

SUNDARAM BRAKE LININGS LIMITED

Padi, Chennai - 600 050, India.



Telephone: 73580 33474

E-mail : sbl@tvssbl.com

Website : www.tvssbrakelinings.com

PAN : AADCS4888E

SecI/NSE/Annual Report 2017

August 08, 2017

The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, "G" Block
Bandra Kurla Complex
Bandra (East),
Mumbai-400 051

Dear Sir,

Sub : Submission of Annual Report 2017

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, We enclose the Annual Report 2017 for your reference and records.

Thanking you,

Yours faithfully
for SUNDARAM BRAKE LININGS LIMITED

S. Ramabadran
Chief Financial Officer & Company Secretary



Encl : As above

MANUFACTURERS OF TVS BRAKE LININGS & CLUTCH FACINGS

Registered Office : 180, Mount Road, Chennai - 600 006.

CIN : L34300TN1974PLC006703

FORTY THIRD ANNUAL REPORT 2017



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

Sandhya Subramanyam

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

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

Overseas Towers, 4th & 5th Floor,
756-L Anna Salai, Chennai - 600 002

STATUTORY AUDITORS

Sundaram & Srinivasan

Chartered Accountants

New No. 4, old No. 23,

C.P. Ramasamy Road,

Alwarpet, Chennai - 600 018.

E-mail : 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.

E-mail : vsureshpcs@gmail.com

Phone No: 044-24336022

REGISTERED OFFICE

180 Anna Salai, Chennai 600 006.

FACTORIES

1. Padi, Chennai, Pin code 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, Chengalp

Kancheepuram District, Pin code 603 004

Phone No. 044 - 47490005

E-mail: plant4@tvssbl.com; plant5@tvssbl.com

SHARE DEPARTMENT

At Factory Office

Padi, Chennai - 600 050

Phone No. 044 - 26257853

E-Mail : pmd@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 : 91-44- 28140801 - 808

Fax : 91-44-28142479

E-mail : corpserv@integratedindia.in

WEBSITE

www.tvsbrakelinings.com

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HIGHLIGHTS OF TEN YEARS' PERFORMANCE

(Rs. in lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1 Sales & Other income [#]	18,804	17,179	20,046	23,747	25,638	23,271	24,913	23,750	24,627	24,652
2 Export Sales	6,199	6,650	7,506	8,126	8,366	8,742	11,113	11,031	11,213	10,390
3 Profit before int, depn and Tax	2,719	1,843	2,336	2,431	2,264	669	776	164	875	937
4 Profit before extraordinary / exceptional item & tax	1,862	1,025	1,523	1,528	1,116	(411)	(328)	(893)	31	143
5 Profit after tax	708	451	617	630	56	(441)	(522)	(1,455)	(41)	176
6 Net fixed assets	7,462	7,113	7,181	8,522	8,803	8,608	8,715	8,074	7,440	7,101
7 Share capital	271.35	271.35	393.46	393.46	393.46	393.46	393.46	393.46	393.46	393.46
8 Reserves & Surplus	6,737	7,061	8,862	9,309	9,228	8,787	8,266	6,592	6,551	6,703
9 Net worth	7,008	7,332	9,255	9,702	9,622	9,181	8,659	6,986	6,944	7,097
10 Return on Net Worth (RONW) - PAT/Networth (%)	10.1	6.2	6.7	6.5	0.6	-4.8	-6.0	-20.8	-0.6	2.5
11 Return on Avg. Capital Employed (ROCE) (%)	18.0	11.2	14.3	14.0	12.5	-0.9	2.6	-5.2	3.6	4.6
12 Cash earnings per share (Rs.)	47.33	38.08	32.36 [@]	32.09	20.81	8.62	7.35	(19.47)	13.05	18.23
13 Earnings per share (Rs.)	26.08	16.63	16.49 [@]	16.01	1.44	(11.20)	(13.26)	(36.97)	(1.04)	4.47
14 Dividend per share (Rs.)	6.00	4.00	4.00	4.00	3.00	—	—	—	—	—
15 Book value per share (Rs.)*	258.27	270.22	235.23 [@]	246.59	244.54	233.34	220.08	177.55	176.50	180.37
16 Sundry Debtors - No. of days	81	71	72	71	67	73	78	76	78	64
17 Turnover/Avg Inventory (Times)	17.6	16.0	18.7	19.3	16.6	10.9	10.3	9.1	8.4	8.2
18 Current Ratio	1.47	1.66	1.73	1.72	1.49	1.47	1.32	1.06	1.05	1.09
19 R & D Expenses - as % on Net Income	2.0	1.5	2.0	1.3	1.4	2.7	3.2	2.7	2.6	3.4
20 Debt-Equity Ratio (=Total debts / Debt+ Network)	0.48	0.31	0.32	0.38	0.30	0.31	0.33	0.41	0.39	0.32

[#] Includes Excise duty for the FY's 2015-16 & 2016-17

[@] 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 2016-17

Note: Figures in respect of FY's 2007-08 to 2014-15 are as per Indian GAAP and that of FY's 2015-16 & 2016-17 are as per Indian Accounting Standards (Ind AS).

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Third Annual General Meeting of the Company will be held at **Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006 on Friday, 4th August, 2017, at 4.45 P.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 2017, the Statement of Profit and Loss for the year ended 31st March 2017, the Cash Flow statement for the year ended 31st March 2017 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** pursuant to Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Brahmayya & Co., Chartered Accountants, Chennai having registration No. 000511S be and are hereby appointed as Statutory Auditors of the Company, (in place of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai whose transitional term of appointment ends at the conclusion of 43rd AGM) to hold office from the conclusion of 43rd Annual General Meeting for a term of consecutive five years till the conclusion of the 48th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting) on such remuneration as may be determined by the Board of Directors of the Company in addition to Tax Audit fees, certification fee, service tax, travelling and other out of pocket expenses actually incurred by them in connection with the audit."

(By order of the Board)

Chennai
29th May, 2017

S RAMABADRAN
Chief Financial Officer & Company Secretary

Registered Office
180, Anna Salai,
Chennai - 600006

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

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 Committee membership, his shareholdings are given below:

Mr. K Mahesh

Mr. K Mahesh born on 11th October 1943, holds a degree of Bachelor of Technology in Metallurgy of Indian Institute of Technology, Madras (1965 batch). He was appointed in M/s. T V Sundram Iyengar & Sons Private Ltd, Madurai on 01.12.1965 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 held the position of Chairman and Managing Director of the Company, relinquished his position as Managing Director on 26th May 2014. He continues to hold the position as a Director and Non Executive Chairman of the Company.

Mr. K Mahesh has managerial experience of over 50 years.

Mr. K Mahesh holds 4,50,251 equity shares in the Company as on date and is related to Mr. K Ramesh, Director as his brother and is related to Mr. Krishna Mahesh as his father.

Directorship / Membership in other Companies

Directorship	Committee Membership
As Wholetime Director <ul style="list-style-type: none">• T V Sundram Iyengar & Sons Private Limited As Director <ul style="list-style-type: none">• Southern Roadways Limited• Sundaram Textiles Limited• Sundaram-Clayton Limited• TVS Global Trade 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 **29th July 2017 to 4th August 2017** (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. As per the provisions of 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 Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had accordingly transferred Rs.1,88,588/- on 5th August 2016 and Rs.1,88,512/- on 31st March 2017 being unpaid and unclaimed dividend amount pertaining to Interim Dividend for the Financial year 2008-09 & 2009-10 respectively to the Investor Education and Protection Fund.

As per Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on 5th September 2016, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial years from 2008 as on the date of 42nd Annual General Meeting held on 1st August 2016 on website of the IEPF viz **www.iepf.gov.in** and under "Investors Section" on the website of the Company viz **www.tvnbrakelinings.com**.

7. Electronic copy of the Annual Report 2017 and Notice of 43rd 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.
8. Members are requested to affix their signatures at the space provided on the Attendance slip annexed to Proxy form and handover 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.
9. Members may also note that the Notice of the 43rd Annual General Meeting and the Annual Report for 2017 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 **pmd@tvssbl.com**.
10. 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, the company has provided facility to exercise votes through electronic voting system to members holding shares as on 28th July 2017, 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.
11. 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.
12. A 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.
13. 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.
14. The Scrutinizer shall within a period not exceeding two working days from the conclusion of the E-voting period unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes in favour or against, if any forthwith to the Chairman of the Company.

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15. 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.tvsbbrakelinings.com**.
 16. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cut-off date i.e 28th July 2017 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 :

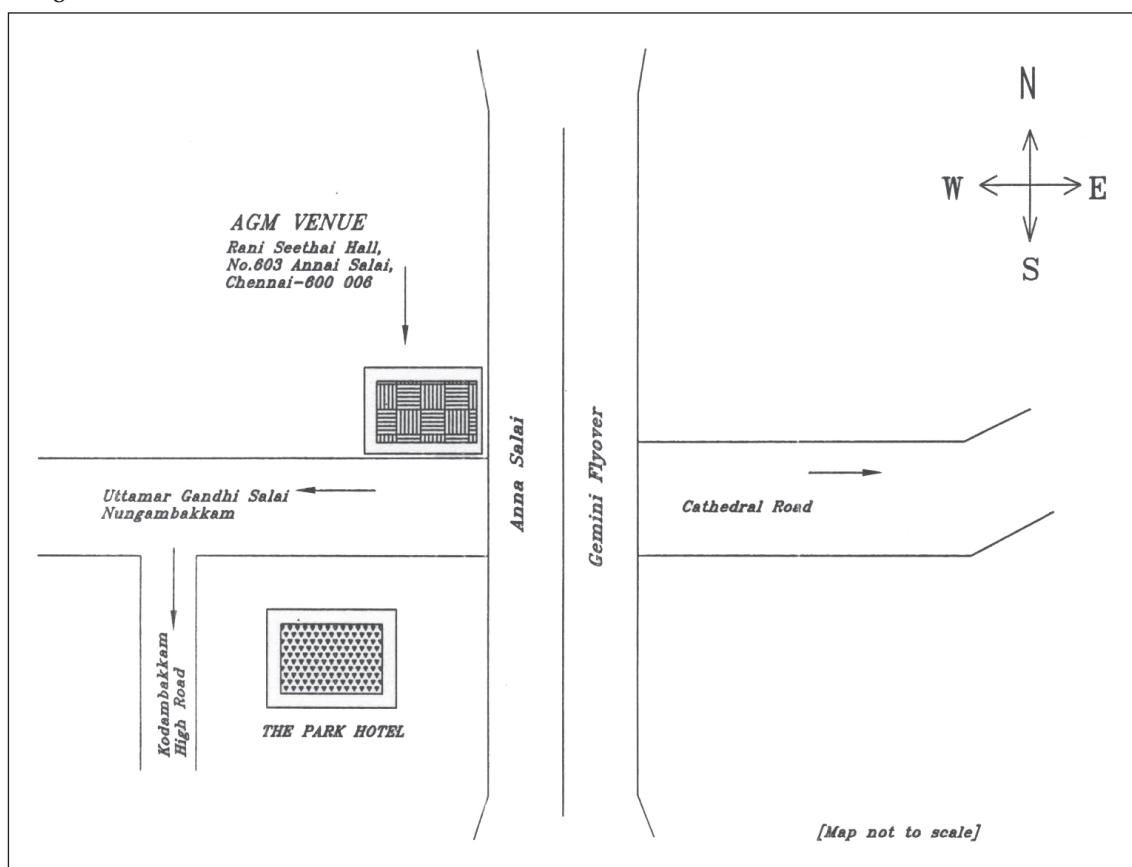
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
 - a) Open email and open PDF file viz; "SBL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN 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.

III. Other Information :

- In case of any queries, you may refer to 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 28th July 2017.
- **The e-Voting period commences on 1st August 2017 (9.00 am) and ends on 3rd August 2017 (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 28th July 2017 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 4th August 2017 is given below :



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Forty Third Annual Report of the Company together with Audited Financial Statements for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

The Ministry of Corporate Affairs (MCA) vide Notification dated 16th February 2015, notified the Companies (Indian Accounting Standards) Rules 2015, (hereinafter referred as Ind AS). As a standalone entity Ind AS would be applicable to the Company only w.e.f 1st April 2017. However, Your Company being an associate of T.V.Sundram Iyengar & Sons Private Limited, who have adopted Ind AS with effect from 1st April 2016, Your Company was required to present Ind AS compliant reporting with effect from 1st April 2016. Hence Your Company has adopted Ind AS from Financial Year 2016-17 & Annual Financial Statements for 2016-17 are presented in accordance with Ind AS.

SUMMARY OF FINANCIAL RESULTS:

		(Rs. in lakhs)
Details	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from Operations	24,652.34	24,626.83
Profit before interest, depreciation and tax	937.00	875.16
Less : Interest	252.59	290.12
Profit before depreciation and tax	684.41	585.04
Less : Depreciation	541.25	554.39
Profit before tax and exceptional items	143.16	30.65
Add : Exceptional item	—	—
Profit before tax	143.16	30.65
Less : Provision for Taxation		
Current Tax	—	—
Prior Period Tax	—	—
Deferred Tax Liability / (Asset) (net)	(32.67)	71.6
Profit after tax	175.83	(40.95)
Add : Surplus / (Deficit) brought forward	1.40	22.35
General Reserve	—	20.00
Surplus Carried over	177.23	1.40

DIVIDEND

Though there is an improvement in the performance of the Company in the year under review, given the uncertain domestic and global macro-economic climate, the Board of Directors would like to ensure stability and improvement in the earnings before payment of dividend is resumed.

OPERATIONS & EXPORTS

The gross sales for the year 2016-17 were at Rs.242.43 crores as against Rs.242.81 crores in the previous year. Net Foreign Exchange earned by your company in the year under review was Rs 76.06 crores as against Rs.82.22 crores in 2015-16.

SUNDARAM BRAKE LININGS LIMITED

Your Company continued the efforts for cost reduction and the steps taken for reduction in Power & Fuel continue to give benefits.

Your Company recognizes that the path to sustained profitability must come from both increased sales and reduction in costs and those will be the key focus in the year ahead.

As a part of strategy to match the Employees' cost to production value, Voluntary Retirement Scheme (VRS) was implemented in August 2016 and there was an outgo of Rs.154 lacs as VRS compensation. This will be compensated by reduction in costs in the years to come.

On the export front, there is considerable uncertainty about the impact of potentially protectionist trade policies in our key US market. The domestic market faces uncertainty from the fate of the upcoming monsoon as well as a significantly changed tax policy. While we must welcome the potential establishment of a single Indian market a mere seventy years after independence, the multiple tax bands and potential for abuse thereof is regrettable. We expect the long term impact of reduced administrative burden of outdated excise and octroi duties and taxes to be positive but are concerned about the short term impact on aftermarket sales.

Your Company continues to enjoy the status of Star Export House in accordance with the provisions of the Foreign Trade Policy 2009 - 2014, with a Certificate of Recognition issued by the Office of the Zonal Joint Director General of Foreign Trade, Chennai, which is valid up to 31st March 2018.

Your Company continues to take steps for adding new customers and new products both in Domestic and Export markets.

RESEARCH AND DEVELOPMENT

Your Company's R&D facility located in Padi has been enjoying recognition as an approved R&D unit by the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India, New Delhi, and the recognition is valid up to 31st March 2018.

During the year under review, thrust was given for development of new products, viz., Commercial Vehicle Linings & Clutch Facings both for new and existing customers.

Efforts for achieving reduction in energy costs were continued in the year under review.

The total expenditure for R&D incurred in 2016-17 was Rs.7.69 crores as against Rs.5.94 crores in the previous year.

OUTLOOK FOR 2017-18

With expectation of normal monsoon and implementation of GST, it is expected that economy may pick up momentum of growth and your company hopes to reap the benefits of growth in automobile sector.

While the results of any protectionist tariff in our key markets, the potential for delays or disruptions from the introduction for GST are causes for concern, the efficient and effective execution of your company's plans to lower costs and increase sales will play a large role in the results for the coming year.

PUBLIC DEPOSITS

Your Company does not hold any deposit from the public.

BOARD MEETINGS

The Board of Directors of the Company met Five times during the financial year.

Audit Committee and Stakeholders' Relationship Committee of the Board of Directors met five times and four times respectively during the year.

DIRECTORS

Mr. K Mahesh, Director of the Company who retires by rotation and being eligible for re-appointment offers himself for re-appointment as Director of the Company subject to the approval by the Shareholders of the Company by an Ordinary Resolution.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from all Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6) of the Act. The format of the Disclosure is given as Annexure I.

VIGIL MECHANISM

The Company adopted a Whistle Blower Policy establishing vigil mechanism to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of Vigil mechanism is available on the Company's website www.tvsbrakelinings.com.

No complaint has been received from any employee since inception of the vigil mechanism.

MATERIAL CHANGES & COMMITMENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year (FY 2016-17) of the company to which the financial statements relate and date of the report.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 134(5) of the Companies Act 2013, Your Directors confirm :

1. that in the preparation of the annual accounts, the applicable Indian Accounting Standards (Ind AS) have been followed;
2. that they have selected such accounting policies and applied them consistently and made judgments 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 and loss of the Company for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. that they had prepared the annual accounts on a going concern basis;
5. they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES / JV AND INFORMATION ABOUT SUBSIDIARY / JV / ASSOCIATE COMPANY

There is no Subsidiary or Associate Company or JV and hence these are not applicable.

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 an extract of Annual Return in Form No. MGT 9 as a part of this Annual Report is given in Annexure II.

STATUTORY AUDITORS

M/s.Sundaram & Srinivasan, Chartered Accountants, who were appointed as Statutory Auditors for a transitional period of 3 years till the conclusion of the 43rd AGM, will retire at the conclusion of the AGM scheduled on 4th August 2017, in line with the provisions of the Companies Act, 2013 for retirement of auditors by rotation.

In view of this, the Board of Directors have recommended the appointment of M/s. Brahmayya & Co., Chartered Accountants, Chennai having registration number 000511S as Statutory Auditors of the Company for a period of 5 years, (subject to ratification at the AGM every year till the conclusion of the 48th AGM) for shareholders' approval at the 43rd AGM.

The Company has received consent from M/s. Brahmayya & Co., Chartered Accountants, Chennai to serve as Statutory Auditors of the company, if they are so appointed.

They have also furnished necessary certificate under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 conveying their eligibility for appointment of statutory auditors of the Company.

Directors place on record their sincere appreciation of the valuable services rendered by M/s.Sundaram & Srinivasan, Chartered Accountants, Chennai since inception of the Company as its Statutory Auditors.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. V Suresh, Practising Company Secretary to undertake the Secretarial Audit. The Secretarial Audit Report for the Financial Year 2016-17 is annexed to this report as an Annexure III.

QUALIFICATIONS IN AUDIT REPORTS

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made -

- (a) by the Statutory auditor in his report; and
- (b) by the Company Secretary in practice in his Secretarial audit Report.

Not applicable as there are no qualifications in Statutory Auditors' Report and in Secretarial Auditors' report.

COST AUDIT

Cost audit is not applicable to the Company from the Financial Year 2014-15 based on the amended Companies (Cost Audit & Record) Rules 2014 dated 31st December 2014 issued by the Ministry of Corporate Affairs, Govt. of India.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken during 2016-17:
- Appropriate tailoring of motor power to reduce the Electrical energy consumption.
 - Optimization of the heating and insulation methods of the individual cavities to reduce cost of energy per piece.
 - Study initiated to refine press cycle times to reduce the energy required per cycle
- (b) Impact of the above measures:
- The measures taken above have helped in reducing electrical energy and Fuel cost and would continue to help in reducing the energy cost in the months to come.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

(1) Specific areas in which R&D carried out by the Company

- (a) Developed and obtained OEM approval for Drum Brake Linings for Heavy Truck and Bus applications.
- (b) Developed and obtained OEM approval for Drum Brake Lining for Light commercial vehicle applications.
- (c) Developed and obtained OEM approval for New grade Woven clutch facings for Commercial vehicle application.
- (d) Developed & improved an affordable vehicle data acquisition system - DEFCON (Driver's Experience of Friction Conditions) and collected actual field duty cycle data for understanding and improving our new and existing product performance.

(2) Benefits derived as a result of the above

- (a) Continued recognition of in-house R&D by Department of Scientific and Industrial Research, Government of India (valid up to 31.03.2018).
- (b) Reduction in Raw material costs through upgradation in quality and yield improvement.
- (c) Resolved noise and poor braking complaints reported by customers on competitor linings which helped the company to get new business.

(3) Future plan of action

- (a) Development of Disc Pads and Drum Brake Linings for various new vehicle application for Domestic OEM & Export Market.

(4) Expenditure on R&D

(Rs. in lakhs)

Sl. No.	Particulars	Financial Year	
		2016-17	2015-16
a	Capital	10.99	26.00
b	Recurring	757.58	567.91
c	Total	768.57	593.92
d	Total R & D expenses as % of total turnover	3.4	2.6

C. Technology absorption, adaptation and innovation**1. Efforts in brief, made towards technology absorption, adaptation and innovation**

- (a) SBL developed Embedded Granular Material Matrix Technology for meeting end user NVH (Noise, Vibration & Harshness) requirements without compromising performance and life.
- (b) Process optimization for Quality Improvement.
- (c) Product and Process improvement by bench marking the product against global leaders.

2. Benefits derived as a result of the above efforts

- (a) Development of superior and competitive products for export and domestic markets.
- (b) Quality up-gradation and optimal use of resources leading to substantial savings.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

Sl. No.	Particulars	Financial Year	
		2016-17	2015-16
a	Foreign Exchange earned	10,531.38	11,226.16
b	Foreign Exchange used	2,925.83	3,004.35
c	Net Foreign Exchange earned (a-b)	7,605.55	8,221.81

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year 2016-17, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

INTERNAL FINANCIAL CONTROLS

The Board and the Audit Committee have been reviewing the Internal Financial controls and strengthening the same. Further, Audit Committee periodically reviews the Internal Audit Reports and suggestions and corrective actions are implemented.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company has not given any loan (Secured or Unsecured) and had not given any guarantee or provided any security to any person.

RISK MANAGEMENT

The Risk Management policy adopted by the Board formalizes the Company's approach to overview and manage material business risks.

All the risks associated with the business of the Company have been taken care of by taking adequate measures by the Company, which have been reviewed by the Audit committee and the Board in their meetings held from time to time.

CORPORATE SOCIAL RESPONSIBILITY(CSR)

CSR is not applicable to the Company as the average net profits of the Company for the preceding three years is NIL as the Company has incurred losses in the past years.

REASON FOR NOT SPENDING FOR CSR

CSR is not applicable to the Company as the average net profits of the Company for the preceding three years is NIL as the Company has incurred losses in the past years.

ANNUAL REPORT ON CSR

Annual Report on CSR in the prescribed format has been enclosed as Annexure IV.

RELATED PARTY TRANSACTIONS

All the related party transactions entered by the Company are normal business transactions entered in the ordinary course of business and are on arm's length basis. The company has been following a policy of getting omnibus approval for the Related Party Transactions (RPTs) from the Audit Committee.

The actual RPTs entered were approved by the Audit Committee and by the Board at the quarterly meetings during the Financial Year 2016-17. The policy on Related Party Transactions, as approved by the Board is uploaded on the Company's website.

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in form AOC-2 are furnished as Annexure V.

JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS

The Company's Related Party Transactions have been made to meet the requirements of operations and at an arm's length basis and have been entered in the ordinary course of business.

BOARD EVALUATION

In terms of Section 134 (3) (p) of the Companies Act, 2013 and Regulation 4(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board reviewed and evaluated its own performance from the following perspectives:

- (a) Company Performance;
- (b) Risk management;
- (c) Corporate Ethics;
- (d) Performance of the Individual Directors; and
- (e) Performance of the Committees, viz., Audit Committee, Nomination and Remuneration Committee (NRC) and Stakeholders' Relationship Committee (SRC).

The Board upon evaluation considered that the board is well balanced in terms of diversity of experience covering all the activities of the Company.

The Board, after discussion and review, noted with satisfaction of its own performance and that of its committees and individual Directors.

RATIO OF REMUNERATION OF DIRECTOR

As per Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the details of Ratio of Remuneration to each Director to the median employee's remuneration is furnished as Annexure VI.

PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration of not less than Rs.1.02 crores during the year or Rs.8.50 lakhs per month during any part of the said year as per Section 197 of the Companies Act 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2017-18 to National Stock Exchange, where the company's shares are listed.

CORPORATE GOVERNANCE

Your company has taken adequate steps to adhere to all the conditions laid down in SEBI (Listing obligations and disclosure requirements) regulations, 2015 with respect to Corporate Governance. A report on Corporate Governance is included as a part of this annual report as Annexure VII.

A Certificate from the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as stipulated in SEBI (Listing obligations and disclosure requirements) regulations, 2015 forms part of this Annual report.

The Managing Director and the Chief Financial officer of the Company have certified to the Board the financial statements and other matters in accordance with the Regulation 17(8) of the SEBI (Listing obligations and disclosure requirements) regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March 2017.

ACKNOWLEDGEMENT

Your Directors wish to thank State Bank of India and Export-Import Bank of India for their continued support and assistance.

Your Directors also wish to thank all the Customers, the Wholesalers both in India and worldwide for their continued support.

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

For and on behalf of the Board

Place: Chennai
Date : May 29, 2017

K MAHESH
Chairman

KRISHNA MAHESH
Managing Director

INDEX - ANNEXURES

Annexure No.	Particulars
I	Specimen copy of Declaration From Independent Directors on Annual Basis
II	Extract of Annual Return in MGT-9
III	Secretarial Audit Report
IV	Annual Report on CSR
V	Related Party Transactions
VI	Ratio of Remuneration of Director
VII	Corporate Governance Report

ANNEXURE - I

**SPECIMEN COPY OF DECLARATION FROM INDEPENDENT DIRECTORS
ON ANNUAL BASIS**

The Board of Directors,
M/s SUNDARAM BRAKE LININGS LIMITED

Dear Sir(s)

I undertake to comply with the conditions laid down in the Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of Independence and in particular :

1. I declare that up to the date of this Certificate, apart from receiving Director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its Promoter, its Directors, Senior Management or its Holding Company, its Subsidiary and Associates as named in the Annexure thereto which may affect my independence as Director on the Board of the Company. I further declare that I will not enter into any such relationship / transactions. However, if and when I intend to enter into such relationship / transactions, whether material or non-material, I shall keep prior approval of the Board. I agree that I shall cease to be an Independent Director from the date of entering into such relationship / transaction.
2. I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the company in the immediately preceding three financial years.
3. I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following :
 - the statutory audit firm or the internal audit firm that is associated with the Company and
 - the legal firm(s) and consulting firm(s) that have a material association with the Company
4. I have not been a material supplier, service provider or customer or lessor or lessee of the Company, which may affect independence of the director and was not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.
5. I further declare that I will
 - (a) adhere to the standards as set out in the Code for Independent Directors as provided under Schedule IV of the Act;
 - (b) furnish such declaration at the first meeting of the Board in every financial year or whenever there is any change in the circumstances, which may affect my status as an Independent Director, stating that I meet or do not meet the criteria of independence in terms of the aforesaid provisions of the statutes.

Thanking you,

Date :
Place :

Yours Faithfully,
Name
(Independent director)

ANNEXURE - II
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial year ended on 31st March 2017

[Pursuant to Section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L34300TN1974PLC006703
Registration Date	05.09.1974
Name of the Company	Sundaram Brake Linings Limited
Category / Sub-category of the Company	Public Limited Company
Address of the Registered office and contact details	180, Anna Salai, Chennai - 600 006 Mr. S Ramabadrn, Chief Financial Officer & Company Secretary Phone : +91 44 26257853 Fax : + 91 44 26254770 Email : srb@tvssbl.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Integrated Registry Management Services Private Limited No.1 Ramakrishna Street, Kences Towers, North Usman Road, T. Nagar, Chennai - 600 017 Phone : +91 44 28140801 - 803 Fax : +91 44 28142479 Email : corpserv@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main product	NIC Code of the Product	% on total turnover of the Company
1	Brake Linings, Clutch Facings, Disc Brake Pads, etc.	29301	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Holding Company or Subsidiary Company or Associate Company.

SUNDARAM BRAKE LININGS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

i) Category-wise Shareholding

Category of Shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Shareholding of Promoter and Promoter Group									
1)	Indian									
a.	Individual / Hindu Undivided Family	8,97,911	–	8,97,911	22.82	8,97,911	–	8,97,911	22.82	–
b.	Central Government	–	–	–	–	–	–	–	–	–
c.	State Government	–	–	–	–	–	–	–	–	–
d.	Bodies Corporate	16,80,873	–	16,80,873	42.72	16,80,873	–	16,80,873	42.72	–
e.	Financial Institutions / Banks	–	–	–	–	–	–	–	–	–
f.	Any other (specify)	–	–	–	–	–	–	–	–	–
	Sub Total A (1)	25,78,784	–	25,78,784	65.54	25,78,784	–	25,78,784	65.54	–
2)	Foreign									
a.	Individual (Non resident / foreign)	–	–	–	–	–	–	–	–	–
b.	Bodies corporate	–	–	–	–	–	–	–	–	–
c.	Institutions	–	–	–	–	–	–	–	–	–
d.	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
e.	Any other (specify)	–	–	–	–	–	–	–	–	–
	Sub Total A (2)	–	–	–	–	–	–	–	–	–
	Total Shareholding of Promoter and Promoter Group (A) = A (1) + A (2)	25,78,784	–	25,78,784	65.54	25,78,784	–	25,78,784	65.54	–
B	Public Shareholding									
1)	Institutions									
a.	Mutual funds / UTI	–	110	110	–	–	110	110	–	–
b.	Financial Institutions / Banks	–	50	50	–	22.82	50	2332	0.06	–
c.	Central Government	–	–	–	–	–	–	–	–	–
d.	State Government	–	–	–	–	–	–	–	–	–
e.	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f.	Insurance Companies	22,184	–	22,184	0.56	22,184	–	22,184	0.56	–
g.	Foreign Institutional Investors	–	–	–	–	–	–	–	–	–
h.	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
i.	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
j.	Any other (specify)	–	–	–	–	–	–	–	–	–
	Sub Total B (1)	22,184	160	22,344	0.57	24,466	160	24,466	0.63	0.06
2)	Non-Institutions									
a.	Bodies Corporate (Indian/Foreign/Oversees)	58,009	948	58,957	1.50	80,586	948	81,534	2.07	–
b.	Individuals (Resident/NRI/Foreign National)									
(i)	Individual shareholders holding Nominal share Capital upto Rs. 1 Lakh	9,83,574	1,69,905	11,53,479	29.32	10,05,351	1,65,168	11,70,519	29.75	–
(ii)	Individual shareholders holding Nominal share Capital above Rs. 1 Lakh	67,350	–	67,350	1.71	58,545	–	58,545	1.49	–
c.	Any other (specify)									
Clearing Member		53,661	–	53,661	1.36	18,192	–	18,192	0.46	–
Limited Liability Partnership		–	–	–	–	2,375	–	2,375	0.06	–
	Sub Total B (2)	11,62,594	1,70,853	13,33,447	33.89	11,65,049	1,66,116	13,31,165	33.83	–0.06
	Total Public Share Holding (B) = B(1) + B(2)	11,84,778	1,71,013	13,55,791	34.46	11,89,515	1,66,276	13,55,791	34.46	–
	Total (A) + (B)	37,63,562	1,71,013	39,34,575	100.00	37,68,299	1,66,276	39,34,575	100.00	–
C	Shares held by Custodians and against which Depository Receipts have been issued	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A) + (B) + (C)	37,63,562	1,71,013	39,34,575	100.00	37,68,299	1,66,276	39,34,575	100.00	–

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	M/s. T V Sundram Iyengar and Sons (P) Limited	5,52,955	14.05	–	5,52,955	14.05	–	–
2.	M/s. Southern Roadways Limited	4,78,500	12.16	–	4,78,500	12.16	–	–
3.	Mr. Mahesh K	3,95,842	10.06	–	3,95,842	10.06	–	–
4.	M/s. Sundaram Industries (P) Limited	2,53,835	6.45	–	2,53,835	6.45	–	–
5.	M/s. Alagar Farms (P) Ltd.	1,95,895	4.98	–	1,95,895	4.98	–	–
6.	M/s. Rajarajeswari Farms (P) Ltd.	1,77,988	4.52	–	1,77,988	4.52	–	–
7.	Mr. Krishna Mahesh	1,48,766	3.78	–	1,48,766	3.78	–	–
8.	Mr. K Ramesh	1,10,081	2.80	–	1,10,081	2.80	–	–
9.	Mr. Suresh Krishna	1,00,000	2.54	–	1,00,000	2.54	–	–
10.	Ms. Shrimathi Mahesh	57,412	1.45	–	57,412	1.45	–	–
11.	Ms. Shrikirti Mahesh	54,409	1.38	–	54,409	1.38	–	–
12.	M/s. Upasana Engineering Limited	13,900	0.35	–	13,900	0.35	–	–
13.	Ms. Urmila Ramesh	11,049	0.28	–	11,049	0.28	–	–
14.	Ms. Mridula Ramesh	10,092	0.26	–	10,092	0.26	–	–
15.	Ms. Mala Ramesh	9,570	0.24	–	9,570	0.24	–	–
16.	M/s. Sundram Fasteners Investments Limited	7,800	0.20	–	7,800	0.20	–	–
17.	Mr. Suresh Krishna	480	0.01	–	480	0.01	–	–
18.	Ms. Arathi Krishna	120	–	–	120	0.00	–	–
19.	Ms. Usha Krishna	90	–	–	90	0.00	–	–

iii) Change in Promoters' Shareholding: NIL

SUNDARAM BRAKE LININGS LIMITED

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	No. of shares held at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company

1. GLOBE CAPITAL MARKET LTD
PAN : AAACG4267G

Opening Balance as on 01/04/2016	37416	0.951		
08/04/2016	-140	-0.004	37276	0.947
15/04/2016	-3415	-0.087	33861	0.861
22/04/2016	-7138	-0.181	26723	0.679
29/04/2016	-26722	-0.679	1	0.000
17/06/2016	1500	0.038	1501	0.038
22/07/2016	1000	0.025	2501	0.064
29/07/2016	250	0.006	2751	0.070
12/08/2016	-100	-0.003	2651	0.067
19/08/2016	-1000	-0.025	1651	0.042
26/08/2016	-1650	-0.042	1	0.000
23/09/2016	10	0.000	11	0.000
14/10/2016	-10	0.000	1	0.000
21/10/2016	100	0.003	101	0.003
28/10/2016	-100	-0.003	1	0.000
04/11/2016	1300	0.033	1301	0.033
11/11/2016	-761	-0.019	540	0.014
18/11/2016	-449	-0.011	91	0.002
24/03/2017	1040	0.026	1131	0.029
Closing Balance as on 31/03/2017	-740	-0.019	391	0.010

2. BHAVNA GOVINDBHAI DESAI
PAN : ABKPD4860C

Opening Balance as on 01/04/2016	31645	0.804		
Closing Balance as on 31/03/2017			31645	0.804

3. AWANTI KUMAR KANKARIA
PAN : AFCPK8360E

Opening Balance as on 01/04/2016	24805	0.630		
19/08/2016	-7305	-0.186	17500	0.445
16/09/2016	-2059	-0.052	15441	0.392
23/09/2016	-1441	-0.037	14000	0.356
Closing Balance as on 31/03/2017			14000	0.356

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd...)

Sl. No.	No. of shares held at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company

4. GENERAL INSURANCE CORPORATION OF INDIA
PAN : AAACG0615N

Opening Balance as on 01/04/2016	22184	0.564		
Closing Balance as on 31/03/2017			22184	0.564

5. SHAILA INVESTMENT & FINANCIAL CONSULTANTS PRIVATE LTD.
PAN : AACCS8547D

Opening Balance as on 01/04/2016	14000	0.356		
Closing Balance as on 31/03/2017			14000	0.356

6. ATUL RAWAT
PAN : AHWPR0190H

Opening Balance as on 01/04/2016	12000	0.305		
29/04/2016	2000	0.051	14000	0.356
Closing Balance as on 31/03/2017			14000	0.356

7. IDICULA CHERIAN
PAN : AATPC9551H

Opening Balance as on 01/04/2016	10000	0.254		
03/03/2017	-2000	-0.051	8000	0.203
10/03/2017	-64	-0.002	7936	0.202
17/03/2017	-600	-0.015	7336	0.186
24/03/2017	-25	-0.001	7311	0.186
Closing Balance as on 31/03/2017	-2311	-0.059	5000	0.127

SUNDARAM BRAKE LININGS LIMITED

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd...)

Sl. No.	No. of shares held at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company

8. HAREN HARSHVADAN NANDANI PAN : AAUPN9893L

Opening Balance as on 01/04/2016	8844	0.225		
29/04/2016	11236	0.286	20080	0.510
27/05/2016	-2500	-0.064	17580	0.447
22/07/2016	-8232	-0.209	9348	0.238
25/07/2016	-1000	-0.025	8348	0.212
29/07/2016	-1010	-0.026	7338	0.187
19/08/2016	-2000	-0.021	5338	0.136
26/08/2016	-1000	-0.025	4338	0.110
02/09/2016	2000	0.051	6338	0.161
23/09/2016	-2668	-0.068	3670	0.093
30/09/2016	-925	-0.024	2745	0.070
14/10/2016	1546	0.039	4291	0.109
28/10/2016	-1000	-0.025	3291	0.084
Closing Balance as on 31/03/2017			3291	0.084

9. MANJULA MUKESH NAGDA PAN : AAAPN7602B

Opening Balance as on 01/04/2016	7700	0.196		
19/08/2016	-3400	-0.086	4300	0.109
Closing Balance as on 31/03/2017			4300	0.109

10. VIMALCHAND A PAN : AAKPV7323D

Opening Balance as on 01/04/2016	7386	0.188		
27/05/2016	-500	-0.013	6886	0.175
03/06/2016	-593	-0.015	6293	0.160
10/06/2016	-1200	-0.030	5093	0.129
17/06/2016	-1571	-0.040	3522	0.090
22/07/2016	-700	-0.018	2822	0.072
05/08/2016	-250	-0.006	2572	0.065
12/08/2016	78	0.002	2650	0.067
19/08/2016	-1266	-0.032	1384	0.035
09/09/2016	-435	-0.011	949	0.024
16/09/2016	-949	-0.024	0	0.000
Closing Balance as on 31/03/2017			0	0.000

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company

1. Mr K MAHESH

Opening balance as on 01/04/2016	3,95,842	10.06	3,95,842	10.06
Closing balance as on 31/03/2017	3,95,842	10.06	3,95,842	10.06

2. Mr K RAMESH

Opening balance as on 01/04/2016	1,10,081	2.80	1,10,081	2.80
Closing balance as on 31/03/2017	1,10,081	2.80	1,10,081	2.80

3. Mr P S RAMAN

Opening balance as on 01/04/2016	169	0.00	169	0.00
Closing balance as on 31/03/2017	169	0.00	169	0.00

4. Mr T KANNAN

Opening balance as on 01/04/2016	50	0.00	50	0.00
Closing balance as on 31/03/2017	50	0.00	50	0.00

5. Mr K S D SAMBASIVAM

Opening balance as on 07/10/2016	10	0.00		
11/11/2016	30	0.00	40	0.00
Closing balance as on 31/03/2017	40	0.00	40	0.00

Key Managerial Personnel:

1. Mr KRISHNA MAHESH, Managing Director

Opening balance as on 01/04/2016	1,48,766	3.78	1,48,766	3.78
Closing balance as on 31/03/2017	1,48,766	3.78	1,48,766	3.78

2. Mr S RAMABADRAN, Chief Financial Officer & Company Secretary

Opening balance as on 01/04/2016	0	0.00	0	0.00
Closing balance as on 31/03/2017	0	0.00	0	0.00

SUNDARAM BRAKE LININGS LIMITED

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,810.31	–	–	4,810.31
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not Due	–	–	–	–
Total (i + ii + iii)	4,810.31	–	–	4,810.31
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	1,508.29	–	–	1,508.29
Net Change	1,508.29	–	–	1,508.29
Indebtedness at the end of the financial year				
i) Principal Amount	3,302.02	–	–	3,302.02
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	3,302.02	–	–	3,302.02

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: (Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Mr Krishna Mahesh Managing Director	Total
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60.96	60.96
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify...	– –	– –
5.	Others, please specify	–	–
	Total (A)	60.96	60.96
	Ceiling as per the Act	Rs.84 lakhs plus contribution to PF Rs.10.08 lakhs & Superannuation Rs.12.60 lakhs totaling to Rs.106.68 lakhs	

B. Remuneration to other Directors:

(in Rs.)

Particulars of Remuneration	Name of Directors						Total Amount
Independent Directors	Mr T Kannan	Mr P S Raman	Mr Ashok V Chowgule	Mr K S Ranganathan	Mr K S D Sambasivam	Ms Sandhya Subramanyam	
• Fee for attending board / committee meetings	20,000	10,000	30,000	60,000	75,000	20,000	2,15,000
Total (1)	20,000	10,000	30,000	60,000	75,000	20,000	2,15,000
Other Non-Executive Directors	Mr K Mahesh	Mr K Ramesh					
• Fee for attending board / committee meetings	25,000	10,000					35,000
Total (2)	25,000	10,000					35,000
Total (B)=(1+2)	45,000	20,000	30,000	60,000	75,000	20,000	2,50,000
Total Managerial Remuneration	–	–	–	–	–	–	–
Overall Ceiling as per the Act	Not Applicable						

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	CFO & Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	36.09	36.09
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total		36.09	36.09

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**NIL / NOT APPLICABLE**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any
A. COMPANY			NIL		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			NIL		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			NIL		
Penalty					
Punishment					
Compounding					

ANNEXURE - III
Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year 2016-17

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

M/s. SUNDARAM BRAKE LININGS LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Sundaram Brake Linings Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Sundaram Brake Linings Limited** ("the Company") for the financial year ended on 31st March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable)
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable)
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable)

Other Laws specifically applicable to this Company are as follows:

vi. Legal Metrology Act, 2009

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai
Date : 15.05.2017

V SURESH
Practising Company Secretary
FCS No. 2969
C.P.No. 6032

ANNEXURE IV
ANNUAL REPORT ON CSR

A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. - Not Applicable to the Company.

The Composition of the CSR Committee :

Mr Ashok V Chowgule - Chairperson

Mr T Kannan - Member

Mr K Mahesh - Member

Average Net Profit of the Company for the Last three financial years : Net Loss of Rs.397 lakhs

Prescribed CSR expenditure (Two percent of the amount as specified above) - NIL

Details of CSR spent during the Financial year - NIL

Total amount to be spent for the Financial year - NIL

Amount unspent, if any - Not applicable

Manner in which the amount spent during the financial year - Not applicable

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	2	3	4	5	6	7	8
Not Applicable							

Give details of implementing agency : Not applicable

In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

As mentioned earlier, there has been net loss of Rs.397 lakhs for the three preceding financial years and hence CSR is not applicable to the Company.

A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company - Not Applicable.

K MAHESH
Member - CSR Committee

T KANNAN
Member - CSR Committee

ANNEXURE - V
RELATED PARTY TRANSACTIONS

FORM No. AOC. 2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of
the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the company with Related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under their proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
 - (a) Name(s) of the Related Party and nature of relationship
 - (b) Nature of contracts / arrangements / transactions
 - (c) Duration of the contracts / arrangements / transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) Date(s) of approval by the Board
 - (g) Amount paid as advances, if any
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.

Not Applicable as the Company has not entered into any contract or arrangement or transactions not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis
 - (a) Name(s) of the Related Party and nature of relationship
 - (b) Nature of contracts / arrangements / transactions
 - (c) Duration of the contracts / arrangements / transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Date(s) of approval by the Board
 - (f) Amount paid as advances, if any

(A)	(B)	(C)	(D)	(E)	(F)
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts / arrangements / transactions including the value	Date(s) of approval by the Board	Amount paid as advances
M/s. T V Sundram Iyengar & Sons Private Limited	Sale of goods	From 01.04.2016 to 31.03.2017	Sales were made for Rs. 1,659.38 lakhs	Transactions for each of the four quarters were approved by the Board in their meetings held on 01.08.2016, 10.12.2016, 02.02.2017, 29.05.2017	NIL
M/s. T V S Motor Company Limited	Sale of goods		Sales were made for Rs.809.52 lakhs		
M/s. Sundaram Industries Private Limited	Purchase of Raw Materials		Purchases of Rubber peels were made for Rs. 28.73 lakhs		
M/s. Southern Roadways Limited	Freight		Freight charges were paid for Rs. 53.31 lakhs		
M/s. Alagar Farms Private Limited	Purchase of Raw Materials		Purchases of Cashew Friction Dust were made for Rs. 381.77 lakhs		
M/s. Alagar Resins Private Limited	Purchase of Raw Materials		Purchases of Resins were made for Rs. 1,472.32 lakhs		

All the above transactions are within the threshold limit of 10% of turnover as per the last audited financial statement of the company and have been approved by the Audit Committee and the Board of Directors.

T KANNAN
Director

K S D SAMBASIVAM
Director

ANNEXURE - VI
RATIO OF REMUNERATION OF DIRECTOR

(a) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Minimum Remuneration paid to Mr Krishna Mahesh, MD - Rs. 60.96 lacs; Median Salary - Rs.2.64 lacs; Ratio of the remuneration paid to MD to Median Salary for FY 2016-17 is 23:1
(b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year;	No increase during the financial year
(c) The percentage increase in the median remuneration of employees in the financial year;	4.5%
(d) The number of permanent employees on the rolls of the Company;	704
(e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	7.4% increase in salaries other than the managerial personnel in FY 2016-17 as compared to FY 2015-16; Even though minimum remuneration payable to MD was increased to Rs. 7 lacs per month along with PF & Superannuation benefits through approval by the Shareholders effective from 06.02.2016, MD continues to draw minimum remuneration of Rs. 4 lacs per month along with PF and Superannuation benefits. Hence there was no increase in the managerial remuneration in the FY 2016-17 as compared to FY 2015-16.
(f) Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

ANNEXURE VII

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The Company continues to believe in such corporate practices that ensure high level of transparency, professionalism and accountability in all activities of the Company to fulfill its corporate responsibilities thereby achieving its financial objectives in the interest of all stakeholders. The Company always endeavours to enhance shareholder value through prudent financial management backed up by sound business decisions. The company follows all the principles of corporate governance in its true spirit and at all times.

1. BOARD OF DIRECTORS

a) Composition

The Board currently comprises of nine directors, in which two directors were nominated by Promoter Company. Mr. K Mahesh, Wholetime Director of the Promoter Company is the Chairman of Sundaram Brake Linings Limited.

Mr. Krishna Mahesh, son of Mr. K Mahesh, Chairman of the Company was re-appointed as Managing Director for a period of 3 years with effect from 6th February 2016.

The Company has a Non-Executive Chairman and six Independent Directors.

All independent directors possess the requisite qualifications and are very experienced in their own fields. All Non-Executive & Non-Independent Directors are liable to retire by rotation. None of the Directors are members of more than ten committees or Chairman of more than five committees in public limited companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their Directorship and have been taken on record by the Board.

b) Attendance of Directors at Board Meeting and the last Annual General Meeting

Sl. No.	Name	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM
1	Mr K Mahesh	5	5	Present
2	Mr K Ramesh	5	2	Present
3	Mr T Kannan	5	2	Present
4	Mr P S Raman	5	1	Absent
5	Mr Ashok V Chowgule	5	3	Present
6	Mr K S Ranganathan	5	4	Present
7	Mr K S D Sambasivam	5	5	Present
8	Ms Sandhya Subramanyam	5	3	Present
9	Mr Krishna Mahesh	5	5	Present

c) **No. of Directorship / Membership in other Companies**

The names of the Directors and the details of other Chairmanship / Directorship / Committee membership of each Director as on 31st March 2017 is given below:

Sl. No.	Name	Category	Number of Directorships in other companies		Number of Committee Memberships in other companies	
			Chairman	Member	Chairman	Member
1.	Mr K Mahesh Chairman	Non-Executive	–	3	–	–
2.	Mr K Ramesh Director	Non-Executive	3	2	–	–
3.	Mr T Kannan Director	Non-Executive & Independent	2	4	–	–
4.	Mr P S Raman Director	Non-Executive & Independent	–	2	–	–
5.	Mr Ashok V Chowgule Director	Non-Executive & Independent	1	–	–	1
6.	Mr K S Ranganathan Director	Non-Executive & Independent	–	–	–	–
7.	Mr K S D Sambasivam Director	Non-Executive & Independent	–	–	–	–
8.	Ms Sandhya Subramanyam Director	Non-Executive & Independent Woman Director	–	–	–	–
9.	Mr Krishna Mahesh Managing Director	Executive & Non-Independent	–	–	–	–

Notes: (i) Other Directorship exclude Foreign Companies, Private Limited Companies and alternate Directorship.

(ii) Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other committee memberships.

d) **No. of Board meetings held and dates**

Sl. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	24.05.2016	9	6
2	01.08.2016	9	8
3	23.08.2016	9	5
4	10.12.2016	9	5
5	02.02.2017	9	6

e) **Relationship between Directors inter-se**

Mr. K Ramesh, Director is related to Mr. K Mahesh, Chairman as his brother and Mr. Krishna Mahesh, Managing Director is son of Mr. K Mahesh, Chairman

f) **No. of Shares and Convertible instruments held by Non-Executive Directors as on 31.03.2017**

Sl. No.	Name	Category	No. of Equity Shares held
1	Mr K Mahesh, Chairman	Non-Executive	3,95,842
2	Mr K Ramesh, Director	Non-Executive	1,10,081
3	Mr T Kannan, Director	Non-Executive & Independent	50
4	Mr P S Raman, Director	Non-Executive & Independent	169
5	Mr Ashok V Chowgule, Director	Non-Executive & Independent	–
6	Mr K S Ranganathan, Director	Non-Executive & Independent	–
7	Mr K S D Sambasivam, Director	Non-Executive & Independent	40
8	Ms Sandhya Subramanyam, Director	Non-Executive & Independent	–

g) **Familiarisation programme imparted to Independent Directors**

The Company had during the year, conducted Familiarisation programmes for the Independent Directors of the Company through specific presentations on the company and the details of such familiarisation programmes are disseminated in the website of the Company. (www.tvstrakelinings.com / Investor Information / familiarisation Programme).

2. AUDIT COMMITTEE

(a) **Terms of reference**

The Audit Committee assists the board in the dissemination of financial information and in overseeing the financial and accounting process in the Company. The terms of reference of the Audit Committee covers all matters specified in Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 and also as per Section 177 of the Companies Act, 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy on the internal control systems / financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company. The Audit Committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of Statutory Auditor, Internal Auditor, Secretarial Auditor and Cost Auditor, if applicable. The Audit Committee takes note of any default in the payments to creditors and shareholders. The Committee also looks into those matters specifically referred to it by the Board. The Statutory Auditors and Internal Auditor are present at all Audit Committee meetings.

(b) **Composition of the Committee**

The Audit Committee comprises of the following Directors

Sl. No.	Name	Position
1	Mr T Kannan	Chairman
2	Mr P S Raman	Member
3	Mr Ashok V Chowgule	Member
4	Mr K S Ranganathan	Member
5	Mr K S D Sambasivam	Member
6	Ms Sandhya Subramanyam	Member

In the Board Meeting held on 29th May 2017, the Board of Directors co-opted Ms.Sandhya Subramanyam, Director as a member of the Audit Committee.

The Audit Committee comprises of Six independent directors, all of whom are financially literate and have relevant finance / audit exposure. The Chairman, Managing Director, the Non-Executive Promoter Director and the Chief Financial Officer are permanent invitees to the meetings of the Committee. The other Directors are invited to attend the audit committee meetings as and when required. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as per Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015. Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 1st August 2016.

(c) Meetings and Attendance

The committee met five times viz., 24th May 2016, 1st August 2016, 23rd August 2016, 10th December 2016 and 2nd February 2017 during the year. The attendance details of the meetings are as follows:

Sl.No.	Name	Position	No. of Meetings Attended
1	Mr T Kannan	Chairman	2
2	Mr P S Raman	Member	1
3	Mr Ashok V Chowgule	Member	3
4	Mr K S Ranganathan	Member	4
5	Mr K S D Sambasivam	Member	5
6	Ms Sandhya Subramanyam*	Member	–

* Co-opted as member of Audit Committee on 29.05.2017

3. NOMINATION AND REMUNERATION COMMITTEE

(a) Terms of reference

The brief description of terms of reference for :

- Appointment of the Directors and Key Managerial Personnel of the Company; and
- Fixation of the remuneration of the Directors, Key Managerial Personnel and other Employees of the Company.

This Committee is empowered to recommend for the appointment / reappointment of the Executive Directors and the appointments of Employees from the level of President and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the person's track record, his / her potential individual performance, the market trends and scales prevailing in similar industry.

(b) Composition of the Committee

The Nomination and Remuneration Committee comprises of Non-Executive and Independent Directors. Mr. K S Ranganathan is the Chairman of the Committee. Mr. Ashok V Chowgule and Mr. K S D Sambasivam are the other members. The Company Secretary is the Secretary to the Committee.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. K S D Sambasivam, Non-Executive Director is the Chairman of the Committee. Mr. K S Ranganathan and Mr. Krishna Mahesh are the other members of the Committee.

The Committee decided that a share transfer committee be constituted with Mr.S.Ramabadran, CFO & Company Secretary and Mr. G.R. Chandramouli, President (Marketing & Market Development) as members to approve Share transfer, transmissions, issue of duplicate share certificates, rematerialisation of shares etc. The actions of share transfer committee will be ratified in Stakeholders' Relationship Committee at its subsequent meeting.

The Committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress Investor grievances like non-receipt of dividend warrants, non-receipt of share certificates etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agent. The committee met Four times during the year 2016-17. The committee approved the transfer of 158 shares in physical form during the FY 2016-17.

No. of Service requests received and redressed during the year 2016-17

Sl. No.	Nature of Service requests	No. of Service requests
1	Regarding Annual Report	4
2	Revalidation of dividend warrant	1
3	Issue of duplicate share certificate	4
4	Issue of duplicate dividend warrant	4
5	Procedure for transmission	18
6	General queries	8
7	Non-receipt of dividend	3
8	Correction in share certificate & Dividend cheque	5
9	Change of address and Bank Mandate	35
10	Unclaimed dividend	137
11	Procedure for loss of share certificate	15
12	Nomination	3

All the requests received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. S. Ramabadran, CFO & Company Secretary is the compliance officer of the Company. For any clarification / complaint the shareholders may contact Mr. S. Ramabadran, CFO & Company Secretary of the Company.

5. REMUNERATION OF DIRECTORS

Of the total nine Directors, Mr. Krishna Mahesh is the Managing Director of the Company. He was re-appointed by the Shareholders for a period of 3 years from 6th February 2016 with a minimum remuneration of Rs.7 lakhs per month by Special Resolution vide Postal Ballot on December 23, 2015. Even though his remuneration was increased to Rs.7 lakhs per month, he continues to draw the remuneration of Rs.4 lakhs per month as approved by the Shareholders in 39th Annual General Meeting held on 1st August 2013.

SUNDARAM BRAKE LININGS LIMITED

The Non-Executive Directors do not draw any remuneration from the company except sitting fees for attending the meetings of the Board and the Committees.

- a) Details of Remuneration paid to Mr. Krishna Mahesh, Managing Director during the Financial Year 2016-17

Particulars	(Amount in Rs.)
Basic Salary	48,00,000
Bonus / Benefits	—
House Rent Allowance	—
Other Allowances	—
Commission	—
Other Perquisites / performance linked incentive	—
Contribution to Provident Fund / Pension	5,76,000
Contribution to Superannuation fund	7,20,000
Stock option	—
Service contracts / Notice period / Severance fees	—
Total	60,96,000

- b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2016-17:

(Amount in Rs.)

Name of the Director	Meeting					
	Board	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Independent Directors	Total
Mr. K Mahesh, Chairman	25,000	—	—	—	—	25,000
Mr. K Ramesh	10,000	—	—	—	—	10,000
Mr. T Kannan	10,000	10,000	—	—	—	20,000
Mr. P S Raman	5,000	5,000	—	—	—	10,000
Mr. K S Ranganathan	20,000	20,000	—	15,000	5,000	60,000
Mr. Ashok V Chowgule	15,000	15,000	—	—	—	30,000
Mr. K S D Sambasivam	25,000	25,000	—	20,000	5,000	75,000
Ms. Sandhya Subramanyam	15,000	—	—	—	5,000	20,000
Total	1,25,000	75,000	—	35,000	15,000	2,50,000

- c) **All pecuniary relationship or transactions of the non-executive directors vis-a-vis the listed entity**
There were no pecuniary relationship or transactions of the Non-Executive directors vis-a-vis the Company during the financial year ended 31st March 2017.
- d) **Criteria of making payments to Non-Executive Directors**
The Company has pre-defined policy of not making any payments except sitting fees to Non-Executive Directors.

6. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING

The details of the Annual General Meeting / Extraordinary General Meeting held in the last three years are as follows:

Financial Year	Venue	Date	Time
2013 - 14	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1 st August, 2014	10.00 A.M.
2014 - 15	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	6 th August, 2015	9.00 A.M.
2015 - 16	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1 st August, 2016	12.15 P.M.

Special Resolution passed in the Previous three Annual General Meetings :

AGM	Subject
40 th AGM held on 1 st August 2014	<ol style="list-style-type: none">1. Appointment of Mr. T Kannan as an Independent Director for a period of consecutive term of 5 years from the date of the AGM.2. Appointment of Mr. P S Raman as an Independent Director for a period of consecutive term of 5 years from the date of the AGM.3. Appointment of Mr. Ashok V Chowgule as an Independent Director for a period of consecutive term of 5 years from the date of the AGM.4. Appointment of Mr. K S Ranganathan as an Independent Director for a period of consecutive term of 5 years from the date of the AGM.5. Appointment of Mr. K S D Sambasivam as an Independent Director for a period of consecutive term of 5 years from the date of the AGM.6. Borrowing powers under Section 180 (1) (c) of Companies Act 2013 providing 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.7. Creation of security for borrowing under Section 180 (1) (a) of the Companies Act, 2013.8. Amendment of Article 41(g) in the Articles of Association of the Company under Section 14(1) of the Companies Act, 2013.
41 st AGM held on 6 th August 2015	Approval of Related Party transactions entered in the Financial year 2014-15 with M/s. Alagar Resins Private Limited for purchase of Raw material in the ordinary course of business.
42 nd AGM held on 1 st August 2016	No Special Resolution was passed in this meeting.

No special resolution requiring a postal ballot is being proposed at the ensuing AGM.

7. MEANS OF COMMUNICATION

- (a) The unaudited quarterly / Audited yearly financial results of the company are published in a leading English Newspaper viz., Financial Express and the same were published in Tamil version in Dinamani. These are not sent individually to the shareholders.

- (b) The company's website address is www.tvbrakelinings.com. The website contains basic information about the company and such other details as required under the Listing Regulation. The Company ensures periodical update of its website. The Company has designated the e-mail ID srb@tvssbl.com to enable the shareholders to register their grievances.
- (c) Pursuant to the listing regulations, all data related to quarterly financial results, shareholding pattern, Corporate Governance report are filed with National Stock Exchange in NEAPS within the time frame prescribed in this regard.
- (d) No presentations have been made to Institutional Investors or to Analysts during the year.

8. GENERAL SHAREHOLDER INFORMATION

<p>(a) 43rd Annual General Meeting</p> <ul style="list-style-type: none"> - Date and Time - Venue 	<p>4th August, 2017, 4.45 P.M</p> <p>Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.</p>
<p>(b) Financial Calendar - (Tentative)</p> <p>Annual General Meeting of the next year</p> <ul style="list-style-type: none"> - Unaudited financial results for the 1st quarter ending 30th June 2017 - Unaudited financial results for the 2nd quarter ending 30th September 2017 - Unaudited financial results for the 3rd quarter ending 31st December 2017 - Audited Financial results for the year ending 31st March 2018 	<p>Before 30th September, 2018</p> <p>Any day before 14th August 2017</p> <p>Any day before 14th November 2017</p> <p>Any day before 14th February 2018</p> <p>Any day before 30th May 2018</p>
<p>(c) Dividend payment date:</p> <ul style="list-style-type: none"> - Dividend 	<p>Not Applicable</p>
<p>(d) Book Closure Period</p>	<p>29th July 2017 to 4th August 2017</p>
<p>(e) Listing of Equity Shares & Stock Code</p>	<p>1 National Stock Exchange Code : SUNDRMBRAK EQ</p> <p>2 Bombay Stock Exchange (Permitted Security) Scrip Code : 590072</p>
<p>(f) Demat ISIN Number</p>	<p>INE 073D01013</p>
<p>Listing fee has been paid to NSE for the year 2017-18</p>	

(g) Share Market Price Data of Financial Year 2016-17:

Month	National Stock Exchange	
	High	Low
April, 2016	279.50	242.45
May	314.00	236.15
June	308.75	255.10
July	370.00	275.50
August	440.00	315.00
September	569.00	378.00
October	560.00	497.35
November	546.70	365.25
December	489.00	406.00
January, 2017	495.50	430.00
February	467.00	384.85
March	424.00	356.60

As an investor friendly initiative, Bombay Stock Exchange had included the Company's scrip for trading in Bombay Stock Exchange under "Permitted Securities" category effective from 28th December 2005. This has resulted in increase in the liquidity of the shares traded in the exchanges.

(h) Share Price performance in comparison to broad based indices at NSE :

Company's share price performance in comparison to National stock Exchange indices is furnished elsewhere in this report as a graph.

(i) Share / Security Transfer System:

Since 1st April 2003, share / security transfers in physical form is also processed by M/s.Integrated Registry Management Services Private Limited, Chennai. Normally share transfers are processed within 15 days from the date of receipt, subject to the documents being valid in all aspects. At the meeting of the Board of Directors held on 29th April 2002, the power to transfer shares has been delegated to certain authorised officials in compliance with Listing Agreement to have periodic meeting with shorter intervals to ensure speedy transfer of securities and the same has been implemented now. Accordingly the share transfer is effected once in every ten days. Transfers, transmissions etc., are approved once in 10 days and requests for dematerialisation are confirmed within 10 days. The relevant share certificates are dispatched by Registered Post / Courier.

In compliance with the directives of SEBI in appointing a common agency for share transfer related activities (both physical and demat), effective from 1st April 2003, M/s.Integrated Registry Management Services Private Limited, Chennai [earlier known as M/s. Integrated Enterprises (India) Limited] are acting as Registrars and Share Transfer Agents (RTA) for providing the connectivity with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and also for transfer of shares held in physical form.

(j) Shareholding pattern as on 31st March 2017:

No. of shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	8,498	94.77	6,66,862	16.95
501 - 1000	272	3.03	2,02,547	5.15
1001 - 2000	107	1.20	1,59,177	4.04
2001 - 3000	36	0.40	92,398	2.35
3001 - 4000	13	0.15	44,435	1.13
4001 - 5000	12	0.13	54,564	1.39
5001 - 10000	10	0.11	73,139	1.86
10001 & above	19	0.21	26,41,453	67.13
Total	8,967	100.00	39,34,575	100.00

(k) Distribution of shareholding as on 31st March 2017:

Category of Shareholders	No. of shareholders	No. of shares held	% of total shares held
Promoter Companies	7	16,80,873	42.72
Directors & Relatives	17	8,98,170	22.83
Mutual Funds	2	110	0.00
Banks	3	2,332	0.06
Insurance Companies	1	22,184	0.56
Body Corporates	170	83,909	2.13
Non-Resident Indians	71	11,650	0.30
Clearing Member	63	18,192	0.46
Public Resident Individuals	8,633	12,17,155	30.94
Total	8,967	39,34,575	100.00

(l) Dematerialisation and Liquidity:

In accordance with the SEBI Circular SEBI/Cir/ISD/3 2011 dated 17th June 2011, the entire shareholding of promoters' and promoter group of 25,78,784 shares are held in dematerialised form.

Out of the balance 13,55,791 equity shares held by the Public (other than Promoters), 11,89,515 equity shares have been dematerialised as on 31st March 2017 accounting for 87.74%

As per the directives issued by SEBI effective from 26th March 2001 the equity shares of the Company are placed in its compulsory demat list of securities for the purpose of trading.

(m) Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion date and likely impact on equity:

We have no GDRs / ADRs or any convertible instrument.

(n) Plant locations:

Padi, Chennai - 600 050 Phone : +91 44 26257853 Fax : +91 44 26254770 E-mail : sbl@tvssbl.com	TSK Puram Plant I & II Mustakurichi Post Virudhunagar District Pin code 626 106 Phone : 04566 250290 - 295 E-mail : tskp@tvssbl.com tskp2@tvssbl.com	Plant - 4 & Plant - 5 Plot No: AA6, 6 th Avenue Auto Ancillary SEZ Mahindra World City Natham Sub Post, Chengalpet, Kanchipuram District Pin code 603 004 Phone : 044 - 4749 0005 E-mail : plant4@tvssbl.com plant5@tvssbl.com
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(o) Registrar and Share Transfer Agents :

M/s.Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 as the Registrar and Share Transfer Agent (RTA) of the Company for all share related investor services.

(p) Address for correspondence:

To contact RTA for all matters relating to shares, dividends, Annual Reports	Integrated Registry Management Services Private Limited 2 nd 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
For any other general matters or in case of any difficulty / grievance	Chief Financial Officer & Company Secretary Sundaram Brake Linings Ltd Padi, Chennai - 600 050.	Phone : +91 44 26257853 Fax : +91 44 26254770 E-mail : srb@tvssbl.com

Shareholders may correspond with M/s. Integrated Registry Management Services Private Limited, Chennai, the Share Transfer Agent of the company at the address given above, quoting Folio Number / Client ID.

COMPLIANCES

There have been no instances of non-compliance by the Company on any matters related to the Capital Markets, nor have any penalty / strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

DISCRETIONARY REQUIREMENTS

As per Regulation 27(1), read with Part E of Schedule II of SEBI (Listing Obligations and Requirements) Regulations 2015, the Company adopted the following discretionary requirements.

1. Separate Posts of Chairperson and Chief Executive Officer
2. Reporting of Internal Auditor

DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION 2015

Regulation	Particulars	Compliance Status (Yes / No / NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders' Relationship Committee	Yes
21	Risk Management Committee	N.A
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes

SUNDARAM BRAKE LININGS LIMITED

Regulation	Particulars	Compliance Status (Yes / No / NA)
24	Corporate Governance requirements with respect to subsidiary companies	N.A
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2) (b) to (i)	Website	Yes

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

This is to confirm that the company has adopted a Code of Conduct for its Board of Directors and Senior Management personnel. The Code of Conduct is available on the Company's website.

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the Company have affirmed Compliance with the respective provisions of the Code of Conduct of the Company for the year ended 31st March 2017.

Place: Chennai
Date : May 29, 2017

KRISHNA MAHESH
Managing Director

NON MANDATORY REQUIREMENTS

Request to Shareholders

Shareholders are requested to kindly make note of the following procedure.

All communications including change of address, bank account details etc., are to be made to the Company's Registrar & Transfer Agent's address furnished elsewhere in this report.

As required by SEBI, it is advised that the investors shall furnish details of their bank account number, name and address of the bank for incorporating the same in the warrants. This information is required to avoid wrong credits being obtained by unauthorised persons.

The shareholders who are covered by the designated centres / cities as notified by the Reserve Bank of India where the Electronic Clearing Service (ECS) is extended by them, are requested to write to the Office and Factory of the Company at Padi, Chennai - 600 050 for obtaining the mandate format for their execution and return for credit of dividend to their bank account under ECS.

Shareholders who have not availed nomination facility are requested to kindly fill in the nomination form and submit the same to the Company along with requisite proof of nomination.

Shareholders are requested to kindly note that any dividend which remains unclaimed / unencashed for a period of seven years will be transferred to Investors Education and Protection Fund - IEPF in terms of Section 124 of the Companies Act, 2013 and the rules made thereunder. Out of the dividends declared for all the financial years including and upto the financial year 2009-10, the amount which remained unclaimed has been transferred to the IEPF as per the provision of Section 124 of the Companies Act 2013.

Due dates for transfer of Unclaimed Dividends to the IEPF is given below :

Financial Year	Dividend Reference and %	Date of Declaration	Due date for transfer to IEPF
2010-11	37 th AGM - 40%	27.07.2011	30.08.2018
2011-12	38 th AGM - 30%	28.07.2012	01.09.2019

Those who have not encashed their dividend warrants may contact the Company immediately and surrender their warrants before the above due dates for further action by the Company.

Shareholders holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility, furnishing of bank account details etc.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Sundaram Brake Linings Limited

We have examined the compliance of the conditions of Corporate Governance by **M/s. Sundaram Brake Linings Limited** ('the Company') for the year ended 31st March 2017, as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Regulations.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration Number: 004207 S

Place : Chennai
Date : 29th May, 2017

P MENAKSHI SUNDARAM
Partner
Membership No.217914

MANAGEMENT DISCUSSION AND ANALYSIS REPORT - 2017

Industry and Company Trend

Automobile industry annual production volumes were 253.14 lakh units for the year 2016-17 as compared to 240.15 lakh units for the year 2015-16 indicating a growth of 5.4% in volumes.

Automobile industry annual sales volumes were 253.31 lakh units for the year 2016-17 as compared to 241.12 lakh units for the year 2015-16 indicating an overall growth of 5.1%.

The above growth was possible mainly due to higher production & sales volumes in the Passenger Vehicle Segment, which had a growth of around 10% when compared to corresponding previous year. However, the biggest contributor was the Utility Vehicle segment with a growth of around 30%.

Also growth was seen in the Light Commercial Vehicle (Goods Carrier Segment) and Two Wheeler Segment. The major contributor in Two wheeler segment was Mopeds with growth of around 23.5%.

Three Wheeler segment has shown a de-growth of 16% in production as well as in Sales.

Following are the Auto-industry Production & Sales data in vehicle units

(in Lakh / nos)

Vehicle Category	Vehicle Production		Growth	Vehicle sales		Growth
	2015-16	2016-17	%	2015-16	2016-17	%
M & HCV	3.41	3.43	0.42	3.38	3.46	2.56
LCV	4.45	4.68	4.97	4.51	4.76	5.55
Passenger	34.65	37.91	9.42	34.42	38.06	10.55
Three-wheeler	9.34	7.83	-16.16	9.43	7.84	-16.88
Two-wheeler	188.30	199.29	5.84	189.38	199.29	5.23
Total	240.15	253.14	5.41	241.12	253.31	5.10

Source : SIAM

Exports in Automobile sector for the year 2016-17 registered a drop of 4.5% as compared to previous year 2015-16, with good growth of 16% in Passenger Vehicle segment and moderate growth of 5% in Commercial Vehicle segment.

Your company's sales was around the same level during the year 2016-17, as compared to 2015-16, with a growth of 6.5% in Domestic OE & Domestic After market segment, and a drop of 6% in the Export segment.

Opportunities and threats

Competition from New Friction Material Manufacturers in organized sector is continuing, coupled with Friction Material Manufacturers (both in the organized as well as in the unorganized sector), continuing to offer low priced asbestos and non-asbestos linings for Medium & Heavy Commercial Vehicle applications.

In order to counter the above, Your company had developed suitable products with new generation technology, and has got re-entry with 2 of the major OEMs.

Also, as part of medium term strategy, Your Company have initiated steps for improvement in sales in the two wheeler segment and Domestic Aftermarket segment and are closely working with select OEMs.

Risk and concerns

Increase in employee cost would continue to be a major challenge for your company to deal with in the years to come.

Internal Control System

The Company continues to maintain a system of internal control including adequate monitoring procedures. The internal auditors ensure operational control at various locations of the Company on a regular basis. Any irregularity or significant issues are brought to the attention of the Audit Committee of the Board and Chairman/ Managing Director of the Company and countermeasures are taken for complying with the system.

Quality and Quality Management Systems

Your Company is continuing its focus on improvements to the quality systems at all levels through Total Employee Involvement with a view to provide higher customer satisfaction. Your Company continues to closely monitor and focus on various cost reduction and cost control initiatives to achieve planned targets during the year.

Human Resources / Industrial Relations

The Industrial Relations in all Plants of the Company continued to be cordial. Retention of talent would be a challenge and your company is in the process of putting HR initiatives in this area. The total number of employees on roll as on 31st March 2017 in all the Plants was 1,430.

Accounting Treatment

The Company has followed all the applicable Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs (MCA) in the preparation of financial statements.

Financial and Operational performance

(Rs. in lakhs)

Particulars	Year 2016-17	Year 2015-16
Revenue from Operations	24,521.02	24,418.70
Other Income	131.32	208.13
TOTAL INCOME	24,652.34	24,626.83
Cost of material consumed	10,897.25	10,550.77
Excise Duty	1,761.13	1,666.68
Changes in inventories of finished goods & work-in-progress	(579.73)	405.50
Employee benefit expenses	4,354.91	3,974.11
Finance cost	252.59	290.12
Depreciation and amortization expense	541.25	554.39
Other expenses	7,281.78	7,154.61
Total Expenditure	24,509.18	24,596.18
Profit before tax before exceptional item	143.16	30.65
Exceptional items	—	—
Profit before tax after exceptional item	143.16	30.65
Tax expense		
Current Tax	—	—
Prior Period Tax	—	—
Deferred Tax liability / (asset) (net)	(32.67)	71.60
Profit / (Loss) for the Period	175.83	(40.95)

Note : Previous year figures have been regrouped wherever necessary to conform to this year's Classification.

Cautionary statement:

Certain statements in the "Management Discussion and Analysis Report" may be forward looking and are as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS OF SUNDARAM BRAKE LININGS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Sundaram Brake Linings Limited ('the Company'), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) referred under Section 133 of the Act, read with relevant Rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;

-
- b) in the case of the Statement of Profit and Loss (including other comprehensive income), of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date;
 - d) in the case of Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, We give in the "Annexure-A", a statement on the matters specified in the paragraph 3 and 4 of the order.
- 2. As required by Section 143 (3) of the Act, We report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
 - e) On the basis of the written representations received from the Directors as on March 31, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the Operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note No. 28(b) to the Ind AS financial statements;
 - ii. The Company has made provisions as required under any law or accounting standards for foreseeable losses, if any, on long term contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company - Refer Note No. 35 to the Ind AS financial statements.

For M/s SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration Number: 004207 S

P MENAKSHI SUNDARAM
Partner
Membership No.217914

Place : Chennai
Date : 29th May, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report on Other Legal and Regulatory Requirements relevant to paragraph 3 & 4 of "the order")

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2017, We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) According to the information given to us, major portion of fixed assets have been physically verified by the management during the year at reasonable intervals. Certain discrepancies which were noticed on such verification were not material and have been properly dealt with in the books of account.
(c) The title deeds of immovable properties are held in the name of the company.
- (ii) The inventory has been physically verified by the management at reasonable intervals. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, during the year the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees and securities and has not made any Investments.
- (v) The Company has not accepted any deposits from the public.
- (vi) Maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act.
- (vii) a. According to the records, information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, VAT, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as on 31st March, 2017 for a period of more than six months from the date they become payable.
(b) According to the information & explanations given to us, there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom Duty, Service Tax and Cess as at 31.03.2017 which were disputed except the following:

Statute	Nature of dues	Total amount (in lakhs)	Paid and or provided (in lakhs)	Balance amount outstanding as on 31.03.2017	Assessment year to which amount relates	Forum to which it relates
Income Tax Act, 1961	Income Tax	2,282.65	1,053.73	1,228.92	2008-09 to 2012-13	Income Tax Appellate Tribunal

Please refer to Note No. 28(b) on Notes on Accounts.

-
- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank and Government. The company has not issued any debentures.
- (ix) The company had not raised moneys either by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.
- (x) According to the information and explanations given to us by the management and based on audit procedures performed, no fraud on or by the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Managerial remuneration has been provided in accordance with the requisite approvals mandated by Section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act 2013 where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The Company has not entered into any non cash transactions with Directors or persons connected with them.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/s SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration Number: 004207 S

P MENAKSHI SUNDARAM
Partner
Membership No.217914

Place : Chennai
Date : 29th May, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls over Financial Reporting of M/s. Sundaram Brake Linings Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration Number: 004207 S

Place : Chennai
Date : 29th May, 2017

P MENAKSHI SUNDARAM
Partner
Membership No.217914

SUNDARAM BRAKE LININGS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2017

			(Rs. in lakhs)		
	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	
(I) ASSETS					
1. Non-current Assets					
a) Property, Plant & Equipment	2	7,063.58	7,402.28	7,742.25	
b) Capital Work-in-progress		0.00	0.00	0.00	
c) Investment Property	3	37.66	37.95	38.23	
d) Other Intangible Assets		0.00	0.00	0.00	
e) Intangible assets under development		0.00	0.00	0.00	
		7,101.24	7,440.23	7,780.48	
f) Financial Assets					
(i) Investments	4	2.48	2.11	1.71	
(ii) Long-term Loans & Advances	5	357.03	430.12	436.14	
g) Deferred Tax Assets (Net)		0.00	0.00	0.00	
h) Other Non-Current Assets	6	293.58	290.23	293.71	
		653.09	722.46	731.55	
2. Current Assets					
a) Inventories	7	2,978.40	2,555.79	2,876.54	
b) Financial Assets					
(i) Trade Receivables	8	4,384.00	5,321.86	5,403.13	
(ii) Cash and Cash Equivalents	9	402.21	436.96	343.45	
(iii) Short term loans and advances	10	500.99	682.56	542.00	
c) Other Current assets		0.00	0.00	0.00	
		8,265.60	8,997.17	9,165.13	
TOTAL		<u>16,019.92</u>	<u>17,159.86</u>	<u>17,677.16</u>	
(II) EQUITY AND LIABILITIES:					
EQUITY					
1. Equity					
a) Equity Share Capital	11	393.46	393.46	393.46	
b) Other Equity	12	6,703.16	6,550.89	6,591.80	
		7,096.62	6,944.35	6,985.26	
LIABILITIES					
2. Non-current Liabilities					
a) Financial Liabilities					
(i) Borrowings	13	0.00	285.00	764.15	
b) Provisions	14	107.17	122.20	72.87	
c) Deferred Tax Liabilities (Net)	15	1,240.87	1,269.62	1,198.02	
		1,348.03	1,676.82	2,035.04	
3. Current Liabilities					
a) Financial Liabilities					
(i) Borrowings	16	3,017.02	4,018.85	3,764.88	
(ii) Trade Payables	17	3,437.03	3,583.53	3,386.51	
b) Other Current Liabilities	18	316.01	492.69	617.06	
c) Provisions	19	805.20	443.62	888.41	
		7,575.26	8,538.69	8,656.86	
TOTAL		<u>16,019.92</u>	<u>17,159.86</u>	<u>17,677.16</u>	
Significant Accounting Policies	1				
See Accompanying Notes to the financial Statements					

K MAHESH Chairman	K RAMESH Director	T KANNAN Director	As per our Report Annexed for SUNDARAM & SRINIVASAN Chartered Accountants (FRN 004207 S)
K S D SAMBASIVAM Director	SANDHYA SUBRAMANYAM Director	KRISHNA MAHESH Managing Director	P MENAKSHI SUNDARAM Partner Membership No.217914
Place : Chennai Date : May 29, 2017	S RAMABADRAN Chief Financial Officer & Company Secretary		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

			(Rs. in lakhs)
	Note No.	For the year ended 31.03.2017	For the year ended 31.03.2016
I. Revenue from operations	20	24,521.02	24,418.70
II. Other income	21	131.32	208.13
III. Total Revenue		24,652.34	24,626.83
IV. Expenses			
Cost of materials consumed	22	10,897.25	10,550.77
Excise Duty		1,761.13	1,666.68
Changes in inventories of finished goods & work-in-progress	23	(579.73)	405.50
Employee benefit expenses	24	4,354.91	3,974.11
Finance cost	25	252.59	290.12
Depreciation and amortisation expense	2, 3, 6(a)	541.25	554.39
Other expenses	26	7,281.78	7,154.61
Total Expenses		24,509.18	24,596.18
V. Profit / (Loss) before exceptional and extra-ordinary items and tax (III - IV)		143.16	30.65
VI. Exceptional items		-	-
VII. Profit / (Loss) Before Tax (V - VI)		143.16	30.65
VIII. Tax expense:			
- Current Tax		-	-
- Prior Period Tax		-	-
- Deferred Tax Liability (net)		(32.67)	71.60
- Deferred Tax Asset (net)		-	-
IX. Profit / (Loss) for the period from continuing operations (VII - VIII)		175.83	(40.95)
X. Profit / (Loss) for the period from discontinued operations if any		-	-
XI. Profit / (Loss) for the period (IX+X)		175.83	(40.95)
XII. Other Comprehensive Income			
a) (i) Item that will not be reclassified to Profit or Loss		(20.06)	(0.49)
(ii) Deferred tax relating to item that will not be reclassified to Profit or Loss		(3.92)	-
b) (i) Item that will be reclassified to Profit or Loss		0.42	0.41
(ii) Income tax relating to item that will be reclassified to Profit or Loss		-	-
XIII. Total Comprehensive Income for the period (XI + XII) - (Comprising of Profit / (Loss) and other comprehensive Income)		152.27	(41.03)
XIV Earnings per equity share - Basic and Diluted Rs. (Face Value Rs. 10)	27	4.47	(1.04)
Significant Accounting Policies	1		

See Accompanying Notes to the financial Statements

K MAHESH Chairman	K RAMESH Director	T KANNAN Director	As per our Report Annexed for SUNDARAM & SRINIVASAN Chartered Accountants (FRN 004207 S)
K S D SAMBASIVAM Director	SANDHYA SUBRAMANYAM Director	KRISHNA MAHESH Managing Director	P MENAKSHI SUNDARAM Partner Membership No.217914
Place : Chennai Date : May 29, 2017	S RAMABADRAN Chief Financial Officer & Company Secretary		

SUNDARAM BRAKE LININGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	For the year ended 31.03.2017	(Rs. in lakhs) For the year ended 31.03.2016
A Cash flow from Operating Activities:		
Net Profit / (Loss) Before Tax	143.16	30.65
Net Profit Before Tax and Exceptional items	143.16	30.65
Adjustments for :		
Interest (net)	210.64	251.54
Unrealised Foreign Exchange Loss / (Gain)	(21.63)	9.44
Depreciation	541.25	554.39
Other Comprehensive Income:		
Item that will not be re-classified to Profit or Loss	(20.06)	(0.49)
Item that will be re-classified to Profit or Loss	0.42	(0.25)
Operating Profit before Exceptional items & Working Capital changes	853.78	845.28
Adjustments for :		
Trade & other receivables	931.25	(81.49)
Inventories	(422.61)	(320.75)
Loans & Advances	(69.44)	465.97
Trade Payables	221.16	331.11
Cash generation from operations	1,514.14	1,240.11
Income Tax (Paid) / Refund	359.20	(400.00)
Net Cash from Operating Activities - "A"	1,873.34	840.11
B Cash flow from Investing Activities		
Purchase of fixed assets	(207.42)	(210.87)
Interest Received	41.95	38.58
Dividend Received	0.00	0.00
Sale / deletion of fixed assets	8.42	0.00
(Purchase) / Sale of investments	(0.36)	0.00
Net Cash used in investing activities - "B"	(157.40)	(172.29)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 - (contd.,)

	For the year ended 31.03.2017	(Rs. in lakhs) For the year ended 31.03.2016
C Cash flow from Financing Activities		
Repayment of long term borrowings	(479.15)	(594.70)
Interest paid	(252.59)	(290.12)
Net cash used in financing activities - "C"	(731.74)	(884.82)
Net increase in Cash and Cash Equivalents - A+B+C	984.20	(217.00)
Cash and Cash Equivalents as at the beginning	(3,655.53)	(3,438.53)
Cash and Cash Equivalents as at the end	(2,671.33)	(3,655.53)
Effect of exchange rate changes on cash and cash equivalents		
1 Cash & Cash Equivalents as per Balance Sheet (Refer Point 3 below)	357.89	357.54
Cash Credit from SBI (Short-Term Borrowings) as per Balance Sheet	(3,017.02)	(4,018.85)
Unrealised Foreign Exchange Loss / (Gain)	(21.63)	9.44
	(2,680.77)	(3,651.87)
Unrealised Foreign Exchange Loss / (Gain) as on 1 st April 2016/2015	9.44	(3.66)
Cash & Cash Equivalents as per Cash Flow Statement	(2,671.33)	(3,655.53)

- 2 The above statements have been prepared in indirect method except in case of interest, dividend and direct taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities
- 3 Cash and Cash Equivalent as per Ind AS 7 para 8 includes cash balances, bank balances and bank overdrafts (Cash Credit) which are repayable on demand but does not include (i) & (ii) as given below:

Particulars

Cash & Cash Equivalents as per Balance Sheet
(Refer Note 9 to Balance Sheet)

Less :

i) Earmarked balances with banks - for unclaimed dividends

ii) On Deposit Accounts with bank with maturity more than
three months from Balance Sheet Date

Cash & Cash Equivalents

	31.03.2017	31.03.2016
Cash & Cash Equivalents as per Balance Sheet (Refer Note 9 to Balance Sheet)	402.21	436.96
Less :		
i) Earmarked balances with banks - for unclaimed dividends	3.49	7.74
ii) On Deposit Accounts with bank with maturity more than three months from Balance Sheet Date	40.83	71.68
Cash & Cash Equivalents	357.89	357.54

- 4 AS per Ind AS 7 there is no requirement to disclose extra-ordinary item seperately. However it may be noted that extraordinary expenditure of Rs. 154 lacs incurred towards compensation to employees paid under Voluntary Retirement Scheme has been included as part of Employee Benefit expenses.

See Significant Accounting Policies and accompanying Notes to the Financial Statements

K MAHESH Chairman	K RAMESH Director	T KANNAN Director	As per our Report Annexed for SUNDARAM & SRINIVASAN Chartered Accountants (FRN 004207 S)
K S D SAMBASIVAM Director	SANDHYA SUBRAMANYAM Director	KRISHNA MAHESH Managing Director	P MENAKSHI SUNDARAM Partner
Place : Chennai	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No.217914
Date : May 29, 2017			

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Brief description of the Company

Sundaram Brake Linings Limited ('the company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at 180, Anna Salai, Chennai - 600 006, Tamil Nadu, India. The Company manufactures asbestos free friction materials. The company has five manufacturing plants located in Tamil Nadu.

b) Basis of Preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on historical cost basis under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

The financial statements upto year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the act.

These financial statements are the first financial statements of the company under Ind AS. Refer Note No.33 for an explanation of how the transition from previous Generally Accepted Accounting Principles (GAAP) to Ind AS has affected the Company's financial position, financial performance and Cash flow.

c) Basis of accounting

The books of accounts are maintained on accrual basis as a going concern.

d) Valuation of inventories

Inventories other than Finished Goods are valued at cost on Weighted average basis. Finished goods are valued at cost or net realizable value whichever is lower. Work-in-progress is valued at raw material cost plus cost of conversion excluding interest.

e) Cash flow statement

Cash Flow Statement is prepared under "Indirect Method".

f) Property, Plant and Equipment

Recognition and measurement:

Fixed assets are stated at cost less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized. Interest on loans availed for acquiring fixed assets is capitalized only upto the date the assets are put to use.

The Company adopts component based depreciation wherein each major component item of fixed assets shall be depreciated over its respective useful life different from that of the useful life of fixed assets.

Depreciation:

Depreciation is charged on Useful Life of assets basis at the rates prescribed under Schedule II to the Companies Act, 2013.

g) Impairment of Assets

The Company shall assess at the end of each reporting period whether there exist any indications that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset and treatment shall be given in accordance with Ind AS 36.

h) Revenue recognition

The company records its revenue in accordance with the Ind AS 18 - Revenue and Ind AS 115 – Revenue from Contracts from Customer, where the Company records revenue only when there is no remaining obligations to transfer goods or services to the customer and all consideration promised by the customer has been received.

NOTES ON FINANCIAL STATEMENTS (Contd.)

The sales include sale of products manufactured, bought out components and scrap sales but are net of trade discounts and inclusive of Excise Duty. However Sales are exclusive of Sales Tax, VAT, Service Tax. Interest income is recognized on a time proportion basis. Insurance claims are recognized on certainty of realization.

i) Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Transactions in foreign exchange, which are covered by forward contracts, if any, are accounted at the contracted rate. Foreign exchange transactions, which are outstanding as at the year-end are translated at the year-end exchange rate. Exchange gains and losses arising on account of differences in actual realization and year end translation are reflected in the profit and loss statement.

j) Derivatives

The losses / gains, if any, arising under the forward contracts, if any, taken which are not closed as of the year-end, are recognized in the accounts based on Ind AS-32, Ind AS 107 and Ind AS 109.

k) Investments

Investments are accounted in accordance with Ind AS 109 - Financial Instruments.

Investments whether held to maturity or trading are measured at fair value on each reporting date. The fair value is estimated based on the last available Annual Report. The company adjusts for change in fair value of Investments through Other Comprehensive Income as prescribed under Ind AS 109.

l) Employee benefits

Company's contribution to provident fund, superannuation fund and gratuity fund are made to the respective Trusts and charged to the profit and loss statement. Provision for leave salary in respect of encashable leave is provided for according to the service rules of the Company based on actuarial valuation. The necessary disclosures as per Ind AS 19 are made as part of Notes on Accounts.

Actuarial gains or losses are recognized in other comprehensive income net of Deferred taxes. Re-measurements comprising actuarial gains or losses are not reclassified to profit or loss in subsequent periods.

m) Borrowing cost

Borrowing cost is treated in accordance with the Ind AS 23 on Borrowing Cost.

n) Excise duty

Excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of CENVAT credits in respect of materials consumed is deducted from the cost of materials consumed.

o) Segment reporting

The operations of the Company relate only to one segment viz., friction materials which is covered in this report.

p) Related party transactions

The information on Related Party transactions is compiled based on Ind AS 24 on Related Party Disclosures.

q) Leases

Leases involving both land and building elements are classified as finance or operating lease.

The company's lease agreements wherein the assets that are to be returned to the Lessor at the end of the lease period are classified as Operating Leases and the Cost of those assets and rentals are recognized in the statement of profit and loss over the lease term as prescribed in Ind AS 17.

r) Taxes on income

Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date.

s) Investment Property

The Company recognizes investment property held to earn rentals or for capital appreciation or both rather than use in the product or sale as provided in Ind AS 40.

t) Financial Assets & Liabilities

The Company identifies and categorizes its financial assets and liabilities and accounted on the fair value as prescribed under Ind AS 32, Ind AS 107 and Ind AS 109 - Financial Instruments.

The Company recognizes Financial Assets & Financial Liabilities on the following methods as required:

Amortised Cost

Fair Value through Profit and Loss account

Fair value through Other Comprehensive Income

The transaction cost relating to the Financial Assets and Financial Liabilities are treated as prescribed under Ind AS.

Financial Assets and Financial Liabilities are recognized at Fair Value based on Effective Interest rate wherever applicable.

u) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment if any. Intangible assets are amortized over their respective estimated useful lives on a straight line basis, from the date that they are available for use.

v) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

w) Other Comprehensive Income

The statement of Profit and Loss is bifurcated into two sections. One is the traditional Profit and Loss statement and other one is Other Comprehensive Income wherein the company recognizes the fair value and other adjustments as required under Ind AS 101, 107 & 109.

x) First Time Adoption Exemption under Ind AS 101

Estimates made by management under Indian GAAP are not changed as a result of Ind AS implementation. A first-time adopter applies the de-recognition requirements in Ind AS 109 prospectively to transactions occurring on or after transition date.

The Company assesses the financial asset and measures at amortised cost or a financial asset is measured at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

NOTES ON FINANCIAL STATEMENTS (Contd.)

STATEMENT OF CHANGES IN EQUITY

Statement of Change in Equity for the period ended 31st March 2017

A) EQUITY SHARE CAPITAL

Particulars	Rs. in lakhs
As at 1 st April 2015	393.46
Change in Equity Share Capital	—
As at 31 st March 2016	393.46
Change in Equity Share Capital	—
As at 31st March 2017	393.46

B) OTHER EQUITY

Rs. in lakhs

Particulars	Reserves and Surplus				Equity Instrument through Other Comprehensive Income	Other Items of other Comprehensive Income	Total
	General Reserve	Capital Reserves	Securities Premium Reserve	Retained Earnings			
Balance at 1 st April 2015	4,869.38	0.03	1,700.43	22.35	(0.39)	0.00	6,591.80
Changes in Accounting Policy or Prior Period Errors		0.00	0.00	0.00			0.00
Re stated balances as at 1 st April 2015		0.00	0.00	0.00			0.00
Profit for the year		0.00	0.00	(40.95)			(40.95)
Other Comprehensive Income					0.41	(0.49)	(0.08)
Total Comprehensive Income for the Year	0.00	0.00	0.00	(40.95)	0.41	(0.49)	(41.03)
Dividends paid		0.00	0.00	0.00			0.00
Transfer to Retained Earnings	(20.00)	0.00	0.00	20.00			0.00
Any other changes		0.00	0.00			0.12	0.12
Balance at 31 st March 2016	4,849.38	0.03	1,700.43	1.40	0.02	(0.37)	6,550.89
Balance at 1 st April 2016	4,849.38	0.03	1,700.43	1.40	0.02	(0.37)	6,550.89
Changes in Accounting Policy or Prior Period Errors		0.00	0.00	0.00			0.00
Re stated balances as at 1 st April 2016		0.00	0.00	0.00			0.00
Profit for the year		0.00	0.00	175.83			175.83
Other Comprehensive Income		0.00	0.00	0.00	0.42	(23.98)	(23.56)
Total Comprehensive Income for the Year		0.00	0.00	175.83	0.42	(23.98)	152.27
Dividends paid		0.00	0.00	0.00			0.00
Transfer to Retained Earnings		0.00	0.00	0.00			0.00
Any other changes		0.00	0.00	0.00			0.00
Balance at 31 st March 2017	4,849.38	0.03	1,700.43	177.24	0.44	(24.35)	6,703.16

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

2. PROPERTY, PLANT & EQUIPMENT

Description	Property, Plant & Equipment							
	Free hold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
Cost of Assets								
Deemed Cost as on 01-04-2015	107.01	1,309.62	6,255.44	17.39	20.98	5.65	26.16	7,742.25
Additions	0.00	0.00	204.68	0.00	3.35	2.84	0.00	210.87
Sub-total	107.01	1,309.62	6,460.12	17.39	24.33	8.49	26.16	7,953.12
Sales / deletion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	107.01	1,309.62	6,460.12	17.39	24.33	8.49	26.16	7,953.13
Depreciation / Amortisation								
For the year	0.00	56.16	471.43	6.28	8.97	5.10	2.90	550.84
Sub-total	0.00	56.16	471.43	6.28	8.97	5.10	2.90	550.84
Withdrawn on assets sold / deleted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation / Amortisation Total	0.00	56.16	471.43	6.28	8.97	5.10	2.90	550.84
As on 31-03-2016	107.01	1,253.46	5,988.69	11.11	15.36	3.39	23.27	7,402.28
Cost of Assets								
As at 01-04-2016	107.01	1,309.62	6,460.12	17.39	24.32	8.49	26.16	7,953.12
Additions	0.00	0.00	168.84	0.89	2.44	8.16	27.08	207.42
Sub-total	107.01	1,309.62	6,628.96	18.28	26.76	16.65	53.24	8,160.54
Sales / deletion	0.00	0.00	0.00	0.00	0.00	0.00	15.94	15.94
Total	107.01	1,309.62	6,628.96	18.28	26.76	16.65	37.30	8,144.60
Depreciation / Amortisation								
Upto 31-03-2016	0.00	56.16	471.43	6.28	8.97	5.10	2.90	550.84
For the year	0.00	57.97	457.79	5.23	4.47	4.26	7.98	537.70
Sub-total	0.00	114.13	929.22	11.51	13.44	9.36	10.88	1,088.54
Withdrawn on assets sold / deleted	0.00	0.00	0.00	0.00	0.00	0.00	7.52	7.52
Depreciation / Amortisation Total	0.00	114.13	929.22	11.51	13.44	9.36	3.36	1,081.02
As on 31-03-2017	107.01	1,195.49	5,699.74	6.77	13.32	7.29	33.95	7,063.58

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
3. INVESTMENT PROPERTY			
a) Residence Apartment			
Residence Apartment at Chennai (RA Puram)	44.78	44.78	44.78
Opening Accumulated Depreciation	(6.83)	(6.55)	(6.55)
Depreciation for the year	(0.28)	(0.28)	0.00
Closing Accumulated Depreciation	(7.12)	(6.83)	(6.55)
	37.66	37.95	38.23
4. NON-CURRENT ASSETS			
Non-Current Investments			
Unquoted Investments - Non-Trade			
a) Investments in equity instruments:			
i. 5,329 equity shares (Previous Year - 5,939 equity shares) of Rs. 10/- each fully paid up of Engineered Power Resources India Private Limited (cost Rs. 53,290/-) * Note below	0.39	0.44	0.03
ii. 1,100 equity shares (Previous Year - 1,100) of Rs. 10/- each with a premium of Rs. 126/- per share fully paid up of Suryadev Alloys & Power Private Limited (cost Rs. 1,49,600/-) * Note below	2.08	1.68	1.68
	2.47	2.11	1.71
* Note -Value estimated based on Annual Reports as of 31.03.2016			
b) Others:			
500 shares (Previous Year 500 shares) of Re.1/= each fully paid up of TVS Co-operative Stores Limited (cost Rs.500/-)	0.01	0.00	0.00
	2.48	2.11	1.71
5. LONG-TERM LOANS & ADVANCES - UNSECURED AND CONSIDERED GOOD			
a) Capital Advances	187.47	191.14	195.49
b) Security Deposits	148.12	209.43	206.58
c) Other loans & advances			
i) Advances to employees	4.95	3.41	7.93
ii) Disputed Income Tax/Sales Tax paid	16.48	26.14	26.14
	21.44	29.55	34.07
	357.03	430.12	436.14

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
6. OTHER NON-CURRENT ASSETS			
a) Leasehold Land			
Leasehold land at Mahindra World City:	322.94	322.94	322.94
Opening Accumulated Depreciation	(32.71)	(29.45)	(29.45)
Depreciation for the year	(3.26)	(3.26)	—
Closing Accumulated Depreciation	(35.97)	(32.71)	(29.45)
	286.97	290.23	293.49
Long Term Trade Receivables	6.61	—	0.22
	293.58	290.23	293.71
7. CURRENT ASSETS			
Inventories			
a) Raw Materials:			
i) In stock	658.21	666.33	785.19
ii) In transit	286.40	402.44	174.62
b) Work-in-progress	401.53	208.14	222.48
c) Finished goods	1,239.76	853.42	1,244.59
d) Stores & spares	287.87	299.12	328.80
e) Loose tools	104.63	126.34	120.86
	2,978.40	2,555.79	2,876.54
Inventories other than Finished Goods are valued at cost on Weighted average basis. Finished goods are valued at cost or net realisable value whichever is lower. Work-in-progress is valued at raw material cost plus cost of conversion excluding interest. Provision for excise duty on Finished goods manufactured but remaining in stock at the end of the year	57.96	41.14	66.42
8. TRADE RECEIVABLES			
(Unsecured, considered good)			
a) More than six months	2.30	14.62	7.20
b) Others	4,381.70	5,307.24	5,395.93
	4,384.00	5,321.86	5,403.13

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
9. CASH AND CASH EQUIVALENTS			
a) Balances with banks			
i) on Current Account with banks	44.03	47.07	23.71
ii) On Deposit Accounts with bank with maturity less than three months from Balance Sheet Date	300.00	300.00	300.00
	344.03	347.07	323.71
iii) Cash on Hand	13.86	10.47	9.30
	357.89	357.54	333.01
b) Other Balances			
i) Earmarked balances with banks - for unclaimed dividends	3.49	7.74	10.44
ii) On Deposit Accounts with bank with maturity more than three months from Balance Sheet Date	40.83	71.68	—
	44.32	79.42	10.44
	402.21	436.96	343.45
10. SHORT TERM LOANS AND ADVANCES - UNSECURED AND CONSIDERED GOOD			
i) Prepaid Expenses	116.15	118.71	96.64
ii) Balances with Central Excise	193.70	200.05	209.04
iii) Cenvat Credit in VAT	5.16	6.56	8.88
iv) Receivables / Claims	185.98	357.24	227.44
	500.99	682.56	542.00
11. SHARE CAPITAL			
Authorised			
50,00,000 (PY-50,00,000) equity shares of Rs. 10/- each	500.00	500.00	500.00
Issued, Subscribed and Paid-up			
39,34,575 (PY-39,34,575) equity shares of Rs. 10/- each fully paid up	393.46	393.46	393.46

- The Company has issued only one class of shares referred to as equity shares having a par value of Rs. 10/-.
- Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees.
- Except interim dividend which is declared and paid based on the decision of the Board of Directors, all other dividends are proposed by the Board of Directors and paid on approval of the shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- During the last five years immediately preceding the date of the Balance Sheet, the Company has not issued any shares as bonus shares or without payment being received in cash nor has bought back any shares.

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

11. SHARE CAPITAL - (Contd.)

- g) Following are the shareholders holding more than 5% equity shares and the number of equity shares held by each of them:

Name of the Shareholder	No. of shares held	% of total shares	No. of shares held	% of total shares	No. of shares held	% of total shares
TVS Sundram Iyengar and Sons Private Limited	552,955	14.05	552,955	14.05	552,955	14.05
Southern Roadways Limited	478,500	12.16	478,500	12.16	478,500	12.16
Mahesh K	395,842	10.06	395,842	10.06	395,842	10.06
Sundaram Industries Private Limited	253,835	6.45	253,835	6.45	253,835	6.45

12. RESERVES AND SURPLUS

a) Capital Reserves

i) Share premium account

As per last Balance Sheet

1,700.43

1,700.43

1,700.43

ii) Reissue of forfeited shares

As per last Balance Sheet

0.03

0.03

0.03

Total (i+ii)

1,700.46

1,700.46

1,700.46

b) Revenue Reserves

i) General Reserve

As per last Balance Sheet

4,849.38

4,869.38

6,563.16

Transferred from / (to) Surplus

—

(20.00)

(1,475.00)

Adjustment for Depreciation as on

01.04.2014 in compliance with

Schedule II of Companies Act, 2013

—

0.00

(218.78)

4,849.38

4,849.38

4,869.38

iii) Retained Earnings

As per last Balance Sheet

1.40

22.35

2.09

Profit / (Loss) After Tax for the year

175.83

(40.95)

(1,454.74)

177.23

(18.60)

(1,452.65)

Transfer (to) General Reserve

0.00

20.00

1,475.00

Proposed dividend

0.00

0.00

0.00

Tax on dividend including surcharge and cess

0.00

0.00

0.00

177.23

1.40

22.35

iv) Other Comprehensive Income

a) To be reclassified to Profit & Loss

As per last Balance Sheet

0.02

(0.39)

0.00

Changes in fair value of investments

0.42

0.41

(0.39)

0.44

0.02

(0.39)

b) Not to be reclassified to Profit & Loss

As per last Balance Sheet

(0.37)

0.00

0.00

Actuarial gain / (loss) on Gratuity

3.09

(28.25)

Actuarial gain / (loss) on Leave encashment

(23.15)

27.88

Less: Deferred Tax on the above

(3.92)

—

—

(24.35)

(0.37)

—

Total (i+ii+iii+iv)

5,002.70

4,850.43

4,891.34

6,703.16

6,550.89

6,591.80

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
13. NON-CURRENT LIABILITIES			
Long-term borrowings			
Secured Borrowings			
Term Loan from Banks			
a) From Export-Import Bank of India secured by exclusive charge on the movable and immovable fixed assets financed out of the Term Loan and a first charge on the land situated at Mahindra World City, SEZ, Kancheepuram District near Chennai and repayable in 20 quarterly instalments ending during 2017-18	—	35.00	264.15
b) From State Bank of India, Industrial Finance Branch, Chennai secured by first charge on fixed assets specific to the Corporate Loan repayable in 16 quarterly instalments ending during March 2018	—	250.00	500.00
	<u>—</u>	<u>285.00</u>	<u>764.15</u>
14. LONG-TERM PROVISIONS			
On account of employee benefits	<u>107.17</u>	<u>122.20</u>	<u>72.87</u>
	<u>107.17</u>	<u>122.20</u>	<u>72.87</u>
15. DEFERRED TAX LIABILITIES (NET)			
a) Deferred Tax Liability			
On account of depreciation	<u>1,253.28</u>	<u>1,347.42</u>	<u>1,274.45</u>
b) Deferred Tax Asset			
On account of employee benefits	<u>(12.41)</u>	<u>(77.80)</u>	<u>(76.43)</u>
	<u>1,240.87</u>	<u>1,269.62</u>	<u>1,198.02</u>
16. CURRENT LIABILITIES			
Short-term Borrowings			
Cash Credit and Export Packing Credit from State Bank of India secured by first charge on present and future current assets and extension by way of second charge on other fixed assets - present and future (excluding vehicles)	<u>3,017.02</u>	<u>4,018.85</u>	<u>3,764.88</u>
	<u>3,017.02</u>	<u>4,018.85</u>	<u>3,764.88</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017	As at 31.03.2016	(Rs. in lakhs) As at 01.04.2015
17. TRADE PAYABLES			
Sundry creditors	1,934.24	1,936.05	2,273.39
Others	1,502.79	1,647.48	1,113.12
	<u>3,437.03</u>	<u>3,583.53</u>	<u>3,386.51</u>
Included in Sundry Creditors is an amount of Rs. 423.54 lakhs (PY – Rs. 456.60 lakhs) due to micro enterprises and small enterprises (based on information available with the Company).			
a) Principal amount remaining unpaid	423.54	456.60	479.38
b) Interest due thereon	–	–	–
c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day during the year	–	–	–
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–	–
e) Interest accrued and remaining unpaid	–	–	–
f) Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	–	–	–
18. OTHER CURRENT LIABILITIES			
a) Current maturities of long term debt:			
i. From Export-Import Bank of India referred to in 13(a) above	35.00	229.15	282.20
ii. From State Bank of India referred to in 13(b) above	250.00	250.00	312.50
b) Advances from customers	27.52	5.80	11.92
c) Interest accrued but not due on loans	–	–	–
d) Unclaimed dividends	3.49	7.74	10.44
	<u>316.01</u>	<u>492.69</u>	<u>617.06</u>
19. SHORT-TERM PROVISIONS			
a) Provision for employee benefits	25.34	16.00	60.90
b) Provision for Tax (net of Advance Tax) Refer Note 28(b)	779.86	427.62	827.51
c) Provision for Dividend	–	–	–
d) Provision for Tax (including surcharge & cess) on dividend	–	–	–
	<u>805.20</u>	<u>443.62</u>	<u>888.41</u>

NOTES ON FINANCIAL STATEMENTS (Contd.)

	For the year ended 31.03.2017	(Rs. in lakhs) For the year ended 31.03.2016
20. REVENUE FROM OPERATIONS		
a) Sale of Products	24,243.21	24,280.86
b) Other operating revenue		
i) Export duty drawback & other incentives	216.83	95.30
ii) Scrap Sales	54.10	41.16
iii) Miscellaneous Income	6.88	1.38
	<u>277.81</u>	<u>137.84</u>
	<u>24,521.02</u>	<u>24,418.70</u>
21. OTHER INCOME		
a) Interest Income	41.95	39.95
b) Gain / (loss) on foreign currency transactions	88.53	167.34
c) Other Non-Operating Revenue		
i) Rent	0.84	0.84
	<u>0.84</u>	<u>0.84</u>
	<u>131.32</u>	<u>208.13</u>
22. COST OF MATERIALS CONSUMED - RAW MATERIALS & COMPONENTS		
Opening Stock : Raw materials & Components	666.33	785.19
Add: Purchase of Raw Materials & Components	10,889.13	10,431.91
	<u>11,555.46</u>	<u>11,217.10</u>
Less : Closing Stock -Raw materials & Components	658.21	666.33
	<u>10,897.25</u>	<u>10,550.77</u>
Raw materials comprise of resins, glass fibre and other metals and chemicals		
23. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS		
a) Opening Stocks:		
i) Work in progress	208.14	222.48
ii) Finished goods	853.42	1,244.59
	<u>1,061.56</u>	<u>1,467.07</u>
b) Closing Stocks:		
i) Work in progress	401.53	208.14
ii) Finished goods	1,239.76	853.42
	<u>1,641.29</u>	<u>1,061.57</u>
Net (increase)/decrease	<u>(579.73)</u>	<u>405.50</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	(Rs. in lakhs)	
	For the year ended 31.03.2017	For the year ended 31.03.2016
24. EMPLOYEE BENEFIT EXPENSES		
a) Salaries, wages, bonus (includes extra-ordinary expenditure of Rs. 154 lacs being compensation paid to employees under Voluntary Retirement Scheme)	3,388.63	3,112.15
b) Contribution to Employee benefit funds:		
i) Provident Fund	196.82	170.86
ii) Gratuity Fund	63.13	10.96
iii) Other funds	22.05	16.11
c) Staff welfare expenses	684.28	664.03
	<u>4,354.91</u>	<u>3,974.11</u>
25. FINANCE COST		
a) Interest expense	252.59	290.12
	<u>252.59</u>	<u>290.12</u>
26. OTHER EXPENSES		
a) Stores consumed : Stores and spares		
i) Stores and Spares	655.51	593.76
ii) Loose Tools	339.74	299.06
	<u>995.25</u>	<u>892.82</u>
b) Power and Fuel	2,099.97	2,192.44
c) Rent, Rates & Taxes	82.18	101.55
d) Insurance	71.93	63.78
e) Repairs to Building	318.37	338.32
f) Repairs to Machinery	263.12	241.53
g) Other Repairs	68.75	68.03
h) Travelling expenses	255.75	218.00
i) Packing & Forwarding	1,239.88	1,184.06
j) Advertisement & Publicity	247.82	193.01
k) Managerial Remuneration	60.96	60.96
l) Sitting fees	2.50	2.25
m) Auditors' remuneration		
i) As auditors	8.63	8.59
ii) Tax Audit Fees	0.58	0.57
iii) Other services	2.99	1.06
iv) Reimbursement of expenses	0.65	0.60
	<u>12.85</u>	<u>10.82</u>
n) Postage & Telephones	69.55	60.76
o) Loss on sale of assets	2.41	-
p) Research & Development expenses - refer Note no. 28 (c) (ii)	757.58	567.91
q) Commission on Sales	462.37	479.48
r) Miscellaneous expenses	270.54	478.89
	<u>7,281.78</u>	<u>7,154.61</u>

NOTES ON FINANCIAL STATEMENTS (Contd.)

		(Rs. in lakhs)	
		For the year ended 31.03.2017	For the year ended 31.03.2016
27. EARNING PER SHARE			
Earning per share is calculated by dividing the profit attributable to shareholders by the number of equity shares outstanding during the year. The earning per share is calculated as follows:			
Profit / (Loss) after tax - Rs. lacs		175.83	(40.95)
Number of Equity shares		3,934,575	3,934,575
Face value per share		Rs. 10	Rs. 10
Earnings per share (EPS)		4.47	(1.04)
		As at 31.03.2017	As at 31.03.2016
			As at 01.04.2015
28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):			
a) Estimated value of contracts remaining to be executed:			
- Others		28.71	21.94
b) Income Tax liability in appeal		1,228.92	1,228.92
In the earlier years, Income Tax demand aggregating to Rs. 2,282.65 lacs was raised on the Company on completion of assessment / reassessment for the AY 2008-09 to 2012-13. The Company had made Provision for Taxation to the extent of Rs. 1,053.73 lacs and shown the balance amount of Rs. 1,228.92 lacs as Contingent Liability. During the previous year, the Company had paid Rs. 400 lacs as part payment against the aforesaid demand. During the year, the Company had received favourable Orders from the first appellate authority whereby the entire aforesaid demand will be nullified. The orders giving effect have been received for two of the five AYs. The Income Tax Department has filed appeals for all the five Assessment Years in Income Tax Appellate Tribunal. In view of continuity of the dispute, the Company has considered it prudent to continue the tax provision including therein the refunds received for Rs. 351.34 lacs during the year and also continue the Contingent Liability as in the previous year.			
c) Liability towards Labour cases		7.86	7.86
d) Other Contingent Liabilities :			
i) Bank Guarantees for Domestic Sales		10.06	2.02
ii) Bank Guarantees for purchase of third party power		115.00	80.00
iii) Bank Guarantees for Central Sales Tax cases		16.94	16.94

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

(Rs. in lakhs)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
29. OTHER INFORMATION						
a) Imports on CIF basis:						
i) Raw Materials	2,313.65		2,384.35		2,302.85	
ii) Components, Spare Parts etc.,	367.80		295.45		399.09	
iii) Capital Goods	–		36.67		12.65	
b) Expenditure in Foreign Currency :						
i) Royalty, Consultancy & Retainer Fee	20.19		24.15		51.94	
ii) Others	224.19		263.73		257.71	
c) Research & Development Expenditure on the in-house R&D facility approved by the Department of Scientific & Industrial Research, New Delhi						
i) Capital expenditure	10.99		26.00		14.63	
ii) Revenue expenditure						
- Raw Material & Components consumed	100.63		41.07		23.03	
- Salaries, Wages & Bonus	266.03		203.51		196.77	
- Stores & Tools consumed	124.83		135.46		90.18	
- Power cost	54.80		50.06		46.21	
- Travelling expenses	31.10		18.73		17.55	
- Product development expenses	166.56		81.27		109.04	
- Other expenses	13.63		37.81		134.05	
	<u>757.58</u>		<u>567.91</u>		<u>616.82</u>	
	<u>768.57</u>		<u>593.92</u>		<u>631.45</u>	
d) Value of imported and indigenous raw-materials, spares and components consumed during the year and their percentages to total consumption						
	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
	<u>Rs. in lacs</u>		<u>Rs. in lacs</u>		<u>Rs. in lacs</u>	
i) Raw Materials						
Imported - Glass Fibres & Metals	956.73	8.8	834.35	7.9	448.94	3.7
Imported - Chemicals & Minerals	1,145.06	10.5	1,044.51	9.9	1,054.23	8.6
Total	2,101.79	19.3	1,878.85	17.8	1,503.16	12.3
Indigenous - Glass Fibres, Resins & Metals	4,192.45	38.5	3,159.64	29.9	5,422.89	44.3
Indigenous - Chemicals & Minerals	3,259.54	29.9	4,024.37	38.1	3,444.71	28.1
Indigenous - Components & others	1,343.47	12.3	1,487.91	14.1	1,875.95	15.3
	<u>10,897.25</u>	<u>100.0</u>	<u>10,550.77</u>	<u>100.0</u>	<u>12,246.71</u>	<u>100.0</u>
ii) Spares :						
Imported	8.51	2.4	9.20	3.0	6.03	1.8
Indigenous	340.57	97.6	298.83	97.0	320.59	98.2
	<u>349.08</u>	<u>100.0</u>	<u>308.03</u>	<u>100.0</u>	<u>326.62</u>	<u>100.0</u>
e) Earnings in Foreign Exchange :						
i) FOB value of goods exported	10,442.85		11,058.82		10,739.48	
ii) Exchange fluctuation on Foreign Currency A/c (Net)	88.53		167.34		52.47	

NOTES ON FINANCIAL STATEMENTS (Contd.)

30. RELATED PARTY DISCLOSURES AS REQUIRED BY Ind AS 24

- a) Description of relationship and Names of Related Parties
- i) Subsidiaries None
 - ii) Associates None
 - iii) Key Management Personnel Mr Krishna Mahesh, Managing Director
Mr S Ramabadran, CFO & Company Secretary
 - iv) Relatives of Key Management Personnel Mr K Mahesh
Mrs Shrimathi Mahesh
Ms Shrikirti Mahesh
 - v) Enterprise with common Key Management Personnel None
 - vi) Enterprise in which relatives of Key Management Personnel have significant interest T V Sundram Iyengar & Sons Private Limited
Alagar Farms Private Limited
Alagar Resins Private Limited

Rs. in Lacs

	Nature of transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Relatives of Key Management Personnel have significant interest
a.	Purchases				1,854.09 (1,754.45)
b.	Sales				1,659.38 (1,574.16)
c.	Services received		60.96 (60.96)	0.25 (0.10)	
d.	Rent received				0.84 (0.84)
e.	Trade Receivables				245.50 (145.78)
f.	Creditors	— —	— —		350.60 (392.94)

Figures in brackets are for Previous Year

31. DISCLOSURES REQUIRED UNDER INDIAN ACCOUNTING STANDARD (Ind AS) 19 “EMPLOYEE BENEFITS” NOTIFIED IN THE COMPANIES (INDIAN ACCOUNTING STANDARDS) RULES 2015:

a) Defined Contribution Plan:

Contribution to Defined Contribution Plans are charged off for the year as under:

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Employer's Contribution to Provident Fund	209.69	187.59	188.53
Employer's Contribution to Superannuation Fund	26.63	27.45	42.19
	<u>236.32</u>	<u>215.04</u>	<u>230.72</u>

The Company had obtained exemption for its Provident Fund Trust under Section 17 of Employee's Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by trust vis-a-vis statutory rate.

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Gratuity (Funded)	Leave Encashment (unfunded)	Gratuity (Funded)	Leave Encashment (unfunded)	Gratuity (Funded)	Leave Encashment (unfunded)
c) Reconciliation of opening and closing balances of Defined Benefit obligation						
Defined Benefit obligation as at beginning of the year	510.25	138.20	540.12	133.76	506.37	122.93
Current Service cost	34.77	18.59	33.43	16.34	30.66	14.08
Interest cost	40.82	8.73	43.21	8.53	40.51	9.35
Actuarial (gain) / loss	23.16	25.16	(27.88)	28.26	31.84	27.72
Benefits paid	(115.33)	(58.18)	(78.63)	(48.69)	(69.25)	(40.32)
Defined Benefit obligation as at end of the year	493.67	132.50	510.25	138.20	540.12	133.76
d) Reconciliation of opening and closing balances of fair value of plan assets						
Fair value of plan assets at beginning of the year	556.39		580.35		539.50	
Expected return of plan assets	39.96		48.86		45.74	
Actuarial gain / (loss)	—		—		—	
Employer's contribution	58.24	58.18	5.81	48.69	64.36	40.32
Benefits paid	(115.33)	(58.18)	(78.63)	(48.69)	(69.25)	(40.32)
Fair value of plan assets at the end of the year	539.26		556.39		580.35	
e) Reconciliation of fair value of assets and obligations						
Fair value of plan assets as at the end of the year	539.26	—	556.39	—	580.35	—
Present value of obligation as at the end of the year	493.67	132.50	510.25	138.20	540.12	133.76
Amount not recognised / recognised in Balance Sheet	45.59	132.50	46.14	138.20	40.23	133.76
Expenses recognised during the year						
Current Service cost	34.77	18.59	33.43	16.34	30.66	14.08
Interest cost	40.82	8.73	43.21	8.53	40.51	9.35
Expected return on plan assets	(39.96)	—	(48.86)	—	(45.74)	0.00
Actuarial (gain) / loss	23.16	25.16	(27.88)	28.26	31.84	27.72
Net cost	58.79	52.48	(0.10)	53.13	57.27	51.15
Investment details	31.03.2017		31.03.2016		01.04.2015	
LIC Group Gratuity (Cash Accumulation) Policy	100%		100%		100%	

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017		As at 31.03.2016		(Rs. in lakhs) As at 01.04.2015	
f) Actuarial assumptions	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
Mortality Table (LIC)						
Discount rate (per annum)	8.00%	7.40%	8.00%	8.00%	8.00%	7.80%
Expected rate of return on plan assets (per annum)	8.00%	0.00%	8.00%	0.00%	8.00%	0.00%
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by an actuary.

32. The Ministry of Corporate Affairs (MCA) vide notification dated 16th February 2015, notified the Companies (Indian Accounting Standards) Rules 2015, (hereinafter referred as Ind AS). As a standalone entity, Ind AS would be applicable to the Company w.e.f 1st April 2017. However the Company being an associate of T V Sundram Iyengar & Sons Limited, who have adopted Ind AS with effect from 1st April 2016, the Company was required to present Ind AS compliant reporting with effect from 1st April 2016. Hence the Company has adopted Ind AS from the Financial Year 2016-17 and the financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

33. The Reconciliation of the Net Profit reported under Indian GAAP for the Year Ended 31st March 2016 with Ind AS is given below:

(Amount in Rs. in lakhs)	
Description	Year ended 31 st March 2016
Net Profit/(loss) as per Indian GAAP	30.30
Deferred Tax due to change from Income Method to WDV method	(71.72)
Add: Actuarial loss on Employee Defined Benefit (Leave Encashment) recognised in "Other Comprehensive Income"	28.23
Less: Actuarial Gain on Employee Defined Benefit (Gratuity) recognised in "Other Comprehensive Income"	(27.88)
Net Deferred tax Asset on the Remeasurement of Employee Defined Benfit plans	0.12
Add: Other Income (Interest Income on Financial Assets Remeasurement)	1.38
Less: Employee Benefit Expenses	(1.38)
Profit as per Ind AS	(40.95)
Other Comprehensive Income	
Decrease in Value of Unquoted Investments	0.41
Acturial Gain/ (Loss) on Employee Defined Benefits (Gratuity & Leave Encashment) - Net of Deferred Tax	(0.49)
Total Other Comprehensive Income	(0.08)
Total Comprehensive Income	(41.03)

34. Other Comprehensive Income mainly comprises of the impact on movement in fair value of Non-Current Investments in Equity, Remeasurement of Defined Plan Benefits.

35. Specified Bank Note Disclosure

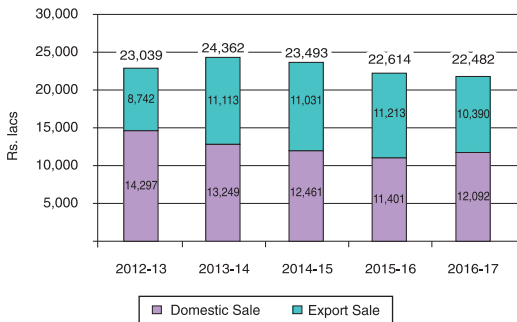
Notification G.S.R. 308(E) dated 30th March 2017 from Ministry of Corporate Affairs - Specified Bank Notes Disclosures as follows:

Amount in Rs.

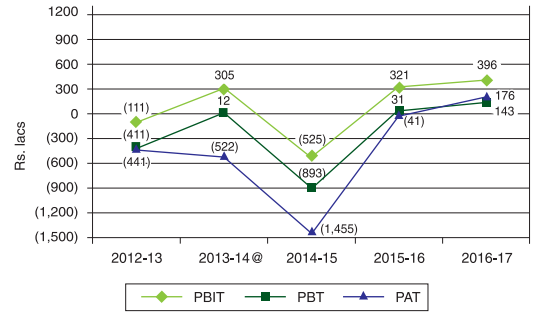
Particulars	SBNS - 500	SBNS - 1000	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	240,500	108,000	98,591	447,091
(+) Permitted receipts	-	-	2,081,370	2,081,370
(-) Permitted payments	-	-	1,941,796	1,941,796
(-) Amount deposited in Banks	240,500	108,000	-	348,500
Closing cash in hand as on 30.12.2016	-	-	238,165	238,165

36. Figures for the previous year have been regrouped wherever necessary to conform to this year's classification.

Net Sales

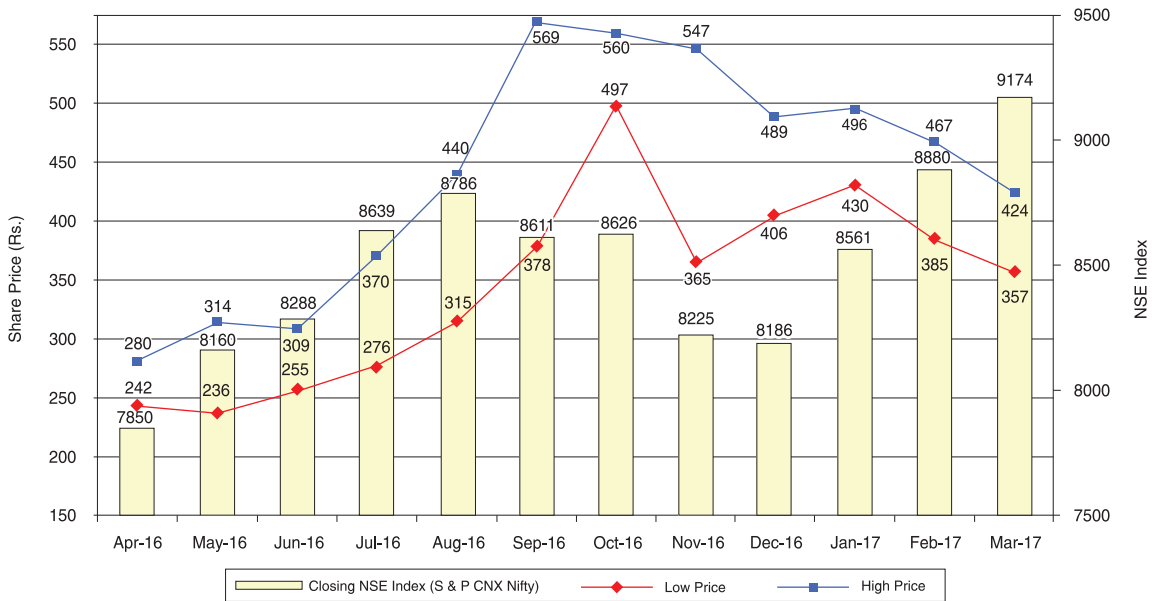


Profit Trend

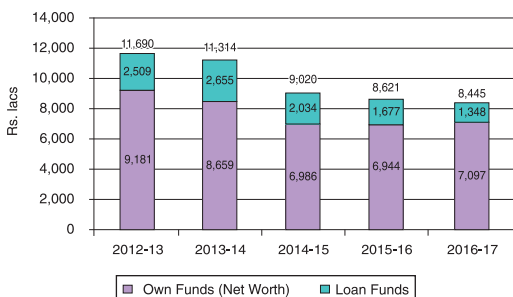


@ after exceptional item

Share Price Movement & NSE Index



Capital Employed



Earnings per share & Book Value

