

TWENTY NINTH ANNUAL REPORT 2003



SUNDARAM BRAKE LININGS LIMITED

SILVER JUBILEE CELEBRATIONS - MARCH 2003



Our CMD, Mr. K. Mahesh, delivering his Silver Jubilee address

Felicitation to our CMD, Mr. K. Mahesh by the employees on the Silver Jubilee Occasion



Golden moment in Silver Jubilee, Release of Souvenir by Chief Guest to Mr. D.M. Neterwala, Our Director

Mr. D.M. Neterwala, Director, Chief Guest
Mr. R. Seshasayee, MD – Ashok Leyland,
Mr. K. Mahesh, CMD and
Mr. T. Kannan, Director at the
Silver Jubilee celebration





SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K. MAHESH
Chairman & Managing Director

K. RAMESH
D.M. NETERWALA
T. DULIP SINGH
T. KANNAN

PRESIDENT

V.R. JANARDHANAM

**FINANCIAL CONTROLLER & SECRETARY
AND COMPLIANCE OFFICER**

R. MANI PARTHASARATHY

**BOARD'S SUB-COMMITTEES
AUDIT COMMITTEE**

T. KANNAN
D.M. NETERWALA
T. DULIP SINGH

**SHAREHOLDERS'/INVESTORS' GRIEVANCE
COMMITTEE**

T. DULIP SINGH
K. MAHESH
T. KANNAN

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. 26258111, 26258121, 26258521
Fax No. 044 - 26257572
Telex No. 041 - 22095 TVSL IN
E-Mail : sbl@giasmd01.vsnl.net.in

TSK Puram - Plant I & II
Mustakurichi Post
Virudhunagar District
Pin code 626 106
Phone Nos. 04566 - 255401 to 255404

SHARE DEPARTMENT

At Factory Office
Padi, Chennai - 600 050
Phone No. 6258111 - Extn. 213
E-Mail : finance@tvssbl.com

SUNDARAM BRAKE LININGS LIMITED

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HIGHLIGHTS OF FIVE YEAR PERFORMANCE

Rs. in lacs

Particulars	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
1. Sales & Other income	6,880	8,487	8,187	8,583	10,195
2. Export Sales	2,504	2,923	3,235	4,285	5,431
3. Profit before interest, depn. and tax	1,272	1,618	1,248	1,389	1,620
4. Profit before tax	675	1,020	585	699	1,020
5. Profit after tax	600	909	532	597	734
6. Net fixed assets	3,663	4,421	4,822	4,651	5,201
7. Share capital	271.35	271.35	271.35	271.35	271.35
8. Reserves & Surplus	2,496	3,163	3,522	2,797	3,301
9. Net worth	2,767	3,435	3,793	3,068	3,572
10. Return on Net Worth (RONW)	21.7%	26.5%	14.0%	19.4%	20.5%
11. Return on Average Capital Employed (ROCE)	20.4%	23.6%	14.6%	15.5%	18.0%
12. Cash earnings per share (Rs)	31.07	43.58	30.55	33.65	38.69
13. Earnings per share (Rs)	22.12	33.49	19.62	21.99	27.03
14. Dividend per share (Rs)	5.00	8.00	5.00	7.50	7.50
15. Book value per share (Rs)	101.97	126.58	139.79	113.08	131.65
16. Sundry Debtors - No. of days	66	72	78	92	85
17. Turnover/Average Inventory (Times)	16.5	18.8	15.0	14.5	16.5
18. Current Ratio	1.60	1.45	1.33	1.38	1.21
19. R & D Expenses - as % on Net Income	2.4%	4.6%	2.0%	1.9%	1.9%

SUNDARAM BRAKE LININGS LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held at RANI SEETHAI HALL, No. 603 Anna Salai, Chennai - 600 006 on **Friday, the 5th September 2003 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 2003, the Profit & Loss Account for the year ended 31st March 2003 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, the interim dividend aggregating to Rs.7.50 per share absorbing a sum of Rs.203.51 lacs (excluding Dividend Tax of Rs.26.08 lacs payable by the Company), declared on 28th July 2003 on the 27,13,500 equity shares of Rs.10/- each fully paid up, to those members whose names appeared in the Register of Members of the Company on the Book Closure Dates fixed earlier be and is hereby ratified and approved as final dividend for the year ended 31st March 2003.

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

- 5 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 service tax, 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

(On behalf of the Board)

Chennai
July 28, 2003

K MAHESH
Chairman & Managing Director

NOTES:

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.

Information about the Directors seeking re-appointment in this Annual General Meeting is furnished in the Corporate Governance section of Directors Report to shareholders forming part of this Annual Report.

The dividend declared is exempt from tax in the hands of the shareholders in terms of Section 10 (34) of the Income Tax Act 1961.

Intimation to Shareholders concerned pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, is furnished elsewhere in this Report.

SUNDARAM BRAKE LININGS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of the Company together with the audited accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

	Year ended 31.03.2003	(Rs. in lacs) Year ended 31.03.2002
SALES	10,170.38	8,544.14
Profit before interest, depreciation and tax	1,620.08	1,389.26
Less: Interest	277.58	373.70
Profit before depreciation and tax	1,342.50	1,015.56
Less: Depreciation	322.69	316.26
Profit before tax	1,019.81	699.30
Less: Provision for taxation		
- Current Tax	243.00	71.16
- Deferred Tax	43.25	31.37
Profit after tax	733.56	596.77
Add: Transfer from Investment Allowance Reserve Utilised Account	4.17	5.07
Add: Surplus / (Deficit) brought forward	148.70	160.05
Total available for appropriation	886.43	761.89
APPROPRIATIONS		
General Reserve - I	73.36	59.68
General Reserve - II	400.00	350.00
Interim Dividend	203.51	203.51
Tax on Dividend	26.08	—
Surplus carried over	183.48	148.70
Total	886.43	761.89

DIVIDEND

Your Directors consider that the interim dividend of 75 % for the year 2002-03 declared by the Board would be reasonable and commensurate with the performance for the year 2002-03 and do not recommend any final dividend for the year. The interim dividend of Rs. 7.50 per share – 75% as compared to a dividend of 75% for the previous year – would absorb a sum of Rs. 229.59 lacs including a dividend distribution tax of 12.5% & surcharge thereon payable by the Company.

OPERATIONS

The domestic market witnessed a growth of 11 % for the year compared to the previous year. However the growth in the export market was higher at 27 % over last year figures. The net sales for the year went up to Rs. 101.70 crores as against Rs. 85.44 crores in the previous year - an increase of 19%.

EXPORTS

Your company made relentless efforts and focused on achieving better growth in the export market to achieve an export turnover of Rs. 54.31 crores - almost 53 % of its total turnover and recording an increase of 27% over its previous year export turnover of Rs. 42.85 crores. Latvia, Estonia, Ivory Coast, Suriname and Yugoslavia are some of the countries added to the company's export destination list.

NEW PRODUCTION FACILITIES

During the year your Company established two new Cells at its Plant II at TSK Puram Madurai. The Cell established for manufacture of Insitu brake shoes for two wheeler applications commenced its commercial production during September 2002 and the other Cell established for the manufacture of disc brake pads for new passenger cars commenced its commercial production during April 2003. We expect these two Cells will contribute more to the growth of the business of the Company during the year 2003-04.

PUBLIC DEPOSITS

The deposits accepted by your company from public as at the close of 31st March 2003 were Rs. 471.11 lacs as against Rs.678.06 lacs at the close of the previous year. All deposits which matured during the year were repaid on the due dates except 12 deposits for a total value of Rs.1.24 lacs which were not claimed by the depositors. Of these, 6 deposits for a value of Rs.0.69 lacs have since been repaid as on date. Interest on deposits has been paid on the due dates.

DIRECTORS

Mr K Ramesh and Mr T Kannan, Directors, retire by rotation at the Annual General Meeting and, being eligible, offer themselves 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 of 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 forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- (a) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- (b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

SUNDARAM BRAKE LININGS LIMITED

- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (d) that the appended annual accounts for the year ended 31st March 2003 are on a going concern basis.

AUDITORS

The Auditors, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, retire at the Twenty ninth Annual General Meeting and are eligible for reappointment.

HUMAN RESOURCE DEVELOPMENT

The industrial relations in all the three plants of the Company continued to be cordial. The employees were given extensive job related and other training to supplement the productivity and quality improvement initiatives of the Company. With a view to commemorate the completion of 25 years of the Company, a grand function was organized on 7th March 2003 whereat employees who have completed 25 years with the Company were honoured and all the employees were given memento.

CORPORATE GOVERNANCE

As a listed company, in accordance with the provisions contained in the Listing Agreement with Stock Exchanges, your company has commenced compliance with Corporate Governance norms. A report on Corporate Governance along with a certificate of compliance from the Auditors in Annexure III forms part of this Report.

SECRETARIAL AUDIT

In compliance with the directives issued by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being conducted by a practicing company secretary at specified periodicity and the reports are being submitted to stock exchanges.

GENERAL

Your Directors wish to thank M/s State Bank of India, HDFC Bank, UTI, Exim Bank for their continued support and assistance.

Your Directors also wish to thank all the wholesalers both in India and worldwide for the significant support given by them.

Your Directors wish to place on record their sincere appreciation for the good work of all the employees.

(On behalf of the Board)

K MAHESH
Chairman & Managing Director

Chennai
July 28, 2003