited	--	12.75	--	--
10. **Rent Deposit Paid**				
Sahara Treads	--	--	--	--
11. **Loans given to CEO**				
Sachin Saxena	--	--	22.65	--
12. **Loans Repaid by CEO**				
Sachin Saxena	--	--	11.25	--

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)

13. **Remuneration**				
Mohamed Sherif Shah	--	--	21.28	16.97
Baiju T.	--	--	12.58	11.09
Sachin Saxena	--	--	60.69	-
M E Mohammed	--	--	13.80	-
14. **Reimbursement of Office Expenses**				
Mohamed Sherif Shah	--	--	0.62	0.86
Baiju T.	--	--	0.02	0.07
Sachin Saxena	--	--	3.29	--
M E Mohammed	--	--	1.26	--
15. **Sitting Fees**				
Neelakanta Iyer Kaitharam Subramony Iyer	--	--	0.30	0.30
Naiju Joseph	--	--	0.30	0.24
Rani Joseph	--	--	0.30	0.30
Rajesh Jacob	--	--	0.10	--

C. Amount Outstanding as at end of each reporting periods

Nature of amount outstanding	As at 31 March 2022	As at 31 March 2021
Amount Receivables		
(1) Trade Receivable		
Eastern Retreads Private Limited	164.93	164.72
(2) Advance		
Sachin Saxena	15.15	--
Amount Payable		
(1) Trade Payables		
Eastern Condiments Private Limited	15.27	9.68
Cannymate Business Solutions Private Limited	0.73	--
Reenaz Properties Private Limited	2.91	
Soya Rubbers Private Limited		1.68
Sahara Treads		1.02
(2) **Loans and interest on loan**		
Navas Meeran	247.67	--
Investments in - Shipnext solutions Private limited (net of provision for impairment ₹ 2.59 lakhs as on 31 March 2022 (31 March 2021; nil))	--	--

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

	As at 31 March 2022	As at 31 March 2021
a) Claims against the company not acknowledged as debt		
i) Income Tax matters	20.97	20.97
b) Bank Guarantees outstanding (including guarantee given on behalf of erstwhile subsidiary Company as at 31 March 2022 ₹110 lakhs (31 March 2021 : 110 lakhs))	388.99	411.86
c) Commitments		
i) Estimated amounts of contracts remaining to be executed not provided for	--	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.

Trade receivables

The Group is exposed to credit risk from its operating activities primarily from trade receivables amounting to ₹2,422.88 Lakhs and ₹2,761.73 Lakhsas of 31 March 2022 and 31 March 2021 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 2022	As at 31 March 2021
Balance at the beginning	104.32	62.14
Credit Loss recognised	318.96	42.18
Balance at the end	423.28	104.32

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 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+

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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 2022	< 1year	1-5 years	>5years	Total
Borrowings	1,212.69	1,111.52	142.00	2,466.21
Preference Share Redemption	500.00	400.00	-	900.00
Other Financial Liabilities	140.90	-	-	140.90
Trade Payables	752.33	-	-	752.33
	2,605.92	**1,511.52**	**142.00**	**4,259.44**
As at 31 March 2021	**< 1year**	**1-5 years**	**>5years**	**Total**
Borrowings	2,146.92	485.48	--	2,632.40
Preference Share Redemption	400.00	500.00	--	900.00
Other Financial Liabilities	162.00	--	--	162.00
Trade Payables	1,015.94	--	--	1,015.94
	3,769.06	**985.48**	**--**	**4,710.34**

C. Market Risk

The Group 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.

The Group operates internationally and a significant portion of the business is transacted in USD currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases from over in 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 2022		As at 31 March 2021	
Included In	Currency	Amount in foreign currency Lakhs	Amount in ₹ Lakhs	Amount in foreign currency	Amount in ₹ Lakhs
Financial assets Trade receivables	USD	0.99	74.25	0.41	29.81
Financial liabilities Trade payables	USD	-	-	0.85	62.92

Conversion rates	Financial Assets	Financial Liabilities
	USD	USD
As at 31 March 2022	75.00	NA
As at 31 March 2021	72.77	74.19

Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Increase 31 March 2022	Decrease 31 March 2022	Increase 31 March 2021	Decrease 31 March 2021
Sensitivity INR/USD	0.74	(0.74)	(0.32)	0.32

D. Interest Rate Risk

The Group is exposed to interest rate risk on short-term (cash credit), and long-term (term loans).All the vehicle loans of the Group are fixed rate borrowings. 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 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 2022	31 March 2021
Interest rates – increase by 100 basis points (100 bps)	1.00%	(24.66)	(26.25)
Interest rates – decrease by 100 basis points (100 bps)	1.00%	24.66	26.25

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 current and non current 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 2022	As at 31 March 2021
Current Borrowings	1,521.06	2,347.49
Non Current borrowings	1,557.25	845.96
Current maturities of long term borrowings	191.63	199.43
Less: Cash and cash equivalents	(80.43)	(52.96)
Less: Bank balances other than cash and cash equivalents	(78.26)	(79.92)
Net Debt	**3,111.25**	**3,260.00**
Equity share capital	541.18	541.18
Other equity	(492.80)	35.03
Total capital (equity + net debt)	**3,159.63**	**3,836.21**
Gearing Ratio	98%	85%

2.33. Disclosure with respect to Operating Leases

The lease expenses for cancellable operating leases during the year ended 31 March 2022: ₹59.78 lakhs (31 March 2021 is ₹54.70 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.

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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 2022	Year ended 31 March 2021
Net block value of plant and machinery given on lease (refer note 2.1)	96.58	116.83
Future minimum lease payments		
- not later than one year	2.22	6.02
- later than one year and not later than five years	-	2.22

2.34. **Income Tax**

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax:		
Current income tax charge	--	--
Deferred tax credit		
Relating to the origination and reversal of temporary differences	(21.19)	(32.04)
Income tax (income) expense reported in Statement of Profit and Loss	**(21.19)**	**(32.04)**
Deferred tax related to items recognised in Other comprehensive income (OCI)		
Income tax relating to re-measurement loss on defined benefit plans	(14.31)	0.94
Income tax relating to re-measurement gains changes in revaluation surplus of Property, Plant and Equipment	144.72	-

Reconciliation of Deferred Tax (net)

	As at 31 March 2022	As at 31 March 2021
Opening balance	100.63	131.73
Tax credit during the year recognized in statement of profit and loss	(21.19)	(32.04)
Tax credit during the year recognised in Other Comprehensive Income (OCI)	130.41	0.94
Deferred tax asset derecognised on loss of control over subsidiary	0.36	
Closing balance	**210.21**	**100.63**

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

	As at 31 March 2022	As at 31 March 2021
Accounting loss before tax and exceptional item	(986.73)	(89.43)
Tax on accounting profit at statutory income tax rate at 25.17% (31 March 2021:25.17%)	(248.36)	(22.51)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Deferred tax assets not recognized on the loss for the year as there is no certainty of future taxable profit	221.84	13.08
Others	5.33	(22.61)
Tax charge for the year	**(21.19)**	**(32.04)**
Income tax expense reported in the Statement of Profit and Loss	(21.19)	(32.04)

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (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 2022			31 March 2021		
	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	--	--	0.35	--	--
ii) Other Financial Assets	24.32	--	--	32.62	--	--
Current						
i) Trade Receivables	1,999.25	--	--	2,637.06	--	--
ii) Cash and Cash Equivalents	80.43	--	--	52.96	--	--
iii) Bank Balances other than (ii) above	78.26	--	--	79.92	--	--
iv) Loans	0.50	--	--	0.65	--	--
v) Other Financial Assets	45.89	--	--	32.69	--	--
Total financial assets	**2,229.00**	**--**	**--**	**2,856.25**	**--**	**--**
Financial Liabilities:						
Non-current						
i) Borrowings	1,557.25	--	--	845.96	--	--
ii) Other Financial Liabilities	-	--	--	--	--	--
Current						
Financial Liabilities						
i) Borrowings	1,712.69	--	--	2,600.22	--	--
ii) Trade Payables	752.33	--	--	1,015.94	--	--
iii) Other Financial Liabilities	140.90	--	--	162.00	--	--
Total Financial Liabilities	**4,163.17**	**--**	**--**	**4,624.12**	**--**	**--**

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:

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (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 or indirectly observable.

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.

2.36. **Segment Information**

The business performance was reviewed by the Chief Operating Decision Maker (CODM) at an overall level till 31 March 2021. However, with effect from 1 April 2021, the performance is evaluated by the CODM and resources are allocated based on an analysis of various performance indicators by business segments, in accordance with the "management approach" as defined in Ind AS 108 "Operating Segments". The erstwhile subsidiary company, Shipnext Solutions Private Limited, is engaged in the business of providing online freight aggregator service (logistics). Accordingly, information has been presented along the business segments viz., 'manufacture and trading of tyre retreading materials' and 'online freight aggregator service'.

Financial information on consolidated reportable operating segments for the year ended 31 March 2022 is set out as below:

Particulars *(Refer notes below)*	Year ended 31 March 2022	Year ended 31 March 2021
I Segment revenue		
(a) Manufacture and trading of tyre retreading materials	7,227.54	6,659.57
(b) Online freight aggregator service (refer note 2.38)	541.81	782.84
Total	**7,769.35**	**7,442.41**
Less: reconciling items		
Less: Inter-segment revenue	--	1.82
Revenue from operations	**7,769.35**	**7,440.59**
II Segment results		
(a) Manufacture and trading of tyre retreading materials	(685.88)	226.37
(b) Online freight aggregator service (refer note 2.38)	(61.49)	(21.01)
Total	**(747.37)**	**205.36**
Less: Finance cost	323.90	335.63
Add: Gain on loss of control (refer note 2.38)	96.96	--
Less: Share of loss of associate (refer note 2.38)	2.59	--
Less: Tax credit	(21.20)	(32.03)
Loss after tax	**(953.11)**	**(98.24)**

Since the information about segment assets and segment liabilities are not reviewed by the CODM, such information has not been presented as a part of its segment disclosure, which is in accordance with the requirements of Ind AS 108.

*Shipnext Solutions Private Limited ceased to be a subsidiary of the Group on 30 November 2021 (refer note 2.38).

Summary of significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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

	Year ended 31 March 2022	Year ended 31 March 2021
Sales of products	7,159.20	6,591.06
	7,159.20	**6,591.06**

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

	Year ended 31 March 2022	Year ended 31 March 2021
India	6,520.26	6,214.56
Outside India	638.94	376.50
	7,159.20	**6,591.06**

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

	Year ended 31 March 2022	Year ended 31 March 2021
India	1,623.07	1,230.91
Outside India	-	--
	1,623.07	**1,230.91**

iv) The following table gives details in respect of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Holding Company's revenues from product sale:

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from Top customer	1,302.34	640.63
Revenue from customers contributing 10% or more to the Holding company's revenue from product sale	1302.34	1149.43

2.37. Impact of COVID-19

The Holding Company has reported a net loss of ₹968.13 lakhs during the current year and has accumulated losses amounting to ₹1,795.16 lakhs as on 31 March 2022. The spread of COVID-19 has impacted the normal operations of the Holding Company during the period. The country has witnessed several disruptions in normal operations. The operations of the Holding Company were disrupted significantly during the first quarter of the financial year. 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 timely collections from customers during the period. The extent to which the COVID-19 pandemic may further impact the operations and Holding Company's results will depend on ongoing as well as future developments, which are highly uncertain.

The Holding Company has taken into account the possible impacts of COVID-19 while preparing the financial results. The Holding Company has performed an assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, including overdue receivables from various state road transport corporations, 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.

The Holding Company has received a letter of support from the chairman and promoter director of the Company, wherein he has confirmed to provide all financial support to the Company to meet the shortfall in its fund requirements for payment of timely dues to banks & other parties and to meet the operating expenses, if required, for a period of not less than 12 months from the date of financial closure. In view of the above letter of support and various performance improvement measures undertaken, the Management believes that the Holding Company will be able to meet its operational and other commitments as and when these become due in the foreseeable future. Hence the financial statements have been prepared on a going concern basis.

2.38. An offer of rights issue was made to the Holding Company by Shipnext Solutions Private Limited ("Subsidiary") on 4 September 2021 which was renounced by the Holding Company in it's board of directors meeting held on 13 September 2021. Subsequently, the capital base of the Subsidiary was increased by way of private placement of equity shares to other investors on 30 November 2021.Consequently, the shareholding of the Holding Company has reduced to 14.53% resulting in loss of control in Subsidiary and Shipnext Solutions Private Limited became an associate as per Ind AS 28 "Investments in Associates and Joint Ventures" with effect from 1 December 2021. Gain on loss of control in Subsidiary amounting to ₹96.96 lakhs was recognised as per Ind AS 110 "Consolidated Financial Statements". The gain on such loss of control net of loss of Subsidiary upto 30 November 2021 amounting to ₹12.41 lakhs for the year ended 31 March 2022 has been presented under discontinued operations in the consolidated financial statements. Share of loss of the associate, to the extent of carrying value of investment, amounting to ₹2.59 lakhs has been accounted for using the equity method in these consolidated financial statements as per the requirements of Ind AS 28. Subsequently, due to various actions taken by the management of the Holding Company including amendment in shareholders' agreement, Shipnext Solutions private Limited ceased to be an associate of the Company with effect from 15 February 2022.

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	542.09	782.84
Less: Expenses	626.64	823.68
Add: Gain on loss of control*	96.96	--
Profit/ (loss) before tax	12.41	(40.84)
Tax credit	(0.01)	(0.01)
Profit/ (loss) after tax	12.42	(40.83)

Gain on loss of control*

The assets and liabilities of Shipnext Solutions Private Limited as on the date of loss of control were as follows;

Particulars	Amount
Assets:	
Property, plant and equipment	0.89
Intangible assets	0.90
Intangible assets under development	195.24
Goodwill	16.02
Trade receivables	100.30
Loans	1.28
Deffered tax assets	0.37
Current tax assets (net)	22.45
Other current assets	67.38
Non controlling interest	90.30
Less: Liabilities :	
Borrowings	433.51
Trade payables	76.87
Other current liabilities	79.12
Investment in associate	2.59
Net liabilities	96.96
Gain on loss of control	96.96

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

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 2022		Share in Profit or Loss for the year ended 31 March 2022		Share in Other Comprehensive Income for the year ended 31 March 2022		Share in Total Comprehensive Income for the year ended 31 March 2022	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Total Compre-hensive Income	Amount
Parent Eastern Treads Ltd*	100%	48.38	96%	(917.66)	100%	387.71	93%	(529.95)
Subsidiary - Indian Shipnext Solutions Private Limited	0%	--	4%	(38.05)	0%	--	7%	(38.05)
Total	100%	48.38	100%	**(955.71)**	100%	**387.71**	**100%**	**(568.00)**

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 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)**

2.40. a) No proceedings have been initiated on or are pending against the Holding Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

b) The Holding Company and the subsidiary company have not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

c) As per the information available with the Holding Company, the Holding Company and the subsidiary company have no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

d) There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period.

e) The Holding Company and the subsidiary company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall:

1. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries).

Summary of significant accounting policies and other explanatory information on consolidated financial statements
for the year ended 31 March 2022 (Cont'd) (All amounts are in ₹ lakhs, unless otherwise stated)

2. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

The Holding Company and the subsidiary company have not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall

i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

ii. provided any guarantee, security or the like on behalf of the ultimate beneficiaries.

f) The Holding Company and the subsidiary company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2022.

g) The Holding Company and the subsidiary company does not have any surrendered or undisclosed income during the year in the tax assessments under the Income Tax Act, 1961.

h) The title deeds of all the immovable properties held by the Holding Company and the subsidiary company are disclosed in the financial statements are held in the name of the Company.

i) The borrowings obtained by the Holding Company and the subsidiary company from banks and financial institutions have been applied for the purposes for which such loans were taken.

j) The Holding Company and the subsidiary company has complied with the number of layers prescribed under the Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

k) The Holding Company has revalued its freehold land during the current year and the revaluation has been carried out by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

l) Details of loans or Advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties are disclosed below:

Type of borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Chief executive officer	15.15	100%

n) Details of differences between amounts of as per books of accounts and quarterly stock statements submitted to the bank are disclosed below:

Quarter	Name of bank	Particulars of securities provided	Amount as per books of accounts	Amount as per quarterly stock statement submitted to bank	Amount of difference	Reason for material discrepancies
Jun-21	Federal Bank Limited	Trade receivable*	1,795.17	2,201.54	406.37	Refer note below#

* As per the terms and conditions with the bank, only trade receivables aged below 120 days shall be considered for the purpose of computation of drawing power.

The company has inadvertently considered trade receivable aged more than 120 days for the purpose of stock statement.

2.44. **Events after the balance sheet date**

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.

2.45. Prior year comparatives have been regrouped/reclassified where necessary to conform with the current 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

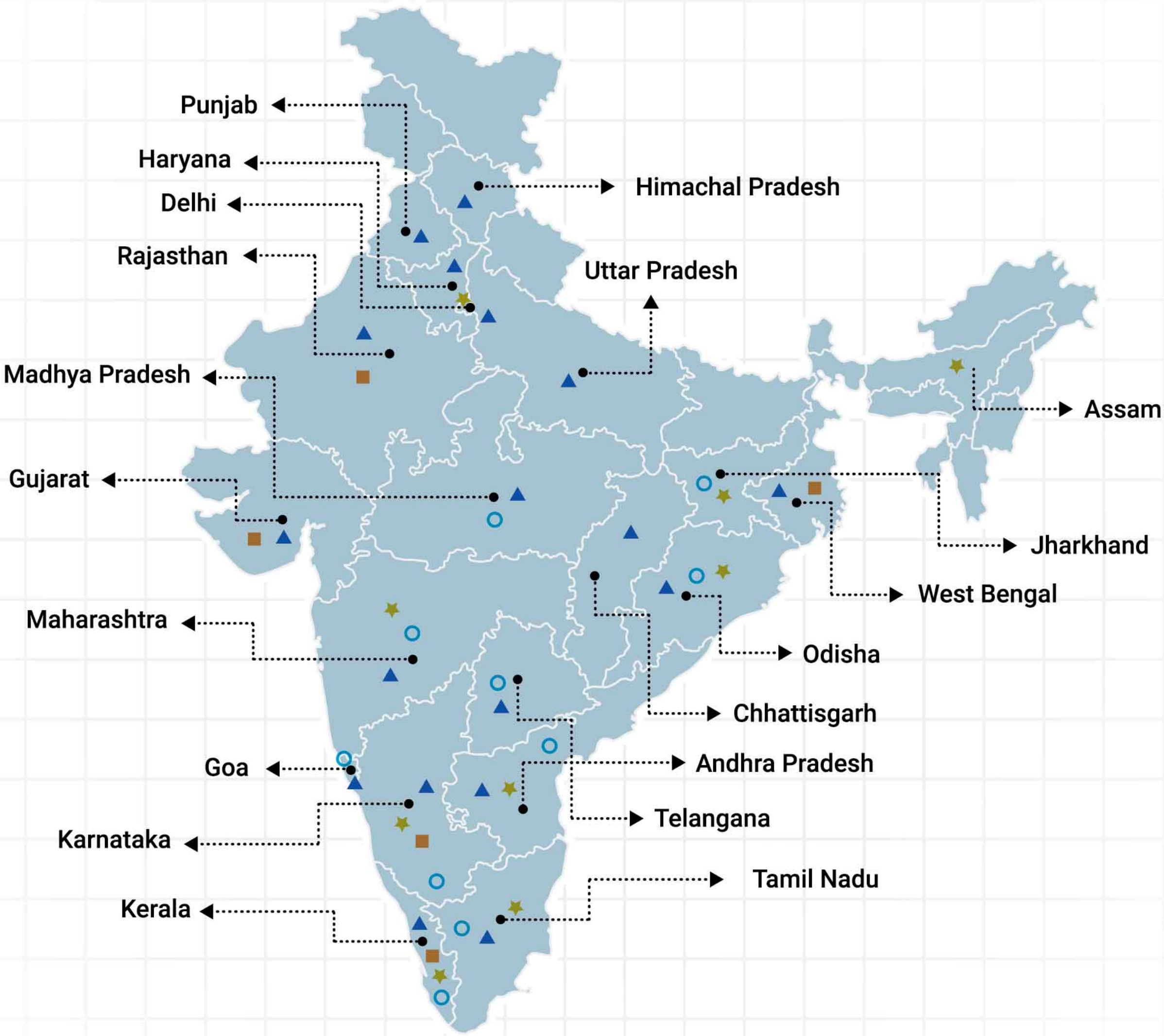
For and on behalf of the Board of Directors of
Eastern Treads Limited

Krishnakumar Ananthasivan	**Sachin Saxena**	**Mohammed Sherif Shah**	**Baiju T.**	**M.E. Mohamed**	**Navas M. Meeran**
Partner Membership No: 206229	Chief Executive Officer	Chief Financial Officer	Company Secretary	Managing Director DIN: 00129005	Chairman DIN: 00128692

Kochi
30 May 2022

Notes ....

OUR DISTRIBUTION CHANNELS



Dealers	90
Exclusive Retreaders	80
RTC relationships	5
Company Own Depots	15

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