

TWENTY FIFTH ANNUAL REPORT 1999

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SUNDARAM BRAKE LININGS LIMITED



SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K. MAHESH
Chairman & Managing Director

K. RAMESH

D.M. NETERWALA

T. DULIP SINGH

**FINANCIAL CONTROLLER & SECRETARY
AND COMPLIANCE OFFICER**

R. MANI PARTHASARATHY

BANKERS

STATE BANK OF INDIA
Industrial Finance Branch, Chennai - 600 002

AUDITORS

SUNDARAM & SRINIVASAN
Chartered Accountants
Chennai - 600 018

REGISTERED OFFICE

180, ANNA SALAI
CHENNAI - 600 006.

FACTORIES

PADI, CHENNAI - 600 050.
Phone Nos. 6258111, 6258121, 6258131
Fax No. 044 - 6257572
Telex No. 041 - 22095 TVSL IN
E-Mail : sbl@giasmd01.vsnl.net.in

TSK Puram - Plant I & II
Mustakurichi Post
Kamarajar District
Pin code 626 106
Phone Nos. 04566 - 85401 to 85404

LISTING OF SHARES WITH

Madras Stock Exchange Limited, Chennai
National Stock Exchange of India Ltd., Mumbai

SHARE DEPARTMENT

Factory & Office
Padi, Chennai - 600 050
Phone No. 6258111 - Extn. 212/213

SUNDARAM BRAKE LININGS LIMITED

INTIMATION TO SHAREHOLDERS

Dear Shareholders

We wish to bring to your kind attention the following:

The dividend declared upto the year ended 31st March 1994 and remained unclaimed has already been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in the prescribed Form II to the Registrar of Companies, Tamil Nadu, "Shastri Bhavan", 26, Haddows Road, Chennai 600 006.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Ordinance 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund as per the guidelines prescribed therein.

Members who have not encashed the dividend warrants for the year ended 31st March 1995 and any subsequent years are requested to surrender the unencashed warrants to the Company's Share Department at its Factory & Office at Padi, Chennai 600 050 and obtain payment.

The dividend is exempt from tax under Section 10 (33) of the Income Tax Act, 1961, in the hands of the shareholders.

Members who have not furnished the Bank Account details, viz., name of the bank, name of the branch and SB Account or Current Account No. are requested to furnish the same to the Company's Share Department at the earliest, so that these details can be incorporated in the dividend warrants to be mailed directly to shareholder's address, to prevent any fraudulent encashment of warrants after despatch.

Members are requested to notify immediately any change in their address to the Share Department of the Company.

In case a shareholder wish to appoint a nominee in respect of his/her holdings in the share capital of the Company, the annexed Form 2 B duly filled in may please be sent to the Share Department of the Company.

We solicit your co-operation and compliance on above.

Yours faithfully
For Sundaram Brake Linings Limited
Secretary

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held at RANI SEETHAI HALL, No 603 Anna Salai, Chennai 600 006, on FRIDAY, the 16th JULY 1999 at 10.00 a.m., to transact the following business:

ORDINARY BUSINESS

- 1 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT the Audited Balance Sheet as at 31st March 1999, the Profit & Loss Account for the year ended 31st March 1999 and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted.

- 2 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT pursuant to the recommendation of the Directors, a dividend of Rs. 5/- per share absorbing a sum of Rs. 135.68 lacs be and is hereby declared on the 27,13,500 equity shares of Rs. 10/- each fully paid up, for the year ended 31st March 1999, to those members whose names appear in the Register of Members of the Company on 16th July 1999.

- 3 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution

RESOLVED THAT Mr. K. Ramesh, Director, who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company.

- 4 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT the retiring auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company in addition to travelling and other out-of-pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them in any other capacity from time to time.

SPECIAL BUSINESS

- 5 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution

RESOLVED THAT Mr. T Kannan be and is hereby appointed as a Director of the Company.

- 6 To consider and if thought fit to pass with or without modification the following resolution as a special resolution.

RESOLVED THAT the Articles of Association of the Company be and is hereby altered in the manner specified below:

In article 1 the following clauses be inserted.

SUNDARAM BRAKE LININGS LIMITED

Article 1 (j)

"Beneficial Owner" means the beneficial owner as defined under clause (a) of sub-section (1) of the Section 2 of the Depositories Act, 1996.

Article 1 (k)

"Depository" shall mean a depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

Article 1 (l)

"Member" means duly registered holder from time to time of the shares of the Company of any class and includes the subscribers to the Memorandum of the Company and every person whose name is entered as a beneficial owner in the records of the Depository, but does not include the bearer of a share warrant of the Company issued in pursuance of Section 114 of the Act.

Article 1 (m)

"Depositories Act, 1996" shall mean and include any statutory modification or re-enactment thereof for the time being in force.

Article 1 (n)

"Securities and Exchange Board of India" (SEBI) means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Article 5, after sub-clause (e) the following sub-clause (f) shall be inserted:

- (f) Notwithstanding anything contained in this article, when the shares are dealt with in a depository, the Company shall intimate the details of allotment of shares to the depository immediately on allotment of such shares.

After Article 13, the following Article shall be inserted:

Article 13 (a)

Nothing contained in this article shall apply to transfer of shares effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository.

In Article 14 (c) after sub-clause (iii) the following proviso shall be inserted:

Provided that the restriction contained in this article shall not apply to shares held in a depository.

After Article 16 the following new articles be inserted

Article 16 A**Provisions of articles to apply to shares held in a depository**

Except as specifically provided in these articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares, transfer and transmission of shares and voting at meetings shall be applicable to shares held in a depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996.

Article 16 B**Dematerialisation of securities**

Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its shares of any class, debentures and other securities pursuant to the Depository Act, 1996 and to offer its shares, debentures and other securities for issue in dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of members holding shares in material and dematerialised form in any media as permitted by law including any form of electronic media.

Article 16 C**Depositories Act to apply to shares held in depositories**

Notwithstanding anything contained herein, in case of transfer of shares of any class or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of Depositories Act 1996 shall apply.

Article 16 D**Index of beneficial owners deemed to be index of members**

A register of index of beneficial owners maintained by a depository under Section 11 of the Depositories Act 1996 shall be deemed to be an index of members or register of debentureholders, as the case may be, for the purpose of the Act.

After Article 18(a) the following proviso shall be inserted

Provided that all documents or notices to be served or given by members on or to the Company or to any officer thereof shall be served or given by sending it to the Company or officer at the office by post or leaving it at the office. Provided further that where the securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(On behalf of the Board)

Chennai
15th May, 1999

K MAHESH
Chairman and Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself. Such proxy need not be a member of the Company. The instrument of proxy duly stamped and executed for use at the meeting must be lodged at the Factory and Office of the Company at **PADI, CHENNAI 600 050** not less than 48 hours before the time fixed for the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from **01-07-1999 to 16-07-1999 (both days inclusive)** for the purpose of determining the entitlement of shareholders for dividend.
3. Intimation to Shareholders concerned pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, 1978 is annexed.
4. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 5 and 6 set out above is annexed hereto.

SUNDARAM BRAKE LININGS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5**

The Company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. T Kannan as a Director of the Company. It is proposed that in the vacancy caused by the resignation of Mr. R H Colah from his directorship, the said appointment can be considered.

Mr. T Kannan is a graduate in Business Administration. He is presently the Chairman of Virudhunagar Textile Mills Limited and Managing Director of Thiagarajar Mills Limited & Saroja Mills and also on the board of TVS-Suzuki Limited, Cosmo Films Limited and Sundaram Textiles Limited. He has been associated with various organisations related to industry, education and charity.

In order to have the benefit of his vast experience, it is proposed that the appointment of Mr. T Kannan, as a Director of the Company be considered for approval.

None of the Directors of the Company is concerned or interested in the resolution.

Item No. 6

Pursuant to the passing of the Depositories Act, 1996 and introduction of depository system, some of the provisions of the Companies Act, 1956 were also modified to facilitate holding of securities in dematerialised electronic form. In order to have the Articles of the Company to be in line with the changes in the Company Law and other legislations, the Board of Directors have decided to amend the same.

Accordingly, the resolution as set out in the notice is placed for approval of the shareholders as a special resolution.

None of the Directors of the Company is concerned or interested in the resolution.

The documents referred to in the notice and the explanatory statement will be available for inspection at the Factory and Office of the Company at Padi, Chennai 600 050 on any working day between 10.00 a.m. and 12.00 noon

(On behalf of the Board)

Chennai
15th May, 1999

K MAHESH
Chairman and Managing Director

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HIGHLIGHTS OF FIVE YEAR PERFORMANCE

Rs. in lacs

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
1. Sales & Other income	4,198	5,238	5,874	5,949	6,880
2. Export Sales - FOB value	889	1,292	1,475	1,807	2,504
3. Profit before interest, depreciation and tax	544	790	1,022	1,011	1,272
4. Profit before tax	317	393	404	405	675
5. Profit after tax	317	393	396	362	600
6. Net fixed assets	1,984	3,198	3,513	3,598	3,663
7. Share capital	226.23	248.79	248.85	271.35	271.35
8. Reserves & Surplus	842.87	1,437.09	1,759.11	2,045.99	2,495.57*
9. Net Worth	1,069.10	1,685.88	2,007.96	2,317.34	2,766.92*
10. Cash earning per share (Rs)	17.66	21.23	23.76	21.55	31.07
11. Dividend per share (Rs)	2.80	3.00	3.00	3.00	5.00
12. Book value per share (Rs)	47.26	67.76	80.69	85.40	101.97*
13. Sundry Debtors - No. of days	54	63	64	66	66
14. Turnover/Avg. Inventory (Times)	13.4	12.9	13.2	14.2	16.5

* with proposed dividend @ 50% for the year

SUNDARAM BRAKE LININGS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of the Company together with the audited accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

	Year ended 31.03.1999 (Rs. in lacs)	Year ended 31.03.1998 (Rs. in lacs)
SALES	6,844.78	5,911.75
Profit before interest, depreciation and tax	1,271.68	1,010.80
Less: Interest	354.16	383.21
Profit before depreciation and tax	917.52	627.59
Less: Depreciation	242.83	222.40
Profit before tax	674.69	405.19
Less: Provision for taxation	74.51	42.79
Profit after tax	600.18	362.40
Add: Transfer from Investment Allowance Reserve Utilised Account	22.61	22.46
Add: Surplus / (Deficit) brought forward	112.54	113.19
Less: Transfer to Debenture Redemption Reserve	112.50	112.50
	622.83	385.55
APPROPRIATIONS		
General Reserve - I	60.02	36.24
General Reserve - II	300.00	150.00
Proposed Dividend	135.68	78.88
Tax on Proposed Dividend	14.92	7.89
Surplus carried over	112.21	112.54
	622.83	385.55

DIVIDEND

To commemorate the Silver Jubilee (25th) Annual General Meeting of the members of the Company, your Directors have pleasure in recommending a dividend of 50% for the year ended 31st March 1999, as against 30% in the previous year. The Dividend, if approved by the Members at the Twenty Fifth Annual General Meeting, will absorb a sum of Rs. 135.68 lacs. The tax and surcharge on the dividend amounting to Rs. 14.92 lacs will be absorbed by the Company.

OPERATIONS

Though 1998-99 started with low key performance in the first quarter, your Directors wish to inform you that there was definite improvement in the later part of the year taking the turnover to Rs. 68.45 crores - an increase of 15.8% over the previous year turnover of Rs. 59.12 crores.

SIGNIFICANT ACHIEVEMENTS

1. RESEARCH AND DEVELOPMENT

The Company has been using its in-house R & D facilities extensively both for improving the existing formulations as well as for developing new formulations. These efforts have helped the Company to achieve economy in input cost and introduce new products at substantially shorter lead time.

2. TSK II ASBESTOSFREE UNIT

The TSK Puram (Plant II) asbestosfree plant has crossed a landmark turnover of Rs. 10 crores during the year 1998-99 and has been effectively serving asbestosfree market both in India and abroad.

EXPORTS

The Company made significant improvement in its export performance, achieving an export (FOB) turnover of Rs. 2504.34 lacs - recording an increase of 38.6% over its last year turnover (FOB) of Rs. 1807.44 lacs. The export constituted 36.6% of the total turnover during 1998-99 as compared to 30.6% for 1997-98. During the year the Company added Poland, Hongkong, Netherlands, Egypt, Ethiopia, Zambia and Cyprus to its export territories.

PUBLIC DEPOSITS

The deposits accepted from public as at the close of 31st March 1999 were Rs. 453.18 lacs as against Rs. 275.74 lacs at the close of the previous year. All deposits which matured during the year were either renewed or repaid on the due dates except 3 deposits for a total of Rs. 18,000/- which were not claimed / renewed by the depositors. Interest on deposits has been paid on the due dates.

DIRECTORS

Mr. R H Colah has submitted his resignation from the directorship of the Company. The Board would like to place on record the valuable contribution made by him during the tenure as director for more than two decades.

Mr. K Ramesh, Director, retires by rotation at the Annual General Meeting and, being eligible, offers himself for reappointment.

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

The details regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, pursuant to Section 217(1) (e) of the Companies (Disclosure Particulars in the Report of Board of Directors) Rules 1988, are given in Annexure I which forms part of this report.

PARTICULARS UNDER SECTION 217 (2 A) OF THE COMPANIES ACT, 1956

The particulars required to be disclosed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, are furnished in Annexure II, and forming part of this report.

MILLENNIUM ISSUE - Y2K

Your Company is addressing the issue and its impact on the Company's business. The Company has embarked on Year 2000 Project, and expects to implement the same within a short period avoiding any impediment in its operations. The Company does not foresee any risk with regard to any of its operations on this account.
