

FORTY FIFTH ANNUAL REPORT 2019



SUNDARAM BRAKE LININGS LIMITED



BOARD OF DIRECTORS

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

COMMITTEES OF THE BOARD

1. AUDIT COMMITTEE

T Kannan - Chairperson
P S Raman
Ashok V Chowgule
K S Ranganathan
K S D Sambasivam
Sandhya Subramanyam

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Ashok V Chowgule - Chairperson
T Kannan
Krishna 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

G R Chandramouli - President
S Ramabadran - Chief Financial Officer &
Company Secretary
Chief Investor Relations
Officer / Compliance Officer

STATUTORY AUDITORS

M/s. Brahmayya & Co.,
Chartered Accountants
48, Masilamani Road, Balaji Nagar,
Royapettah, Chennai 600 014
E-mail: mail@brahmayya.com
Phone No: 044-28131128

BANKERS

State Bank of India
Corporate Accounts Group (CAG) Branch,
Chennai 600 008.

SECRETARIAL AUDITOR

V Suresh
Practising Company Secretary
28, 1st Floor, Ganapathy Colony,
3rd Street, Teynampet, Chennai 600 018.
E-mail : vsureshpcs@gmail.com
Phone No: 044-42111701

REGISTERED OFFICE / SHARE DEPARTMENT

Padi, Chennai - 600 050.
Phone No. 044 - 26257853
E-Mail : finance@tvssbl.com

FACTORIES

1. Padi, Chennai - 600 050
Phone No. 044 - 26257853
Fax No. 044 - 26254770
E-mail : sbl@tvssbl.com
2. TSK Puram - Plant I & II
Mustakurichi Post, Virudhunagar District
Pin code 626 106
Phone Nos. 04566 - 250290 to 250295
E-mail: tskp@tvssbl.com; tskp2@tvssbl.com
3. Plant 4 & 5 - Mahindra World City (SEZ)
Natham Sub-Post, Chengalpet
Kancheepuram District, Pin code 603 004
Phone No. 044 - 47490005
E-mail: plant4@tvssbl.com; plant5@tvssbl.com

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Registry Management Services
Private Limited
II Floor, "Kences Towers",
No.1, Ramakrishna Street, North Usman Road,
T Nagar, Chennai - 600 017.
Phone Nos. : 044- 28140801 - 808
E-mail : corperserv@integratedindia.in

WEBSITE

www.tvssbrakelinings.com

SUNDARAM BRAKE LININGS LIMITED

CONTENTS		
Particulars		Page No.
Highlights		3
Notice		4
Directors' Report & Annexures thereof		9
Report on Corporate Governance		35
Management Discussion and Analysis Report		51
Independent Auditors' Report		55
Balance Sheet as at 31 st March 2019		64
Statement of Profit and Loss for the year ended 31 st March 2019		65
Cash Flow Statement as at 31 st March 2019		66
Notes on Financial Statements		68

HIGHLIGHTS OF TEN YEARS' PERFORMANCE

(₹ in lakhs)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1 Sales & Other income #	20,046	23,747	25,638	23,271	24,913	23,750	24,627	24,681	25,381	28,887
2 Export Sales	7,506	8,126	8,366	8,742	11,113	11,031	11,213	10,390	10,023	12,365
3 Profit before int, depn and Tax	2,336	2,431	2,264	669	776	164	875	937	995	1,309
4 Profit before extraordinary / exceptional item & tax	1,523	1,528	1,116	(411)	(328)	(893)	31	143	376	649
5 Profit after tax	617	630	56	(441)	(522)	(1,455)	(41)	176	376	705
6 Net fixed assets	7,181	8,522	8,803	8,608	8,715	8,074	7,440	7,101	6,751	6,700
7 Share capital	393.46	393.46	393.46	393.46	393.46	393.46	393.46	393.46	393.46	393.46
8 Reserves & Surplus	8,862	9,309	9,228	8,787	8,266	6,592	6,551	6,703	7,072	7,805
9 Net worth	9,255	9,702	9,622	9,181	8,659	6,986	6,944	7,097	7,466	8,198
10 Return on Net Worth (RONW) - PAT / Networth	6.7%	6.5%	0.6%	-4.8%	-6.0%	-20.8%	-0.6%	2.5%	5.0%	8.6%
11 Return on Avg. Capital Employed (ROCE)	14.3%	14.0%	12.5%	-0.9%	2.6%	-5.2%	3.6%	4.8%	5.9%	8.1%
12 Cash earnings per share (₹)	32.36 [@]	32.09	20.81	8.62	7.35	(19.47)	13.05	18.14	20.51	30.50
13 Earnings per share (₹)	16.49 [@]	16.01	1.44	(11.20)	(13.26)	(36.97)	(1.04)	4.47	9.57	17.93
14 Dividend per share (₹)	4.00	4.00	3.00	—	—	—	—	—	—	—
15 Book value per share (₹)	235.23 [@]	246.59	244.54	233.34	220.08	177.55	176.50	180.37	189.74	208.37 *
16 Sundry Debtors - No. of days	72	71	67	73	78	76	78	64	70	72
17 Turnover/Avg Inventory (Times)	18.7	19.3	16.6	10.9	10.3	9.1	8.4	8.2	7.9	8.0
18 Current Ratio	1.73	1.72	1.49	1.47	1.32	1.06	1.05	1.22	1.34	1.33
19 R & D Expenses - as % on Net Income	2.0%	1.3%	1.4%	2.7%	3.2%	2.7%	2.6%	3.4%	4.0%	3.4%
20 Debt-Equity Ratio (=Total debts / Debt+ Networth)	0.32	0.38	0.30	0.31	0.33	0.41	0.39	0.32	0.29	0.29

Includes Excise duty for the FY's from 2015-16 to Q1 of 2017-18.

@ 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's 2010-11 to 2018-19.

Note: Figures in respect of FY's 2009-10 to 2014-15 are as per Indian GAAP and that of FY's from 2015-16 to 2018-19 are as per Indian Accounting Standards (Ind-AS.).

SUNDARAM BRAKE LININGS LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the Company will be held at **Sathguru Gnanananda Hall, Narada Gana Sabha, No.314 T.T.K. Road, Chennai - 600 018 on Tuesday, 13th August 2019 at 11.00 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:
"RESOLVED THAT the Audited Balance Sheet as at 31st March 2019, the Statement of Profit and Loss for the year ended 31st March 2019, the Cash Flow statement for the year ended 31st March 2019 and Notes forming part of the documents referred above 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 Krishna Mahesh, Director (having DIN: 00420048), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

(By order of the Board)

Madurai
25th May, 2019
Registered Office
Padi, Chennai - 600 050.

S RAMABADRAN
Chief Financial Officer & Company Secretary

Details of Director Seeking Re-appointment at the Annual General Meeting

The Company presently has Six Independent Directors and Two Non-Independent Directors, Mr.K Ramesh & Mr.Krishna Mahesh and in order to comply with the Provisions of Section 152 of the Companies Act, 2013, Mr.Krishna Mahesh, Director retires at this Annual General Meeting and being eligible for Re-appointment, offers himself for Re-appointment subject to approval of Shareholders.

Further in terms of Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, a brief resume of the Director who is proposed to be re-appointed in this meeting, nature of his expertise in specific functional areas, disclosure of relationships between Directors inter-se, his other Directorship and the membership, his shareholdings are given below:

Mr. Krishna Mahesh

Mr. Krishna Mahesh, born on 20th October 1974, is on the Board of Directors of the Company since 2005. He holds Master of Science in Mechanical Engineering from Stanford University, Stanford CA and Masters degree in Business Administration - MBA from Harvard Business School.

He holds 5,44,608 Equity shares in the Company and he is nephew of Mr.K.Ramesh, Director.

Nature of his expertise in specific functional areas - General Management/ Sales/ Marketing/ Strategic Decision making and Leadership.

Directorship / Membership in other Companies

Directorship	Committee Membership
As Director <ul style="list-style-type: none"> • T V Sundram Iyengar & Sons Private Limited • Sundaram Industries Private Limited • Sundaram Medical Devices Private Limited • Sundaram Lifecare Private Limited • Sundaram Health Protection Private Limited • Sundaram Aarogyam & Vitality Endowment Foundation • TVS Advanced Materials Private Limited 	Nil

I. General Instructions & Information:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member of the company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.
2. The register of members and the share transfer register will remain closed for a period of seven days from **7th August 2019 to 13th August 2019** (both days inclusive) for the purpose of AGM.
3. 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 holding shares in electronic form are requested to advise change of their address to their Depository Participants. 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.
4. 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.
5. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
6. Members, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent (Integrated Registry Management Services Private Limited) of the Company: -
 - a) any change in their address / bank mandate.
 - b) particulars of their bank account, in case they have not been sent earlier.

SUNDARAM BRAKE LININGS LIMITED

- c) nomination in Form SH-13, in duplicate, as provided under Section 72 of the Companies Act, 2013, in case they have not been sent earlier.
 - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
7. In terms of requirements of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017 ("the Rules"), the Company is required to transfer the shares, in respect of which the dividend remains unpaid or unclaimed for a period of seven consequent years to the IEPF account established by the Central Government. The Company had accordingly transferred 8425 Equity shares on 25th September 2018 pertaining to Dividend for the Financial year 2010-11 respectively to the IEPF account.
8. Any person whose shares have been transferred to the Fund, may claim the shares from the authority by submitting an online Application form IEPF-5 available on the website www.iepf.gov.in and after making an application in form IEPF-5, send the same duly signed by him along with requisite documents to the Company for verification of his claim.
- The Company has uploaded the information in respect of the Unclaimed Shares Transferred to IEPF account in respect of the Financial year 2010-11 under "Investors Section" on the website of the Company viz. www.tvnbrakelinings.com.
9. Electronic copy of the Annual Report 2019 and Notice of 45th 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 above documents are being sent in the permitted mode.
10. Members are requested to affix their signatures at the space provided on the Attendance slip annexed to Proxy form and hand over the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representatives to attend and vote at the AGM.
11. Members may also note that the Notice of the 45th Annual General Meeting and the Annual Report for 2019 will also be available on the Company's website www.tvnbrakelinings.com for download. The physical copies of such documents will also be available at the Company's office in Padi, Chennai-600 050 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. Members may send their requests to investor@tvssbl.com.
12. The business set out in the Notice of AGM will be transacted through electronic voting system. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting). In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, the Company has provided facility to exercise votes through electronic voting system to members holding shares as on 6th August 2019, being the "Cut-Off date" fixed for determining voting rights of members entitled to participate in the e-Voting process through the e-voting platform provided by NSDL.
13. The facility for voting through Ballot papers will also be available at the AGM and the members attending the AGM who have not cast vote by remote e-Voting shall be eligible and be able to vote at the AGM.
14. Member may participate in the General Meeting even after casting his /her vote through remote e-Voting but shall not be entitled to vote again.

-
15. Mr. V Suresh, Practising Company Secretary holding certificate of practice (No.6032) issued by the Institute of Company Secretaries of India, has been appointed as the Scrutinizer to Scrutinize the voting process in a fair and transparent manner.
 16. The Scrutiniser shall, immediately after the conclusion of voting at annual general meeting, count the votes cast at the meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 48 hours (forty eight) of conclusion of the meeting submit his report of the total votes cast in favour or against, if any, to the Managing Director of the Company.
 17. The voting results of the Annual General Meeting will be declared and communicated to the Stock Exchanges and would also be displayed on the Company's website at www.tvstrakelining.com.
 18. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cut-off date i.e 06th August 2019 will be considered for the purpose of availing Remote e-Voting or Vote in the Annual General Meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

II. Instructions for Remote E-voting :

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s)]:
 - a) 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.
 - b) Launch internet browser by typing the following URL:<https://www.evoting.nsdl.com>.
 - c) Click on Shareholder - Login
 - d) Put user ID and password as initial password / PIN noted in step (a) above. Click Login.
 - e) 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.
 - f) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - g) Select "EVEN" of SUNDARAM BRAKE LININGS LIMITED.
 - h) Now you are ready for e-Voting as Cast Vote page opens.
 - i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l) 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 Annual Report [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy]:
 - (a) Initial password is provided on the Attendance Slip for the AGM: **EVEN** (E Voting Event Number) **USER ID PASSWORD/PIN**.
 - (b) Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

SUNDARAM BRAKE LININGS LIMITED

III. Other Information :

- 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.
- 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.
- 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).
- The Voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the Cut off date 6th August 2019. The e-Voting period commences on 10th August 2019 (9.00 am) and ends on 12th August 2019 (5.00 pm). During this period members of the Company holding shares either in physical form or in dematerialized form as on cut off date 6th August 2019 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.

IV. Route Map for the Venue of the AGM of Sundaram Brake Linings Limited to be held on 13th August 2019 is given below:

