THIRTY SEVENTH ANNUAL REPORT 2011

SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K Mahesh
Chairman and Managing Director

K Ramesh - Director

T Kannan - Director

P S Raman - Director

Ashok V Chowgule - Director

K S Ranganathan - Director

K S D Sambasivam - Director

BOARD'S SUB-COMMITTEES

1. AUDIT COMMITTEE

T Kannan

P S Raman

Ashok V Chowgule

K S Ranganathan

K S D Sambasivam

2. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

P S Raman

K Mahesh

T Kannan

SENIOR MANAGEMENT

R Ramasubramanian - President

G R Chandramouli - President (Marketing & Market Development)

L S Jayaraman - President (Projects & TPM)

S Ramabadran - Financial Controller & Secretary and Compliance Officer

BANKERS

State Bank of India
Industrial Finance Branch
Chennai 600 002

HDFC Bank Ltd.
ITC Centre, Anna Salai
Chennai - 600 002

Export-Import Bank of India
UTI House, 29, Rajaji Salai
Chennai - 600 001

AUDITORS

Sundaram & Srinivasan
Chartered Accountants
Chennai 600 018

REGISTERED OFFICE

180 Anna Salai, Chennai 600 006

FACTORIES

Padi, Chennai 600 050
Phone Nos. 42205300, 42205407
Fax No. 044 - 42205572
E-Mail : sbl@tvsssbl.com

TSK Puram - Plant I & II
Mustakurichi Post
Kamarajar District
Pin code 626 106
Phone Nos. 04566 - 250290 to 250295

Plant 4 & 5 - Mahindra World City (SEZ)
Natham Sub-Post, Chengalpet
Kancheepuram District
Pin code 603 002
Phone No. 044 – 47490005

SHARE DEPARTMENT

At Factory Office
PADI, CHENNAI - 600 050
Phone No. 42205300, 42205407
E-Mail : finance@tvssbl.com

WEBSITE:

www.tvsbrakelinings.com

CONTENTS

HIGHLIGHTS OF FIVE YEAR PERFORMANCE

Rs in lacs

Particulars	2006-07	2007-08	2008-09	2009-10	**2010-11**
1 Sales & Other income	18,963	18,804	17,179	20,046	**23,747**
2 Export Sales	5,490	6,199	6,650	7,506	**8,126**
3 Profit before int, depn and Tax	2,899	2,719	1,843	2,336	**2,431**
4 Profit before extraordinary item & tax	2,166	1,862	1,025	1,523	**1,528**
5 Profit after tax	1,377	708	451	617	**630**
6 Net fixed assets	7,441	7,462	7,113	7,181	**8,522**
7 Share capital	271.35	271.35	271.35	393.46	**393.46**
8 Reserves & Surplus	6,220	6,737	7,061	8,862	**9,309**
9 Net worth	6,491	7,008	7,332	9,255	**9,702**
10 Return on Net Worth (RONW) - PAT/Networth (%)	21.2	10.1	6.2	6.7	**6.5**
11 Return on Avg. Capital Employed (ROCE) (%)	21.8	11.5	5.3	8.1	**8.6**
12 Cash earnings per share (Rs)	68.24	47.33	38.08	32.36 @	**32.09 ***
13 Earnings per share (Rs.)	50.76	26.08	16.63	16.49 @	**16.01 ***
14 Dividend per share (Rs)	13.00	6.00	4.00	4.00	**4.00**
15 Book value per share (Rs)	239.21	258.27	270.22	235.23 @	**246.59 ***
16 Sundry Debtors - No. of days	85	81	71	72	**71**
17 Turnover/Avg Inventory (Times)	20.7	17.6	16.0	18.7	**19.3**
18 Current Ratio	1.45	1.47	1.66	1.73	**1.72**
19 R & D Expenses - as % on Net Income	1.8	2.0	1.5	2.0	**1.3**
20 Debt-Equity Ratio (Total debts / Networth)	0.68	0.48	0.31	0.32	**0.38**

@ Calculated based on Weighted average number of Equity Shares & considering the adjustment factor for the bonus element in Rights Issue for FY 2009-10

* Calculated on the expanded capital of 39,34,575 equity shares for FY 2010-11

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Company will be held at RANI SEETHAI HALL, No. 603, Anna Salai, Chennai - 600 006 on **Wednesday the 27th July 2011 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 2011, the Profit & Loss Account for the year ended 31st March 2011 , Cash Flow Statement for the year ended 31st March 2011 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 4/- per share absorbing a sum of Rs 182.91 lacs (including dividend distribution tax of Rs 25.53 lacs) be and is hereby declared on the 39,34,575 equity shares of Rs10 each fully paid-up for the year ended 31st March 2011 to those members whose names appear in the Register of Members on 27th July, 2011".

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, (FRN 004207 S), 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".

SPECIAL BUSINESS

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

   "**RESOLVED THAT** Mr K.S.D.Sambasivam who was appointed as an Additional Director at the meeting of the Board of the Company held on 27th October 2010, under Section 260 of the Companies Act, 1956 and Clause 72 of Table A of the First Schedule to the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956 along with a requisite deposit signifying his intention to propose the appointment of Mr K.S.D.Sambasivam, as a Director, be and is hereby appointed as a Director of the Company".

(On behalf of the Board)

Kodaikanal
May 09, 2011
Annexure: Explanatory Note

K MAHESH
Chairman & 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. Information about the Directors seeking re-appointment/appointment in this Annual General Meeting is furnished in the Corporate Governance Section of Directors' Report to Shareholders forming part of this Annual Report.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd July 2011 to 27th July 2011 (both days inclusive).
4. 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.
5. In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of the Directors, who are proposed to be re-appointed / appointed in this meeting, nature of their expertise in specific functional areas, their other Directorships and committee memberships, their shareholdings and relationships with other Directors of the Company, are given below:

Mr K.Ramesh

Mr. K.Ramesh, born on 17th February 1939, is on the Board of Directors of the Company since November 1982. He holds a degree in Master of Arts. He has managerial experience of over 50 years. He took his initial management training in T.V.Sundram Iyengar & Sons Limited.

Mr K Ramesh holds 1,10,081 equity shares in the Company and is related to Mr K Mahesh, Chairman & Managing Director, as his brother.

The other Directorships /Membership of Mr. K.Ramesh are as follows

Directorship	Committee Membership
As Chairman: * Sundaram Textiles Limited * T.V.S. Sewing Needles Limited **As Chairman& Managing Director** * Southern Roadways Limited **As Director :** * T.V.Sundram Iyengar & Sons Limited * Sundaram Industries Limited * Sundram Fasteners Limited	

Mr. T.Kannan

Mr. T.Kannan, born on 9th May 1953, is, on the Board of Directors of the Company since 1999. He is a graduate in Business Administration. He is presently the Chairman of VTM Limited (formerly known as Virudhunagar Textile Mills Limited) and Managing Director of Thiagarajar Mills (P) Limited and Director of several companies. He is connected with a number of organizations related to Industry, Education and Charity. He was the past Chairman of Confederation of Indian Industry (CII) for Southern Region. He has a wide range of experience in textile industry. He is an Executive Committee Member of the Cotton Textile Export promotion Council, Mumbai, The Indian Cotton Mills Federation Limited, Mumbai and the Tamilnadu Chamber of Commerce & Industry .

Mr T Kannan holds 50 equity shares in the Company and is not related to any other Director of the Company.

He is the Chairman of the Audit Committee of Directors of the Company.

His other Directorship/Membership is as follows.

Directorship	Committee Membership
As Managing Director:	
* Thiagarajar Mills (Private) Limited	
As Chairman & Director	
* VTM Limited (formerly known as Virudhunagar Textile Mills Limited)	Share Transfer Committee
* Thiagarajar Telekom Solutions Ltd.	
As Director :	
* T.V.S.Motor Company Limited	Audit Committee & Investors' Grievance Committee
* Sundaram Textiles Limited	
* Colour Yarns Limited	
* SIMA Textile Processing Centre Ltd	
* ATC Tires (P) Ltd.	

Mr K.S.D.Sambasivam

Mr K S D Sambasivam, born on 4th May 1974, is an expert in the field of Information Technology. He has expertise in implementing, secure, stable, cost effective IT infrastructure using IT concepts and technologies to suit the various needs of the organizations. He has ventured into newer fields such as Mobile application development, mobile security and GPS technology integration.

He is a Director of M/s. Aishwarya Chemicals Private Limited.

He was appointed as an additional Director, by the Board in the meeting held on 27th October 2010.

He is a member of the Audit Committee of Directors of the Company. He does not hold any share in the Company. He is not related to any other Director of the Company.

ANNEXURE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

Mr. K.S.D.Sambasivam, was appointed as an additional Director of the Company with effect from 27-10-2010. In terms of Section 260 of the Companies Act, 1956, Mr. K.S.D.Sambasivam holds office up to the date of this Annual General Meeting.

A notice has been received from a member of the Company under Section 257 of the Companies Act, along with a deposit of Rs 500/- signifying his intention to propose the candidature of Mr. K.S.D.Sambasivam, and to move the resolution set out in item no 6 of this notice.

The Directors recommend the resolution to be adopted as an ordinary resolution by the shareholders.

None of the Directors except Mr. K.S.D.Sambasivam, is deemed to be concerned or interested in the resolution.

(On behalf of the Board)

Kodaikanal
May 09, 2011

K MAHESH
Chairman & Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Seventh Annual Report of the Company together with the audited accounts for the year ended 31st March 2011.

FINANCIAL RESULTS (Rs. in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Net Sales	**23,572.65**	19,933.16
Profit before interest, depreciation and tax	**2,431.27**	2,336.08
Less: Interest	**270.59**	219.44
Profit before depreciation and tax	**2,160.68**	2,116.64
Less: Depreciation	**632.57**	593.52
Profit before tax & extraordinary items	**1,528.11**	1,523.12
Less: Extraordinary item - Amount paid to a bank	**700.00**	756.00
Profit before tax	**828.11**	767.12
Less: Provision for taxation		
- Current Tax	**178.00**	117.00
- Deferred Tax	**20.00**	33.00
Profit after tax	**630.11**	617.12
Add: Surplus/(Deficit) brought forward	**666.72**	695.44
Total available for appropriation	**1,296.83**	1,312.56
APPROPRIATIONS		
General Reserve - I	**63.01**	61.71
General Reserve - II	**400.00**	400.00
Dividend for the year	**157.38**	157.38
Tax on Dividend	**25.53**	26.75
Surplus carried over	**650.91**	666.72
Total	**1,296.83**	1,312.56

DIVIDEND

Your Directors recommend a dividend of Rs 4 /- per share (40%) for the year 2010-11. Accordingly the dividend of Rs. 4 /- per share for 39,34,575 equity shares of Rs10 each fully paid up, (as compared to a dividend of Rs. 4 per share for the previous year) will absorb a sum of Rs. 157.38 lakhs excluding a dividend distribution tax of Rs. 25.53 lakhs together with cess & surcharge thereon payable by the Company.