

FORTY FIRST ANNUAL REPORT 2015



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

Sandhya Subramanyam - 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 - Chief Financial Officer & Company Secretary

Chief Investor Relations
Officer / 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

STATUTORY AUDITORS

Sundaram & Srinivasan

Chartered Accountants

New No. 4, old No. 23,

C.P. Ramasamy Road,

Alwarpet, Chennai - 600 018.

E-mail ID : yessendes @vsnl.net

Phone No: 044-2498 8762

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 603 004

Phone No. 044 - 47490005

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Enterprises (India) Limited

II Floor, "Kences Towers", No.1,

Ramakrishna Street, North Usman Road,

T Nagar, Chennai - 600 017.

Phone : 91-44- 28140801 - 808

Fax : 91-44-28142479

E-mail : kalyan@integratedindia.in

SHARE DEPARTMENT

At Factory Office

PADI, CHENNAI - 600 050

Phone No. 42205300, 42205407

E-Mail : finance@tvssbl.com

WEBSITE

www.tvsbrakelinings.com

CONTENTS	
Particulars	Page No.
Highlights	3
Notice	4
Directors' Report & Annexures thereof	12
Report on Corporate Governanace	39
Management Discussion and Analysis Report	55
Independent Auditors' Report	58
Balance Sheet as at 31 st March 2015	62
Statement of Profit and Loss for the year ended 31 st March 2015	63
Cash Flow Statement as at 31 st March 2015	64
Notes on Financial Statements	66

HIGHLIGHTS OF TEN YEAR PERFORMANCE

Rs in lacs

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1 Sales & Other income	14,560	18,963	18,804	17,179	20,046	23,747	25,638	23,271	24,913	23,750
2 Export Sales	5,482	5,490	6,199	6,650	7,506	8,126	8,366	8,742	11,113	11,031
3 Profit before int, depn and Tax	2,260	2,899	2,719	1,843	2,336	2,431	2,264	669	776	164
4 Profit before extraordinary / exceptional item & tax	1,634	2,166	1,862	1,025	1,523	1,528	1,116	(411)	(328)	(893)
5 Profit after tax	1,039	1,377	708	451	617	630	56	(441)	(522)	(1,455)
6 Net fixed assets	6,156	7,441	7,462	7,113	7,181	8,522	8,803	8,608	8,715	8,074
7 Share capital	271.35	271.35	271.35	271.35	393.46	393.46	393.46	393.46	393.46	393.46
8 Reserves & Surplus	5,247	6,220	6,737	7,061	8,862	9,309	9,228	8,787	8,266	6,592
9 Net worth	5,518	6,491	7,008	7,332	9,255	9,702	9,622	9,181	8,659	6,986
10 Return on Net Worth (RONW) - PAT/Networth	18.8%	21.2%	10.1%	6.2%	6.7%	6.5%	0.6%	-4.8%	-6.0%	-20.8%
11 Return on Avg. Capital Employed (ROCE)	19.2%	21.8%	11.5%	5.3%	8.1%	8.6%	1.9%	-0.6%	1.7%	-3.0%
12 Cash earnings per share (Rs)	53.83	68.24	47.33	38.08	32.36 @	32.09	20.81	8.62	7.35	(19.47)
13 Earnings per share (Rs.)	38.30	50.76	26.08	16.63	16.49 @	16.01	1.44	(11.20)	(13.26)	(36.97)
14 Dividend per share (Rs)	10.00	13.00	6.00	4.00	4.00	4.00	3.00	-	-	-
15 Book value per share (Rs)	203.37	239.21	258.27	270.22	235.23 @	246.59	244.54	233.34	220.08	177.55
16 Sundry Debtors - No. of days	88	85	81	71	72	71	67	73	78	76
17 Turnover/Avg Inventory (Times)	19.1	20.7	17.6	16.0	18.7	19.3	16.6	10.9	10.3	9.1
18 Current Ratio	1.59	1.45	1.47	1.66	1.73	1.72	1.49	1.47	1.32	1.06
19 R & D Expenses - as % on Net Income	2.2%	1.8%	2.0%	1.5%	2.0%	1.3%	1.4%	2.7%	3.2%	2.7%
20 Debt-Equity Ratio (=Total debts / Networth)	0.58	0.68	0.48	0.31	0.32	0.38	0.30	0.31	0.33	0.41

@ 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 2014-15

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty First Annual General Meeting of the Company will be held at **Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006 on Thursday, the 6th August, 2015, at 9.00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:
"**RESERVED THAT** the Audited Balance Sheet as at 31st March 2015, the Statement of Profit & Loss for the year ended 31st March 2015, Cash Flow Statement for the year ended 31st March 2015 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, the following resolution as an Ordinary Resolution:
"**RESOLVED THAT** Mr K Mahesh, Director, having DIN: 00051438, 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, the following resolution as an Ordinary Resolution:
"**RESOLVED THAT** the appointment of Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai having registration number 004207S, appointed in the Annual General Meeting held on 01-08-2014 for a transitional period of three years, as per the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, be and is hereby ratified for continuing as Statutory Auditors from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, on remuneration of Rs. 7,50,000/- in addition to service tax, travelling 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 an Ordinary Resolution:
"**RESOLVED THAT** pursuant to the provision of Section 161 of the Companies Act, 2013, Ms. Sandhya Subramanyam, having DIN: 02753843, appointed as an Additional Director by the Board of Directors in their meeting held on 29th September, 2014 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 160 of the Companies Act, 2013 along with deposit of Rs. 1 lakh signifying his intention to propose the appointment of Ms. Sandhya Subramanyam, as an Independent Director, pursuant to Section 149 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 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 the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement as in force from time to time and subject to such approvals, consents, sanctions and permissions of any authority as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors for the Related Party Transactions entered by the Company in the Financial Year (FY) 2014-15,

viz., purchase of raw materials, with M/s. Alagar Resins Private Limited which were in the ordinary course of business and at an arm's length basis as detailed below:

Sl. No.	Name of the Related Party	Nature of Relationship	Nature of Transaction	Value	Period
1.	M/s. Alagar Resins Private Limited	Enterprise in which relatives of Key Managerial Personnel has significant interest	Purchase of Raw Materials	INR 2,777.39 lacs (constituting 11.7% on the annual turnover of FY 2014-15)	2014-15

RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things as may be necessary to give effect to this transaction.

(By order of the Board)

Madurai
22nd May, 2015

S RAMABADRAN
Chief Financial Officer & Company Secretary

Annexure: Explanatory Note

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 31st July, 2015 to 6th August, 2015 (both days inclusive) for annual closing and for the purpose of Annual General Meeting.
2. The cut-off date for sending Notice of AGM / Ballot Paper to Shareholders is 26th June, 2015.
3. The Cut-off date for determining voting rights for e-voting on the resolutions that will be listed for Annual General Meeting is 30th July, 2015.
4. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
5. **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.
6. Under Section 124 of the Companies Act, 2013, 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. 1,34,070/- being the unpaid and unclaimed dividend amount pertaining to 3rd Interim Dividend for Financial Year 2006-07 on 13th July, 2014 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 to ascertain the 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 40th Annual General Meeting (AGM) held on 1st August, 2014, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.tvsbrakelinings.com.

7. 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 a long period. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
8. 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.
9. Electronic copy of the Annual Report for 2015 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 2015 are being sent in the permitted mode.
10. Electronic copy of the Notice of the 41st 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 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 41st Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
11. Members may also note that the Notice of the 41st Annual General Meeting and the Annual Report for 2015 will also be available on the Company's website www.tvsbrakelinings.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.

12. Voting through electronic means

- I. In compliance with the 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 by electronic means for all the resolutions listed in the 41st Annual General Meeting (AGM) notice 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 LININGS 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 vsscruinizer@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 Participant(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 3rd August, 2015 (9:00 am) and ends on 5th August, 2015 (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 of 30th July, 2015, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 30th July, 2015.

13. Voting through Ballot

The Company will arrange to send ballot forms to the Shareholders based on the cut-off date of 26th June, 2015 to give them an option to exercise their votes through ballot.

The instructions for the ballot process is as follows:

1. The Board of Directors have appointed Mr V Suresh, Practising Company Secretary, Chennai as the Scrutinizer for conducting the voting process in a fair and transparent manner.
2. A member desiring to exercise vote by ballot is required to carefully read the instructions printed in the Ballot Form and return the Form duly completed in the attached Self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours @ 5.30 PM on 1st August, 2015.

3. The period of voting through the ballot process available for shareholders is 30 days from 2nd July, 2015 to 1st August, 2015.
14. It may also be noted that the facility for voting through ballot or polling paper shall also be available at the meeting and members who have not cast their vote by remote e-Voting or sending ballot by Post, shall be able to exercise their right to vote at the meeting.
15. It may be noted that the members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their votes again.
16. Mr V Suresh, Practising Company Secretary holding certificate of practice number 6032 issued by Institute of Company Secretaries of India, has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
17. The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
18. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.tvbrakelinings.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the NSE & BSE.
19. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
20. 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 MAHESH

Mr K Mahesh holding DIN: 0051438 is a Bachelor of Technology in Metallurgy of the Indian Institute of Technology, Madras (1965 batch). He was appointed in M/s. T V Sundram Iyengar & Sons Private Ltd, Madurai, on 1.12.1965 and has been in continuous employment with them rendering technical and administrative services to the Company. After undergoing initial training in India for two years and further training in Foundry Technology and Management in UK, he has been in-charge of different important assignments given by the company. He has been holding the position of Wholetime Director in T V Sundram Iyengar & Sons Private Ltd.

Mr K Mahesh who was holding the position of Chairman and Managing Director of the Company, relinquished his position as Managing Director on 26.05.2014. He continues to hold the position as a Director and Non-Executive Chairman of the Company.

He has managerial experience of over 50 years.

Mr K Mahesh holds 3,95,842 equity shares in the Company and is related to Mr K Ramesh, Director as his brother and is related to Mr Krishna Mahesh as his father.