

FORTIETH ANNUAL REPORT 2014



SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K Mahesh

Chairman

K Ramesh - Director

T Kannan - Director

P S Raman - Director

Ashok V Chowgule - Director

K S Ranganathan - Director

K S D Sambasivam - Director

Krishna Mahesh - Managing Director

BOARD'S SUB-COMMITTEES**1. AUDIT COMMITTEE**

T Kannan - Chairperson

P S Raman

Ashok V Chowgule

K S Ranganathan

K S D Sambasivam

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Ashok V Chowgule - Chairperson

T Kannan

K Mahesh

3. NOMINATION & REMUNERATION COMMITTEE

K S Ranganathan - Chairperson

Ashok V Chowgule

K S D Sambasivam

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

K S D Sambasivam - Chairperson

K S Ranganathan

Krishna Mahesh

SENIOR MANAGEMENT

R Ramasubramanian - President

G R Chandramouli - President (Marketing & Market Development)

S Ramabadran - Financial Controller & Secretary and Compliance Officer

BANKERS

State Bank of India

Industrial Finance Branch, Chennai 600 002

Export-Import Bank of India

UTI House, 29, Rajaji Salai, Chennai - 600 001

HDFC Bank Ltd.

ITC Centre, Anna Salai, Chennai - 600 002

STATUTORY AUDITORS

Sundaram & Srinivasan

Chartered Accountants

No. 23, C.P. Ramaswamy Road

Alwarpet, Chennai 600 018

COST AUDITORS

Raman & Associates

Cost Accountants

10, Muthukumaraswami Salai

Off. 1st Main Road, Baby Nagar

Velachery, Chennai 600 042.

SECRETARIAL AUDITOR

V Suresh

Practising Company Secretary

28, 1st Floor, Ganapathy Colony,

3rd Street, Teynampet, 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@tvssbl.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.tvssbrakelinings.com

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HIGHLIGHTS OF FIVE YEAR PERFORMANCE

Rs in lacs

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1 Sales & Other income	20,046	23,747	25,638	23,271	24,913
2 Export Sales	7,506	8,126	8,366	8,742	11,113
3 Profit before int, depn and Tax	2,336	2,431	2,264	669	776
4 Profit before extraordinary / exceptional item & tax	1,523	1,528	1,116	(411)	(328)
5 Profit after tax	617	630	56	(441)	(522)
6 Net fixed assets	7,181	8,522	8,803	8,608	8,715
7 Share capital	393.46	393.46	393.46	393.46	393.46
8 Reserves & Surplus	8,862	9,309	9,228	8,787	8,266
9 Net worth	9,255	9,702	9,622	9,181	8,659
10 Return on Net Worth (RONW) - PAT/Networth	6.7%	6.5%	0.6%	-4.8%	-6.0%
11 Return on Avg. Capital Employed (ROCE)	8.1%	8.6%	1.9%	-0.6%	1.7%
12 Cash earnings per share (Rs)	32.36 @	32.09	20.81	8.62	7.35
13 Earnings per share (Rs.)	16.49 @	16.01	1.44	(11.20)	(13.26)
14 Dividend per share (Rs)	4.00	4.00	3.00	—	—
15 Book value per share (Rs)	235.23 @	246.59 *	244.54 *	233.34 *	220.08 *
16 Sundry Debtors - No. of days	72	71	67	73	78
17 Turnover/Avg Inventory (Times)	18.7	19.3	16.6	10.9	10.3
18 Current Ratio	1.73	1.72	1.49	1.47	1.32
19 R & D Expenses - as % on Net Income	2.0%	1.3%	1.4%	2.7%	3.2%
20 Debt-Equity Ratio (=Total debts / Networth)	0.32	0.38	0.30	0.31	0.33

@ 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 to 2013-14.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fortieth Annual General Meeting of the Company will be held at Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006 on **Friday , the 1st August 2014, 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 2014, the Profit & Loss Account for the year ended 31st March 2014 , Cash Flow Statement for the year ended 31st March 2014 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 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."
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT as per the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules 2014, Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai having registration number-004207S, liable to retire at this Annual General Meeting, be and are hereby re-appointed as Statutory Auditors of the Company for transitional period of three consecutive years from the conclusion of this Annual General Meeting subject to ratification by members at every annual general meeting, on remuneration of Rs.7,50,000/- in addition to service tax, traveling and other out-of-pocket expenses actually incurred by them in connection with audit.

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 provision of Section 149(10) of the Companies Act, 2013, Mr T Kannan, 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 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr T Kannan as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:
"RESOLVED THAT pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr. P S Raman, 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 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr P S Raman as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:
"RESOLVED THAT pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr Ashok V Chowgule, 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 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr Ashok V Chowgule as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr K S Ranaganathan, 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 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr K S Ranganathan as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr K S D Sambasivam , 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 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr K S D Sambasivam as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."

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

"RESOLVED THAT in supersession of the ordinary resolution passed by the shareholders in the 35th Annual General Meeting of the Company held on 12th August 2009, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the Board) under Section 180(1)(c) of the Companies Act, 2013, and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, for borrowing, from time to time, as it may consider fit, any sum or sums of moneys from any person, whether or not the moneys so borrowed together with the moneys already borrowed by the Company and remaining outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided that the total amount so borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.100 crores (Rupees one hundred crores only) and that the Board be and is hereby empowered and authorized to arrange and fix the terms and conditions of all such moneys to be borrowed, from time to time, as to interest, repayment, security or otherwise as it may think fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a duly constituted committee thereof, be and is hereby authorized to finalise, settle and execute such documents /deeds / papers / agreements, as may be required and to do all such acts, deeds, matters and things, as it may in its discretion deem necessary, proper or desirable and to settle any question , difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT consent of the Company be and is hereby accorded, pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or

re-enactment there of, for the time being in force) to the Board of Directors of the Company (hereinafter referred to as the "Board") to create security by way of mortgage and / or charge or otherwise in respect of all or any part of the Company's undertaking(s) / immovable properties and fixed assets including lands, buildings, plant and machineries, both present and future and a floating charge over the whole or any part of the undertaking(s) of the Company including moveable / current assets to secure the repayment of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and /or secured premium notes and / or floating rates notes / bonds or other debt instruments) borrowed or issued by the Company from time to time, to or in favour of banks, trustees and /or financial institutions/other entities in such manner and or such terms and conditions as the Board may think fit, together with interest at the respective agreed rates, additional interest, commitment charges, premia on prepayment or on redemption, costs, charges and expenses, and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed, security or other document(s) entered into by the Company in respect of the foregoing."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a duly constituted committee thereof, be and is hereby authorized to finalise, settle and execute such documents / deeds / papers / agreements, as may be required and to do all such acts, deeds, matters and things, as it may in its discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating a mortgage and / or charge as aforesaid."

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

"RESOLVED THAT pursuant to Section 14(1) and other applicable provisions of the Companies Act, 2013 and subject to such other approvals, consents and approvals as may be required in this regard, the following existing article in the Articles of Association of the Company be and is hereby amended."

Existing Article 41(g) :

The Board may elect a Chairman of its meetings and determine the period for which he is to hold office.

Amended as :

Article 41(g)

The Board may elect a Chairman of its meetings and determine the period for which he is to hold office. Further that Managing Director may be appointed by the Board as its Chairman.

(On behalf of the Board)

Madurai
May 26, 2014

K MAHESH
Chairman and Managing Director

Annexure: Explanatory Note

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 26th July 2014 to 1st August 2014 (both days inclusive) for annual closing and for the purpose of Annual General Meeting. The cut-off date for determining voting rights for e-Voting on resolutions that will be listed for Annual General Meeting will be 27th June 2014.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED**

NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs.1,84,075/- and Rs.1,99,850/- being the unpaid and unclaimed dividend amount pertaining to 2nd Interim Dividend for Financial Year 2005-06 and 1st Interim Dividend for Financial Year 2006-07 on 5th June 2013 and 22nd February, 2014 respectively to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006, as on the date of the 39th Annual General Meeting (AGM) held on 1st August 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.tvstrakelinings.com.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 40th Annual General Meeting of the Company *inter alia* indicating process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 40th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. Members may also note that the Notice of the 40th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.tvstrakelinings.com for their download. The physical copies of the aforesaid documents will also be available at the Company's office in Padi, Chennai-600050 for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor@tvssbl.com.

10. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 40th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-Voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s)]:
- (i) Open email and open PDF file viz; "SBL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of SUNDARAM BRAKE LINING LIMITED.
 - (viii) Now you are ready for e-Voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vsscrutinizer@gmail.com or evoting@tvssbl.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM :
EVEN (E Voting Event Number) USER ID PASSWORD / PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-Voting then you can use your existing user ID and password / PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-Voting period commences on 26th July, 2014 (9:00 am) and ends on 28th July, 2014 (6:00 pm).
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