

SUNDARAM BRAKE LININGS LIMITED

Padi, Chennai - 600 050, India.



Telephone: 73580 33474

E-mail : sbl@tvssbl.com

Website : www.tvbrakelinings.com

PAN : AADCS4888E

Sec1/BSE/Annual Report 2018-19
July 10, 2019

The Deputy Manager
Corporate Relationship
Department of Corporate Services
Bombay Stock Exchange Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai – 400 001

Dear Sir,

Sub : Submission of Annual Report 2019

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, We enclose the Annual Report 2019 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 : Padi, Chennai - 600 050. India.

CIN : L34300TN1974PLC006703

FORTY FIFTH ANNUAL REPORT 2019



BOARD OF DIRECTORS

K Ramesh - Director
T Kannan - Director
P S Raman - Director
Ashok V Chowgule - Director
K S Ranganathan - Director
K S D Sambasivam - Director
Sandhya Subramanyam - Director
Krishna Mahesh - Managing Director

COMMITTEES OF THE BOARD**1. AUDIT COMMITTEE**

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

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Ashok V Chowgule - Chairperson
T Kannan
Krishna Mahesh

3. NOMINATION & REMUNERATION COMMITTEE

K S Ranganathan - Chairperson
Ashok V Chowgule
K S D Sambasivam

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

K S D Sambasivam - Chairperson
K S Ranganathan
Krishna Mahesh

SENIOR MANAGEMENT

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

STATUTORY AUDITORS

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

BANKERS

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

SECRETARIAL AUDITOR

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

REGISTERED OFFICE / SHARE DEPARTMENT

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

FACTORIES

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

REGISTRAR AND SHARE TRANSFER AGENT

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

WEBSITE

www.tvssbrakelinings.com

SUNDARAM BRAKE LININGS LIMITED

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HIGHLIGHTS OF TEN YEARS' PERFORMANCE

(₹ in lakhs)

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

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

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

* Calculated on the expanded capital of 39,34,575 equity shares for FY's 2010-11 to 2018-19.

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

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the Company will be held at **Sathguru Gnanananda Hall, Narada Gana Sabha, No.314 T.T.K. Road, Chennai - 600 018 on Tuesday, 13th August 2019 at 11.00 a.m** to transact the following business:

ORDINARY BUSINESS:

1. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** the Audited Balance Sheet as at 31st March 2019, the Statement of Profit and Loss for the year ended 31st March 2019, the Cash Flow statement for the year ended 31st March 2019 and Notes forming part of the documents referred above and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted."

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** Mr Krishna Mahesh, Director (having DIN: 00420048), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

(By order of the Board)

Madurai
25th May, 2019

S RAMABADRAN
Chief Financial Officer & Company Secretary

Registered Office
Padi, Chennai - 600 050.

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

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

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

Mr. Krishna Mahesh

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

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

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

Directorship / Membership in other Companies

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

I. General Instructions & Information:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member of the company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.
2. The register of members and the share transfer register will remain closed for a period of seven days from **7th August 2019 to 13th August 2019** (both days inclusive) for the purpose of AGM.
3. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members holding shares in electronic form are requested to advise change of their address to their Depository Participants. Members are also advised not to leave their demat account(s) dormant for a long period. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the company.
5. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
6. Members, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent (Integrated Registry Management Services Private Limited) of the Company: -
 - a) any change in their address / bank mandate.
 - b) particulars of their bank account, in case they have not been sent earlier.

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- c) nomination in Form SH-13, in duplicate, as provided under Section 72 of the Companies Act, 2013, in case they have not been sent earlier.
 - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
7. In terms of requirements of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017 ("the Rules"), the Company is required to transfer the shares, in respect of which the dividend remains unpaid or unclaimed for a period of seven consequent years to the IEPF account established by the Central Government. The Company had accordingly transferred 8425 Equity shares on 25th September 2018 pertaining to Dividend for the Financial year 2010-11 respectively to the IEPF account.
8. Any person whose shares have been transferred to the Fund, may claim the shares from the authority by submitting an online Application form IEPF-5 available on the website www.iepf.gov.in and after making an application in form IEPF-5, send the same duly signed by him along with requisite documents to the Company for verification of his claim.
- The Company has uploaded the information in respect of the Unclaimed Shares Transferred to IEPF account in respect of the Financial year 2010-11 under "Investors Section" on the website of the Company viz. www.tvbrakelinings.com.
9. Electronic copy of the Annual Report 2019 and Notice of 45th Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company / Depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
10. Members are requested to affix their signatures at the space provided on the Attendance slip annexed to Proxy form and hand over the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representatives to attend and vote at the AGM.
11. Members may also note that the Notice of the 45th Annual General Meeting and the Annual Report for 2019 will also be available on the Company's website www.tvbrakelinings.com for download. The physical copies of such documents will also be available at the Company's office in Padi, Chennai-600 050 for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. Members may send their requests to investor@tvssbl.com.
12. The business set out in the Notice of AGM will be transacted through electronic voting system. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting). In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, the Company has provided facility to exercise votes through electronic voting system to members holdings shares as on 6th August 2019, being the "Cut-Off date" fixed for determining voting rights of members entitled to participate in the e-Voting process through the e-voting platform provided by NSDL.
13. The facility for voting through Ballot papers will also be available at the AGM and the members attending the AGM who have not cast vote by remote e-Voting shall be eligible and be able to vote at the AGM.
14. Member may participate in the General Meeting even after casting his /her vote through remote e-Voting but shall not be entitled to vote again.
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15. Mr. V Suresh, Practising Company Secretary holding certificate of practice (No.6032) issued by the Institute of Company Secretaries of India, has been appointed as the Scrutinizer to Scrutinize the voting process in a fair and transparent manner.
 16. The Scrutiniser shall, immediately after the conclusion of voting at annual general meeting, count the votes cast at the meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 48 hours (forty eight) of conclusion of the meeting submit his report of the total votes cast in favour or against, if any, to the Managing Director of the Company.
 17. The voting results of the Annual General Meeting will be declared and communicated to the Stock Exchanges and would also be displayed on the Company's website at www.tvssbrakelinings.com.
 18. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cut-off date i.e 06th August 2019 will be considered for the purpose of availing Remote e-Voting or Vote in the Annual General Meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

II. Instructions for Remote E-voting :

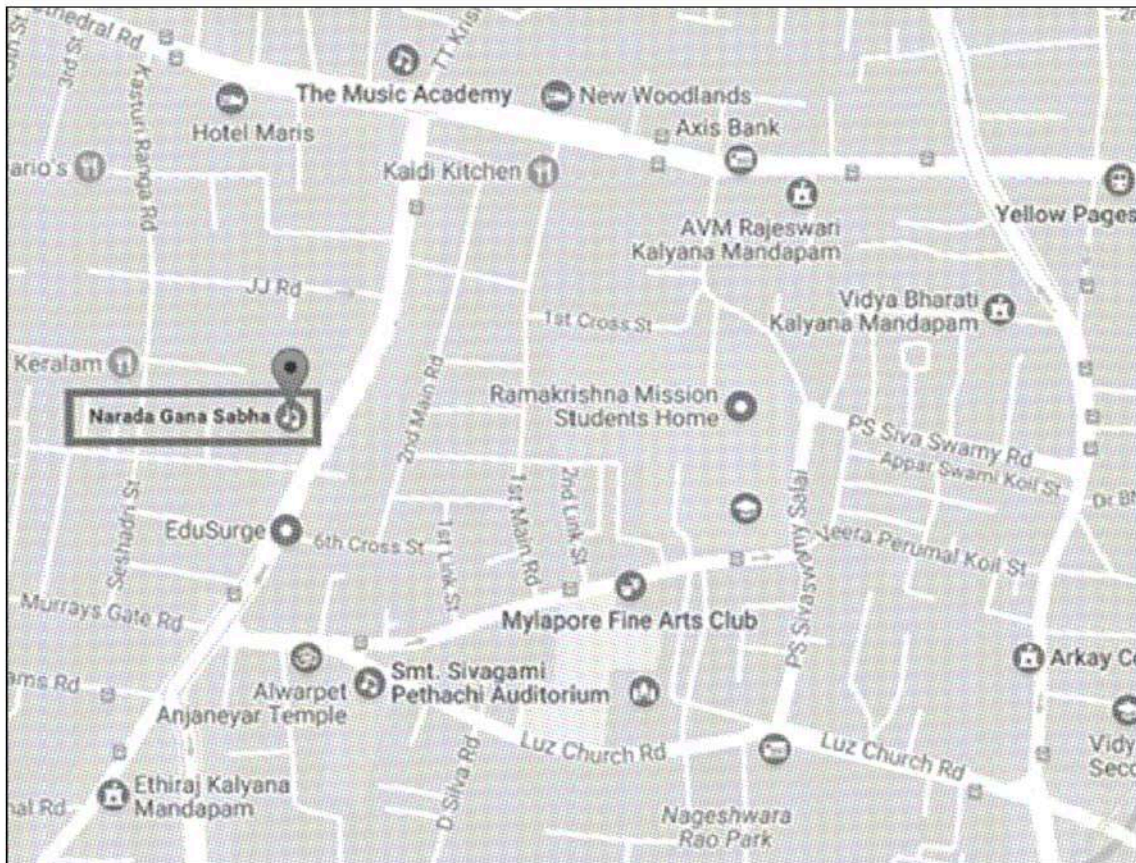
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s)]:
 - a) Open email and open PDF file viz; "SBL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - b) Launch internet browser by typing the following URL:<https://www.evoting.nsdl.com>.
 - c) Click on Shareholder - Login
 - d) Put user ID and password as initial password / PIN noted in step (a) above. Click Login.
 - e) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - g) Select "EVEN" of SUNDARAM BRAKE LININGS LIMITED.
 - h) Now you are ready for e-Voting as Cast Vote page opens.
 - i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vsscrutinizer@gmail.com or evoting@tvssbl.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Annual Report [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy]:
 - (a) Initial password is provided on the Attendance Slip for the AGM: **EVEN** (E Voting Event Number) **USER ID PASSWORD/PIN**.
 - (b) Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

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III. Other Information :

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
- If you are already registered with NSDL for e-voting, then you can use your existing user ID and password/PIN for casting your vote.
- You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- The Voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the Cut off date 6th August 2019. The e-Voting period commences on 10th August 2019 (9.00 am) and ends on 12th August 2019 (5.00 pm). During this period members of the Company holding shares either in physical form or in dematerialized form as on cut off date 6th August 2019 may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

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



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Forty Fifth Annual Report of the Company together with Audited Accounts for the year ended 31st March 2019.

With profound grief, Your Directors note the sad & sudden demise of Shri.K Mahesh, Chairman of the Company on 2nd February 2019 in Chennai.

Your Directors place on record invaluable services rendered by the late Chairman. The Board pays rich tributes to the Late Chairman and recalls his simplicity, humanity, humility, and his invaluable contribution and dedication in establishing the Company 44 years ago and leading it ever since. Amongst his many accomplishments, a few notable ones include leading the company to the first Deming ever awarded to a friction material manufacturer, pioneering and establishing asbestos-free friction as the automotive industry standard in India, and transforming the auto-ancillary space to focus on quality and innovation. His care for the nation, the automotive industry, the workers of the company and its stake holders, his courage and his guidance will be sorely missed by all of us.

FINANCIAL RESULTS:

(₹ in lakhs)

Details	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from Operations	<u>28,625.86</u>	<u>25,049.81</u>
Profit before interest, depreciation and tax	1,308.73	995.24
Less : Interest	164.93	189.11
Profit before depreciation and tax	1,143.80	806.13
Less : Depreciation	494.50	430.61
Profit before tax and exceptional items	649.30	375.52
Add : Exceptional item	-	-
Profit before tax	649.30	375.52
Less : Provision for Taxation		
Current Tax	133.67	66.25
Deferred Tax Liability / (Asset) (net)	(189.79)	(67.22)
Profit after tax	705.42	376.49
Add : Surplus / (Deficit) brought forward	530.68	177.34
Less: Transfer to Other Comprehensive Income	-	(23.15)
Surplus Carried over	<u>1,236.10</u>	<u>530.68</u>

ECONOMIC SCENARIO

India's GDP is estimated to have grown by 7.0 % in the fiscal year 2018-19 but has shown signs of weakness in the later part of the year. While the widening adoption and increasing simplification of GST lays a potentially strong foundation for sustainable domestic growth, political uncertainty clouds the economic policy direction in the years ahead. Additionally, trade wars between USA & China, potential conflict with Iran with its attendant global dislocations, and potential unpredictable unilateral tariff actions by the US against India have potential to cause turbulence in our economic growth.

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AUTOMOBILE INDUSTRY SCENARIO

The automotive industry growth varied significantly by both segment and chronology. While record growth was seen in the CV segments in the first half of the year, significant deceleration has been recorded in the second half. Sales growth has been muted in the 2W and non-existent for the passenger vehicle segment.

VEHICLE SALES DATA FOR FY 2017-18 & 2018-19

(in Lakhs)

Vehicle Sales	2W	3W	M & HCV	LCV	Passenger	Total
2017-18	230.08	10.17	3.84	5.69	40.37	290.15
2018-19	244.62	12.69	4.39	6.68	40.59	308.97
% Growth	6.3 %	24.8 %	14.4 %	17.4 %	0.5 %	6.5 %

Your company's significant presence in Light, Medium and Heavy Commercial Vehicles segments enabled Company's growth during the year.

While there is significant concern about vehicle sales in the first half of the coming year, the expected pull forward effect from pre- BS VI implementation sales provides some hope for the full year ahead.

SBL'S SALES PERFORMANCE

The Net sales for the year 2018-19 were at ₹ 281.29 crores as against ₹ 241.34 crores in the previous year, a growth of 17%. Your company's OE sales growth of 13% is mainly from increased CV block sales. This resulted from increased CV production and enhanced share of business-especially in the bus CV segment.

Aftermarket sales growth of 13% was mainly due to stable marketing policies with good support of Club dealers. SBL will continue to focus on growth in the Domestic After market in the years ahead.

EXPORTS

Export sales growth of 22% has come from North American market, followed by Africa, SAARC and Middle East. In addition to robust market conditions in North America, SBL has been focusing on revival of markets in geographies lost earlier due to economic / political conditions.

Net Foreign Exchange earned by your company in the year under review was ₹ 84.02 crores as against ₹ 69.51 crores in 2017-18.

Your Company was accredited with Two Star Export House status in accordance with the provisions of Foreign Trade Policy, 2015-2020, with a certificate issued by the Director General of Foreign Trade, Chennai for a period of five years from 9th March, 2018 to 8th March, 2023.

EFFORTS & INITIATIVES TAKEN

Measures taken to reduce Raw material loss in production and energy conservation continue to yield benefits. Your Company continues to take steps for adding new customers and new products both in Domestic and Export markets.

DIVIDEND

While the company's performance has been improving in the last few years, Your Directors consider it prudent to skip dividend for the year in order to conserve resources.

OUTLOOK FOR 2019-20

Your Directors view the outlook for 2019-20 with cautious optimism as the fundamentals of the Indian economy remain strong.

However, the following concerns need mention:

1. Domestic demand slow down and political/economic uncertainty.
2. Growing and intensifying market competition with competitor entry.
3. Increasing fuel prices impacting both customer demand and RM prices.
4. Continued availability of low cost but dangerous asbestos linings from competitors.
5. Rising and volatile key RM prices.
6. Demand volatility with possible vehicle production interruptions due to BS VI norms implementation from April 2020.

RESEARCH AND DEVELOPMENT

Your Company's R&D facility located in Padi has been recognized 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 2021.

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 2018-19 was ₹ 9.96 crores as against ₹ 10.01 crores in the previous year.

PUBLIC DEPOSITS

Your Company does not hold any deposit from the public.

BOARD MEETINGS

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

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

Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Board of Directors met once during the year.

DIRECTORS

As required under amended Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) ('LODR') Regulations, 2015, Mr. K Ramesh, Director, Mr. K S Ranganathan, Director, were approved for continuation of their Directorships, on attainment of 75 years or more at the Board meeting held on 3rd November 2018 and their appointments were approved by the shareholders by way of Special resolution through postal ballot voting on 24th December 2018.

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Mr. Krishna Mahesh was appointed as Managing Director at the Board meeting held on 3rd November 2018 for a term of 3 years from 06th February 2019 and his appointment was approved by the shareholders by way of Ordinary resolution through postal ballot voting on 24th December 2018 and he holds office till 5th February 2022.

Mr. Krishna 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.

Mr.T Kannan, Mr.P S Raman, Mr.Ashok V Chowgule, Mr.K S Ranganathan, and Mr.K S D Sambasivam Independent Directors hold office till 01-08-2019. The Board of Directors, in the meeting held on 25th May 2019, have recommended their reappointment for another term of 5 years from 01-08-2019 and the approval of Shareholders for their reappointment is being sought through Postal Ballot Process scheduled to be completed by July 2019.

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 2018-19) 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. Brahmayya & Co., Chartered Accountants, Chennai having registration number 0005115 were appointed as Statutory Auditors of the Company for a period of 5 years in the 43rd AGM held on 4th August 2017.

SECRETARIAL STANDARDS & SECRETARIAL AUDIT

Your Directors confirm, that Your Company has complied with the Secretarial Standards of Board Meeting (SS-1) and General Meetings (SS-2) during the year 2018-19.

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 appointed Mr. V Suresh, Practising Company Secretary to undertake the Secretarial Audit. The Secretarial Audit Report for the Financial Year 2018-19 is annexed to this report as 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 2018-19:

- Optimization of motor power to reduce the electrical energy consumption for Presses.
- Horizontal replication of heating method being carried out for optimization of heating and to reduce cost of energy.
- Redesign of layout / regrouping of machines / redesign, resizing of machines being carried out to reduce the usage of power.

(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

1. Developed and obtained approval from domestic OEMs for Drum Brake Lining for Heavy commercial vehicle and defence vehicle applications with enhanced axle loads.
2. Developed and obtained approval from domestic OEMs for Drum Brake Lining for Light commercial vehicle applications.
3. Developed and added new features to android based vehicle data acquisition system - DEFCON (Driver Experience of Friction CONditions) and collected actual field duty cycle data for understanding and improving the performance of the new and existing products.

(2) Benefits derived as a result of the above

1. Continued recognition of in-house R&D by Department of Scientific and Industrial Research (DSIR), Government of India valid up to 31.03.2020.
2. Reduction in Raw material costs through upgradation in quality and yield improvement.
3. Obtained approval and commercialised LCV disc pads for domestic OEM applications.
4. Commercialised liner for Export market "Reduced Stopping Distance" applications.
5. Commercialised liner for Export market "Transit Bus" applications.

(3) Future plan of action

1. Development of Disc pads and Drum brake linings for various new vehicle applications for Domestic OEM & Export Market.
2. Development of Woven Clutch Facings for medium and heavy commercial vehicle OEM applications.
3. Development of friction lined shoes for new generation two wheelers.

(4) Expenditure on R&D

(₹ in lakhs)

Sl. No.	Particulars	Financial Year	
		2018-19	2017-18
a	Capital	60.26	1.08
b	Revenue	935.38	999.53
c	Total	995.64	1,000.61
d	Total R & D expenses as % of total turnover	3.4%	4.2%

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts in brief, made towards technology absorption, adaptation and innovation**

- SBL developed high damping composite matrix technology for meeting end user NVH requirements without compromising performance and life.
- Process optimisation for Quality Improvement.
- Product and Process improvement by bench marking the product against global leaders.

2. Benefits derived as a result of the above efforts

- Development of superior and competitive products for export and domestic markets.
- Quality upgradation and optimal use of resources leading to substantial savings.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Sl. No.	Particulars	Financial Year	
		2018-19	2017-18
a	Foreign Exchange earned	12,096.28	9,975.63
b	Foreign Exchange used	3,694.03	3,025.08
c	Net Foreign Exchange earned (a-b)	8,402.25	6,950.55

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

During the year 2018-19, 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.

SUNDARAM BRAKE LININGS LIMITED

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)

The Company has undertaken activities as per the CSR Policy (available on the Company's website (<http://tvbrakelinings.com/images/assets/pdf/CSR%20Policy.pdf>) and the Annual report on CSR activities is enclosed vide Annexure - IV forming part of this report.

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 2018-19. 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 Corporate Social Responsibility Committee & Stakeholders' Relationship Committee (SRC).

The Board upon evaluation considered that the Board is well balanced and diverse and is commensurate with the business profile and size 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 ₹ 1.02 crores during the year or ₹ 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 2018-19 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 2019.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

Your Directors in the meeting held on 25th May 2019 have approved Shifting of Registered office of the Company from 180, Anna salai, Chennai- 600 006 to Padi, Chennai - 600 050, effective 20th June 2019.

Members are requested to take note of the above change.

ACKNOWLEDGEMENT

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

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

Your 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: Madurai
Date : May 25, 2019

K RAMESH
Director

KRISHNA MAHESH
Managing Director

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 upto 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 Promoters, 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:
 - (a) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (b) 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 the criteria of independence in terms of the aforesaid provisions of the statutes.

Thanking you,

Yours Faithfully,

Name

(Independent director)

Place :

Date :

ANNEXURE - II
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial year ended on 31st March 2019

[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 Ramabadran, 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.	8,97,911	-	8,97,911	22.82	8,97,911	-	8,97,911	22.82	-
b.	-	-	-	-	-	-	-	-	-
c.	-	-	-	-	-	-	-	-	-
d.	16,80,873	-	16,80,873	42.72	16,80,873	-	16,80,873	42.72	-
e.	-	-	-	-	-	-	-	-	-
f.	-	-	-	-	-	-	-	-	-
	Sub Total A (1)	25,78,784	25,78,784	65.54	25,78,784	25,78,784	25,78,784	65.54	-
2)	Foreign								
a.	-	-	-	-	-	-	-	-	-
b.	-	-	-	-	-	-	-	-	-
c.	-	-	-	-	-	-	-	-	-
d.	-	-	-	-	-	-	-	-	-
e.	-	-	-	-	-	-	-	-	-
	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	25,78,784	65.54	-
B	Public Shareholding								
1)	Institutions								
a.	-	-	-	-	-	-	-	-	-
b.	3,501	50	3,551	0.09	0	50	50	0.00	-
c.	-	-	-	-	-	-	-	-	-
d.	-	-	-	-	-	-	-	-	-
e.	-	-	-	-	-	-	-	-	-
f.	22,184	-	22,184	0.56	22,184	-	22,184	0.56	-
g.	-	-	-	-	-	-	-	-	-
h.	-	-	-	-	-	-	-	-	-
i.	-	-	-	-	-	-	-	-	-
j.	-	-	-	-	-	-	-	-	-
	Sub Total B (1)	25,685	50	25,735	0.65	22,184	50	22,234	0.57
2)	Non-Institutions								
a.	69,003	454	69,457	1.77	75,367	454	75,821	1.93	-
b.	Individuals (Resident/NRI/Foreign National)								
(i)	10,41,711	1,29,921	11,71,632	29.78	10,68,046	1,045,32	11,72,578	29.80	-
(ii)	57,628	-	57,628	1.46	45,645	-	45,645	1.16	-
c.	Any other (specify)								
Clearing Member	1,730	-	1,730	0.04	1,338	-	1,338	0.03	-
Investor Education and Protection Fund	27,434	-	27,434	0.70	35,859	-	35,859	0.91	-
Limited Liability Partnership	2,175	-	2,175	0.06	2,175	-	2,175	0.06	-
Trust	-	-	-	-	141	-	141	0.00	-
	Sub Total B (2)	11,99,681	1,30,375	13,30,056	33.81	12,28,571	1,04,986	13,33,557	33.89
	Total Public Share Holding (B) = B(1) + B(2)	12,25,366	1,30,425	13,55,791	34.46	12,50,755	1,05,036	13,55,791	34.46
	Total (A) + (B)	37,68,299	1,66,276	39,34,575	100.00	38,04,150	1,30,425	39,34,575	100.00
C	Shares held by Custodians and against which Depository Receipts have been issued								
	GRAND TOTAL (A) + (B) + (C)	38,04,150	1,30,425	39,34,575	100.00	38,29,539	1,05,036	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 & Sons Private Limited	5,52,955	14.05	-	552955	14.05	-	
2	M/s. Southern Roadways Private Limited	4,78,500	12.16	-	4,78,500	12.16	-	
3	Mr. Mahesh K*	4,50,521	11.44	-	54,409*	1.38	-	-10.06
4	M/s. Sundaram Industries Private Limited	2,53,835	6.45	-	2,53,835	6.45	-	
5	M/s. Alagar Farms Private Limited	1,95,895	4.98	-	1,95,895	4.98	-	
6	M/s. Raja Rajeswari Farms Private Limited	1,77,988	4.52	-	1,77,988	4.52	-	
7	Mr. Krishna Mahesh	1,48,766	3.78	-	5,44,608	13.84	-	10.06
8	Mr. K Ramesh	1,10,081	2.80	-	1,10,081	2.80	-	
9	Mr. Suresh Krishna - HUF	1,00,000	2.54	-	1,00,000	2.54	-	
10	Ms. Shrimathi Mahesh	57,412	1.46	-	57,412	1.46	-	
11	M/s. TVS Upasana Limited	13,900	0.35	-	13,900	0.35	-	
12	Ms. Urmila Ramesh	11,049	0.28	-	11,049	0.28	-	
13	Ms. Mridula Ramesh	10,092	0.26	-	10,092	0.26	-	
14	Ms. Mala Ramesh	9,570	0.24	-	9,570	0.24	-	
15	M/s. Sundram Fasteners Investments Limited	7,800	0.20	-	7,800	0.20	-	
16	Mr. Suresh Krishna	480	0.01	-	480	0.01	-	
17	Ms. Arathi Krishna	120	0.00	-	120	0.00	-	
18	Ms. Usha Krishna	90	0.00	-	90	0.00	-	
	Total shareholding	25,78,784	65.54	-	25,78,784	65.54	-	-

* Mr. Mahesh K, Shareholder (Promoter Group) passed away on 2nd February 2019 and Corresponding Shares are pending Transmission.

iii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	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
	Date wise Increase / Decrease in Promoters Shareholding during the year				
1	MAHESH K*				
	Opening Balance as on 01/04/2018	4,50,251	11.44		
	01/04/2018	-3,95,842	-10.06		
	Closing Balance as on 31/03/2019			54,409*	1.38
2	KRISHNA MAHESH				
	Opening Balance as on 01/04/2018	1,48,766	3.78		
	01/04/2018	3,95,842	10.06		
	Closing Balance as on 31/03/2019			5,44,608	13.84

* Mr. Mahesh K, Shareholder (Promoter Group) passed away on 2nd February 2019 and Corresponding Shares are pending Transmission.

SUNDARAM BRAKE LININGS LIMITED

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

Sl. No.	Shareholder's Name	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	BHAVNA GOVINDBHAI DESAI PAN : ABKPD4860C				
	Opening Balance as on 01/04/2018	31,645	0.80		
	22/03/2019	-31,000	-0.79	645	0.02
	29/03/2019	31,000	0.79	31,645	0.80
	Closing Balance as on 31/03/2019			31,645	0.80
2	GENERAL INSURANCE CORPORATION OF INDIA PAN : AAACG0615N				
	Opening Balance as on 01/04/2018	22,184	0.56		
	Closing Balance as on 31/03/2019			22,184	0.56
3	OM PRAKASH RAWAT PAN : ADJPR7243J				
	Opening Balance as on 01/04/2018	14,000	0.36		
	Closing Balance as on 31/03/2019			14,000	0.36
4	SHAI-LA INVESTMENT & FINANCIAL CONSULTANTS PRI PAN : AACCS8547D				
	Opening Balance as on 01/04/2018	13,900	0.35		
	Closing Balance as on 31/03/2019			13,900	0.35
5	AWANTI KUMAR KANKARIA PAN : AFCPK8360E				
	Opening Balance as on 01/04/2018	11,983	0.31		
	24/08/2018	-11,983	-0.31	0.00	0.00
	Closing Balance as on 31/03/2019			0.00	0.00
6	BHADRESH MODI PAN : AABPM2575R				
	Opening Balance as on 01/04/2018	9,500	0.24		
	Closing Balance as on 31/03/2019			9,500	0.24
7	JAYANTILAL PANACHAND HARIA PAN : AAEHS5268J				
	Opening Balance as on 01/04/2018	8,965	0.23		
	Closing Balance as on 31/03/2019			8,965	0.23

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

Sl. No.	Shareholder's Name	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 DILEEP MADGAVKAR
PAN : AFWPM6468D

	Opening Balance as on 01/04/2018	7,000	0.18		
	Closing Balance as on 31/03/2019			7,000	0.18

9 JANKI H NANDANI
PAN : ANNPN2075N

	Opening Balance as on 01/04/2018	6,887	0.18		
	20/04/2018	-1,000	-0.03	5,887	0.15
	19/10/2018	1,000	0.03	6,887	0.18
	25/01/2019	-5,000	-0.13	1,887	0.05
	08/03/2019	-1,000	-0.03	887	0.02
	22/03/2019	-887	-0.02	0	0.00
	Closing Balance as on 31/03/2019			0	0.00

10 KIRAN ROONGTA
PAN : AAEP0239C

	Opening Balance as on 01/04/2018	6,000	0.15	6,000	0.15
	25/05/2018	(856)	(0.02)	5,144	0.13
	01/06/2018	(144)	0.00	5,000	0.13
	15/06/2018	200	0.01	5,200	0.13
	22/06/2018	500	0.01	5,700	0.15
	20/07/2018	800	0.02	6,500	0.17
	05/10/2018	411	0.01	6,911	0.18
	12/10/2018	1,089	0.03	8,000	0.20
	19/10/2018	667	0.02	8,667	0.22
	26/10/2018	355	0.01	9,022	0.23
	02/11/2018	78	0.00	9,100	0.23
	11/01/2019	941	0.02	10,041	0.26
	25/01/2019	59	0.00	10,100	0.26
	01/02/2019	(47)	0.00	10,053	0.26
	08/02/2019	(1,053)	(0.03)	9,000	0.23
	22/03/2019	300	0.01	9,300	0.24
	Closing Balance as on 31/03/2019			9,300	0.24

SUNDARAM BRAKE LININGS LIMITED

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's Name	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 01/04/2018	4,50,251	11.44	4,50,251	11.44
	25/03/2019	-3,95,842	-10.06	54,409*	1.38
	Closing Balance as on 31/03/2019	54,409	1.38	54,409*	1.38
2.	Mr K RAMESH				
	Opening Balance as on 01/04/2018	1,10,081	2.80	1,10,081	2.80
	Closing Balance as on 31/03/2019	1,10,081	2.80	1,10,081	2.80
3.	Mr P S RAMAN				
	Opening Balance as on 01/04/2018	169	0.00	169	0.00
	Closing Balance as on 31/03/2019	169	0.00	169	0.00
4.	Mr T KANNAN				
	Opening Balance as on 01/04/2018	50	0.00	50	0.00
	Closing Balance as on 31/03/2019	50	0.00	50	0.00
5.	Mr K S D SAMBASIVAM				
	Opening Balance as on 01/04/2018	5	0.00	5	0.00
	Closing Balance as on 31/03/2019	5	0.00	5	0.00

Key Managerial Personnel:

1.	Mr KRISHNA MAHESH, Managing Director				
	Opening Balance as on 01/04/2018	1,48,766	3.78		
	25/03/2019	3,95,842	10.06		
	Closing Balance as on 31/03/2019			5,44,608	13.84
2.	Mr S RAMABADRAN, Chief Financial Officer & Company Secretary				
	Opening Balance as on 01/04/2018	0	0.00		
	Closing Balance as on 31/03/2019			0	0.00

* Mr. Mahesh K, Shareholder (Promoter Group) passed away on 2nd February 2019 and Corresponding Shares are pending Transmission.

VI. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,021.66	-	-	3,021.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not Due	-	-	-	-
Total (i + ii + iii)	3,021.66	-	-	3,021.66
Change in Indebtedness during the financial year				
• Addition	316.39	-	-	316.39
• Reduction	-	-	-	-
Net Change	316.39	-	-	316.39
Indebtedness at the end of the financial year				
i) Principal Amount	3,338.05	-	-	3,338.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	3,338.05	-	-	3,338.05

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:** (₹ 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	106.68	106.68
	(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)	106.68	106.68
	Ceiling as per the Act	₹ 84 lakhs plus contribution to PF ₹ 10.08 lakhs & Superannuation ₹ 12.60 lakhs totaling to ₹ 106.68 lakhs	

SUNDARAM BRAKE LININGS LIMITED

B. Remuneration to other Directors:

(in ₹)

Particulars of Remuneration	Name of the Directors						Total Amount
	Mr T Kannan	Mr P S Raman	Mr Ashok V Chowgule	Mr K S Ranganathan	Mr K S D Sambasivam	Ms Sandhya Subramanyam	
Independent Directors							
• Fee for attending board / committee meetings	25,000	25,000	55,000	70,000	70,000	25,000	2,70,000
Total (1)	25,000	25,000	55,000	70,000	70,000	25,000	2,70,000
Other Non-Executive Directors							
• Fee for attending Board / Committee Meetings	5,000	5,000					10,000
Total (2)	5,000	5,000					10,000
Total (B)=(1) + (2)	30,000	30,000	55,000	70,000	70,000	25,000	2,80,000
Total Managerial Remuneration	-	-	-	-	-	-	-
Overall Ceiling as per the Act	Not Applicable						

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

(₹ 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	-	40.23	40.23
	(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	-	40.23	40.23

VIII. 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					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE - III
Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year 2018-19

[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 conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. Sundaram Brake Linings Limited** 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 2019, 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 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (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 to the Company during the audit period**)
- (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 to the Company during the audit period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
 - (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)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**

Other Laws specifically applicable to this Company is 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 : 15.05.2019

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

**ANNEXURE IV
ANNUAL REPORT ON CSR**

Brief Outline of the company's CSR Policy

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website.

Our social responsibility initiatives

Sundaram Brake Linings Limited (SBL) strives to create new opportunities for the community in which it operates by leveraging its resources. In such process, it collaborates with specialist organizations, to have a long-term positive impact in the community surrounding its operations and in remote villages.

Your Company had decided on spending to benefit the Education sector and had identified Single Teacher Schools, Unit of Swami Vivekananda Rural Development Society that provides free quality Primary Education to the Poor and downtrodden children in the villages of Tamil Nadu. The management had extended the support by providing Black Boards to the Single Teacher Schools to help conduct classes easily, in the select villages of Tamil Nadu.

Apart from the above, the Company had also extended support by Providing Uniforms, School bags, Stationery, Sports items, and other benefits to a Primary school located at Kanjamanaickenpatti Village.

Reconstitution of CSR Committee

As there was vacancy caused by demise of Mr. K Mahesh, on 2nd February 2019, CSR Committee was reconstituted by the Board of Directors in the meeting held on 25th May 2019 and Mr. Krishna Mahesh was appointed as a Member of CSR Committee.

The Composition of the CSR Committee after the re-constitution is as under:

Mr. Ashok V Chowgule	-	Chairperson
Mr. T. Kannan	-	Member
Mr. Krishna Mahesh	-	Member

Average net profits

Average net profits of the Company for the last three financial years is ₹ 184 Lakhs.

Prescribed CSR expenditure (TWO per cent of the amount specified above)

Prescribed CSR expenditure is ₹ 3.68 Lakhs

Details of CSR spent during the financial year 2018-2019

Total amount to be spent for the financial year 2018-2019	₹ 3.68 Lakhs
Amount unspent	Nil
Manner in which the amount spent during the financial year	As indicated in the addendum to the annexure

**ADENDUM TO THE ANNEXURE ON CORPORATE SOCIAL REPSONSIBILITY (CSR) ACTIVITIES
FOR THE FINANCIAL YEAR 2018-2019**

Amount (In Lakhs)							
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs undertaken in State and District	Amount outlay (budget) project or program wise	Amount spent on the projects	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	2	3	4	5	6	7	8
1	Providing Uniforms, School bags, Stationery, Sports items, etc. to School in Villages	Education	Kanjamanaikenpatti Village, Tamil Nadu	0.55	0.45	0.45	Directly given to a Primary School located at Kanjamaikenpatti village
2	Providing Black Boards to help teachers to conduct classes	Education	Thiruvallur District, Tamil Nadu	3.25	0.52	3.25	Directly through Single Teacher Schools, administered by Swami Vivekananda Rural Development Society, in Villages of Tamil Nadu
		Poondy, Thiruvallur District, Tamil Nadu	0.26				
		Sholingur, Vellore District, Tamil Nadu	0.05				
		Thiruvallur District, Tamil Nadu	0.07				
		Arakkonam District, Tamil Nadu	1.50				
		Maduranthagam, Kancheepuram District, Tamil Nadu	0.25				
		Enathur, Kancheepuram District, Tamil Nadu	0.30				
		Lathur, Kancheepuram District, Tamil Nadu	0.30				
Grand Total				3.80	3.70	3.70	

ASHOK V CHOWGULE
Chairperson - CSR Committee

KRISHNA MAHESH
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 / arrangements / 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 01.04.2018 to 31.03.2019	Sales were made for ₹ 2,029.33 lakhs	Transactions for each of the four quarters were approved by the Board in their meetings held on 09.08.2018, 03.11.2018, 09.02.2019 & 25.05.2019	NIL
M/s. T V S Motor Company Limited	Sale of goods		Sales were made for ₹ 869.31 lakhs		
M/s. Sundaram Industries Private Limited	Purchase of Raw Materials		Purchases of Rubber peels were made for ₹ 79.35 lakhs		
M/s. Southern Roadways Private Limited	Freight		Freight charges were paid for ₹ 72.44 lakhs		
M/s. Alagar Farms Private Limited	Purchase of Raw Materials		Purchases of Cashew Friction Dust were made for ₹ 441.28 lakhs		
M/s. Alagar Resins Private Limited	Purchase of Raw Materials		Purchases of Resins were made for ₹ 1,075.75 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.

ASHOK V CHOWGULE
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 - ₹ 106.68 lacs; Median Salary - ₹ 2.87 lacs; Ratio of remuneration paid to MD to Median Salary for FY 2018-19 is 37:1
(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	8.7%
(c) The percentage increase in the median remuneration of employees in the financial year	3.6%
(d) The number of permanent employees on the rolls of the Company	652
(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	There was 9% increase in salaries paid to employees other than the managerial personnel in FY 2018-19 as compared to FY 2017-18. Even though MD was eligible to draw a monthly remuneration of ₹ 7 lacs, he continued to draw a monthly remuneration of ₹ 4 lacs in FY 2017-18 He started drawing monthly remuneration of ₹ 7 lacs per month from April 2018 onwards. Due to the above reason, there was an increase by 75% in the managerial remuneration in FY 2018-19 as compared to FY 2017-18.
(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 fulfil 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

Mr. K Mahesh, Chairman passed away on 2nd February 2019.

The Board currently comprises of eight directors, out of which 2 are non-Independent and 6 are Independent Directors.

All Independent Directors possess the requisite qualifications and are very experienced in their own fields and fulfil required independence criteria. 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.

Mr. Krishna Mahesh, was re-appointed as Managing Director for a period of 3 years with effect from 6th February 2019.

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*	3*	1	Absent
2	Mr K Ramesh	4	1	Absent
3	Mr T Kannan	4	2	Absent
4	Mr P S Raman	4	2	Absent
5	Mr Ashok V Chowgule	4	4	Present
6	Mr K S Ranganathan	4	4	Present
7	Mr K S D Sambasivam	4	4	Present
8	Ms Sandhya Subramanyam	4	2	Present
9	Mr Krishna Mahesh	4	4	Present

*Mr.K Mahesh passed away on 2nd February 2019.

SUNDARAM BRAKE LININGS LIMITED

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 2019 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 Ramesh, Director	Non-Executive	3	2	–	–
2.	Mr T Kannan, Director	Non-Executive & Independent	1	1	1	6
3.	Mr P S Raman, Director	Non-Executive & Independent	–	2	–	5
4.	Mr Ashok V Chowgule, Director	Non-Executive & Independent	1	–	–	2
5.	Mr K S Ranganathan, Director	Non-Executive & Independent	–	–	–	–
6.	Mr K S D Sambasivam, Director	Non-Executive & Independent	–	–	–	–
7.	Ms Sandhya Subramanyam, Director	Non-Executive & Independent	–	–	–	–
8.	Mr Krishna Mahesh, Managing Director	Executive & Non-Independent	–	–	–	–

Note:

- Other directorship exclude foreign companies, Private Limited Companies and alternate directorship.
- Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other committee memberships.

d) Name of the Listed Companies and Category of Directorship:

Sl. No.	Name of the Directors	Category of Directors	Name of Listed Companies
1	Mr K Ramesh	Non-Executive & Non-Independent	Sundram Fasteners Limited
2	Mr T Kannan	Non-Executive & Independent	TVS Motor Company Limited
		Chairman & Managing Director	VTM Limited
3	Mr P S Raman	Non-Executive & Independent	Celebrity Fashions Limited
		Non-Executive & Independent	Indian Terrain Fashions Limited
4	Mr Ashok V Chowgule	Chairman & Managing Director	Keltech Energies Limited
5	Mr K S Ranganathan	–	Nil
6	Mr K S D Sambasivam	–	Nil
7	Ms Sandhya Subramanyam	–	Nil
8	Mr Krishna Mahesh	–	Nil

e) **No. of Board meetings held and its date**

Sl. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	29.05.2018	9	7
2	09.08.2018	9	5
3	03.11.2018	9	6
4	09.02.2019	8*	6

*Mr. K Mahesh, Chairman passed away on 2nd February 2019.

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

Mr. K Ramesh, Director is related to Mr. Krishna Mahesh, Managing Director as his nephew.

g) **No. of Shares and Convertible instruments held by Non-Executive Directors**

Sl. No.	Name	Category	No. of Equity Shares held
1	Mr K Mahesh, Chairman*	Non-Executive	54,409*
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	5
8	Ms Sandhya Subramanyam, Director	Non-Executive & Independent	–

*Mr.K Mahesh, Chairman passed away on 2nd February 2019 and the corresponding shares are pending for Transmission.

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

The Company has been conducting periodically during the year, Familiarisation programmes for the Independent Directors of the Company through a detailed presentations and the details of such familiarisation programme are disseminated on the website of the Company. ([www.tvbrakelinings.com/Investor Information/familiarisation Programme](http://www.tvbrakelinings.com/Investor%20Information/familiarisation%20Programme)).

i) **Competence Matrix**

The following are the list of core skills / expertise / competencies identified by the Board of Directors as available with the Directors:

1. General Management skills
2. Leadership Skills
3. Problem Solving / Decision Making
4. Relationship Building
5. Communication Skills
6. Planning & Strategy Development

SUNDARAM BRAKE LININGS LIMITED

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 Auditors are present at all Audit Committee meetings.

b. Composition of the Committee

The Audit Committee comprises of the following directors for the year ended 31st March 2019:

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

The Committee comprised of Six independent directors, all of who 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 not present at the previous Annual General Meeting of the Company held on 9th August 2018.

c. Meetings and Attendance

The committee met four times viz., 29th May 2018, 9th August 2018, 3rd November 2018 and 09th February 2019 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	2
3	Mr. Ashok V Chowgule	Member	4
4	Mr. K S Ranganathan	Member	4
5	Mr. K S D Sambasivam	Member	4
6	Ms. Sandhya Subramanyam	Member	2

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 persons track record, his/her potential individual performance, the market trends and scales prevailing in the 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.

c. Meetings and Attendance

The Nomination and Remuneration committee met on 3rd November 2018 during the year. The attendance details of the meeting are as follows:

Sl.No.	Name	Position	Meetings Attended
1	Mr. K S Ranganathan	Chairman	Yes
2	Mr. Ashok V Chowgule	Member	Yes
3	Mr. K S D Sambasivam	Member	Yes

The Committee approved the Evaluation forms for Evaluation of Independent Directors / Non-Independent Directors / Chairman and the Board.

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, re-materialisation 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, re-materialisation 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 2018-19. The committee approved the transfer of 772 shares in physical form during the FY 2018-19.

SUNDARAM BRAKE LININGS LIMITED

No. of Service requests received and redressed during the year 2018-19:

Sl. No.	Nature of Service requests	No. of Service requests
1	Issue of Duplicate Share Certificate	5
2	Issue of duplicate Dividend Warrant	2
3	Correction in Certificate	10
4	Procedure for transmission	65
5	General queries	37
6	Unclaimed Dividend Warrant	28
7	Procedure for Loss of Share Certificate	30
8	IEPF 5-Certificate & Dividend	12
9	Revalidation of Dividend Warrant	3
10	Non Receipt of Dividend	3
11	Change of Address and Bank Mandate	445

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

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 2019 with a minimum remuneration of ₹ 7 lakhs per month by Ordinary Resolution vide Postal Ballot on December 24, 2018. As approved, he continued to draw the remuneration of ₹ 7 lakhs per month in 2018-19.

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 2018-19

Particulars	(Amount in ₹)
Basic Salary	84,00,000
Bonus / Benefits	-
House Rent Allowance	-
Other Allowances	-
Commission	-
Other Perquisites / performance linked incentive	-
Contribution to Provident Fund / Pension	10,08,000
Contribution to Superannuation fund	12,60,000
Stock option	-
Service contracts / Notice period / Severance fees	-
Total	106,68,000

(b) Details of Sitting Fees paid to Non-Executive Directors during the Financial Year 2018-19:

(Amount in ₹)

Name of the Director	Meeting						Total
	Board	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Independent Directors	Corporate Social Responsibility Committee	
Mr. K Mahesh, Chairman	5,000	-	-	-	-	-	5,000
Mr. K Ramesh	5,000	-	-	-	-	-	5,000
Mr. T Kannan	10,000	10,000	-	-	-	5,000	25,000
Mr. P S Raman	10,000	10,000	-	-	5,000	-	25,000
Mr. Ashok V Chowgule	20,000	20,000	5,000	-	5,000	5,000	55,000
Mr. K S Ranganathan	20,000	20,000	5,000	20,000	5,000	-	70,000
Mr. K S D Sambasivam	20,000	20,000	5,000	20,000	5,000	-	70,000
Ms. Sandhya Subramanyam	10,000	10,000	-	-	5,000	-	25,000
Total	1,00,000	90,000	15,000	40,000	25,000	10,000	2,80,000

(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 2019.

(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. CREDIT RATING

ICRA Limited (ICRA), in their letter dated 17th September 2018, has affirmed the long term rating for the captioned line of credit at [ICRA] BBB+ (pronounced ICRA triple B plus) and short term rating for the aforementioned bank facilities at [ICRA] A2 (pronounced ICRA A two). It has also stated that the outlook on the long term rating is stable.

7. 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
2015-16	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1 st August, 2016	12.15 P.M.
2016-17	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	4 th August, 2017	4.45 P.M.
2017-18	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	9 th August, 2018	10.00 A.M.

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Special Resolution passed in the Previous three Annual General Meetings

AGM	Subject
42 nd AGM held on 1 st August 2016	No Special Resolution was passed in this meeting
43 rd AGM held on 4 th August 2017	No Special Resolution was passed in this meeting
44 th AGM held on 9 th August 2018	No Special Resolution was passed in this meeting

The details of Special Resolution which is passed through postal ballot during the year under review are as follows:

Particulars of Special Resolution	Date of Passing Special Resolution
Approval for Appointment and Continuation of Directorship of Mr. K.Mahesh, Director from April 1, 2019	24.12.2018
Approval for Appointment and Continuation of Current Term of Mr. K.Ramesh, Director from April 1, 2019	24.12.2018
Approval for Appointment and Continuation of Directorship of Mr. K.S Ranganathan, Independent Director from April 1, 2019	24.12.2018

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

8. MEANS OF COMMUNICATION

- The unaudited quarterly / Audited yearly financial results of the company are published in the leading English Newspaper viz., Financial Express and the same were published in Tamil version in Dinamani. These are not sent individually to the shareholders.
- The company's website address is www.tvsbraelinings.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.
- Pursuant to the listing agreement, 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.
- No presentations have been made to institutional investors or to analysts during the year.

9. GENERAL SHAREHOLDER INFORMATION

a. 45th Annual General Meeting - Date and Time - Venue	13 th August, 2019, 11.00 A.M Sathguru Gnanananda Hall, NaradaGana Sabha, No.314 T.T.K. Road, Chennai - 600 018
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b. Financial Calendar - (Tentative)	Annual General Meeting of the next year - Unaudited financial results for the 1 st quarter ending 30 th June 2019 - Unaudited financial results for the 2 nd quarter ending 30 th September 2019 - Unaudited financial results for the 3 rd quarter ending 31 st December 2019 - Audited Financial results for the year ending 31 st March 2020	Before 30 th September, 2020 Any day before 14 th August 2019 Any day before 14 th November 2019 Any day before 14 th February 2020 Any day before 30 th May 2020
c. Dividend payment date:	- Dividend	Not Applicable
d. Book Closure Period		7 th August 2019 to 13 th August 2019
e. Listing of Equity Shares & Stock Code		1 National Stock Exchange Code : SUNDRMBRAK EQ 2 Bombay Stock Exchange (Permitted Security) Scrip Code : 590072
f. Demat ISIN Number		INE 073D01013
Listing fee has been paid to NSE for the year 2019-20		

g. Share Market Price Data of Financial Year 2018-19:

Month	National Stock Exchange	
	High	Low
April, 2018	594.65	500.80
May	578.00	539.60
June	502.00	427.05
July	468.00	414.00
August	538.40	432.20
September	476.95	385.00
October	440.00	371.50
November	450.00	396.00
December	409.70	362.00
January, 2019	392.75	342.00
February	376.90	288.25
March	349.90	301.00

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.

SUNDARAM BRAKE LININGS LIMITED

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 relative 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) 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 2019:

No. of shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	8,682	95.14	6,44,224	16.37
501 - 1000	257	2.82	1,91,305	4.86
1001 - 2000	98	1.07	1,37,339	3.49
2001 - 3000	35	0.38	86,086	2.19
3001 - 4000	9	0.10	31,259	0.79
4001 - 5000	11	0.12	49,648	1.26
5001 - 10000	14	0.15	1,06,115	2.70
10001 & above	19	0.21	26,88,599	68.33
Total	9,125	100.00	39,34,575	100.00

k. Distribution of shareholding as on 31st March 2019:

Category of Shareholders	No. of shareholders	No. of shares held	% of total shares held
Promoter Companies	7	16,80,873	42.72
Directors & Relatives	15	8,98,170	22.83
Indian Financial Institution	1	22,184	0.56
Banks	1	50	0.00
Body Corporates	127	75,678	1.92
Non-Resident Indians	128	23,800	0.60
Clearing Member	21	1,481	0.04
Public Resident Individuals	8,822	11,94,164	30.35
Limited Liability Partnership	1	2,175	0.06
IEPF	1	35,859	0.91
Trusts	1	141	0.00
Total	9,125	39,34,575	100.00

l. Dematerialisation and Liquidity:

In accordance with the SEBI Circular SEBI/Cir/ISD/3 2011 dated June 17, 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), 12,50,755 equity shares have been dematerialised as on 31st March 2019 accounting for 92.25%

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.

SUNDARAM BRAKE LININGS LIMITED

DISCRETIONARY REQUIREMENTS

As per Regulation 27(1), read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure 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
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 2019.

Place: Madurai
Date : May 25, 2019

KRISHNA MAHESH
Managing Director

DECLARATION OF COMPLIANCE OF INDEPENDENCE CRITERIA BY INDEPENDENT DIRECTORS

Based on our examination of the relevant Declaration on Independence and according to the information and explanations provided to us, in opinion of the Board, it is confirmed that the Independent Directors on the Board of the Company are complying the required 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.

Further, it is hereby confirmed that the Members of the Board have affirmed that the Independent Directors have adhered to the standards as set out in the Code for Independent Directors as provided under Schedule IV of the Act.

Place: Madurai
Date : May 25, 2019

KRISHNA MAHESH
Managing Director

SUNDARAM BRAKE LININGS LIMITED

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 2010-11, 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
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

1. We, Brahmayya & Co, Chartered Accountants, the Statutory Auditors of Sundaram Brake Linings Limited ["the Company"], have examined the compliance of Corporate Governance by the Company, for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses [b] to [i] of sub-regulation(2) of regulation 46 and para C and D of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 ["SEBI Listing Regulations"].

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses [b] to [i] of sub-regulation (2) of regulation 46 and para C and D of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 ["SEBI Listing Regulations"].
6. We further state that such compliance is neither an assurance 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 BRAHMAYYA & CO
Chartered Accountants
Firm Registration Number: 000511 S

K JITENDRA KUMAR
Partner
Membership No. 201825

Place : Madurai
Date : May 25, 2019

SUNDARAM BRAKE LININGS LIMITED

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members
Sundaram Brake Linings Limited
180 Anna Salai,
Chennai-600006.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sundaram Brake Linings Limited having CIN:L34300TN1974PLC006703 and having registered office at 180 Anna Salai, Chennai - 600 006. (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1	Mr. Krishna Mahesh	00420048	06.02.2016
2	Mr. P S Raman	00003606	29.07.2004
3	Mr. Ashok V Chowgule	00018970	22.01.2007
4	Mr. T Kannan	00040674	16.07.1999
5	Mr. K Ramesh	00556922	16.11.1982
6	Mr. K S D Sambasivam	01937321	27.10.2010
7	Ms. Sandhya Subramanyam	02753843	29.09.2014
8	Mr. K S Ranganathan	02796986	29.10.2009

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

V Suresh
Practising Company Secretary

Place : Chennai
Date : 20.05.2019

FCS No: 2969
C.P.No: 6032

MANAGEMENT DISCUSSION AND ANALYSIS REPORT - 2019

Industry and Company Trend

Automobile industry's annual production volume was 309.15 lakh units for the year 2018-19 as compared to 290.76 lakh units in the previous financial year indicating a growth of 6.3% in volume.

Automobile industry's annual sales volume was at 308.97 lakh units for the year 2018-19 as compared to 290.15 lakh units for the previous financial year indicating an overall growth of 6.5%.

The above growth was possible mainly due to higher production & sales volume in the Medium & Heavy Commercial Vehicle Segment, which registered a growth of 29.1% & 14.4% respectively, when compared to previous year. Light Commercial segment has shown production & sales volume growth of 21.2% & 17.4% respectively, as compared to previous year.

After years of continuous growth, the Passenger Vehicle segment has remained static.

Three Wheeler segment continues to post a huge growth of around 24% in both Production and Sales, for the 2nd year in succession.

Two wheeler segment has shown a growth of about 6%, as compared to the double digit growth in the previous years.

Auto-industry Production & Sales data in vehicle units

(in Lakh / nos)

Vehicle Category	Vehicle Production		Growth	Vehicle sales		Growth
	2017-18	2018-19	%	2017-18	2018-19	%
M & HCV	3.44	4.44	29.1%	3.84	4.39	14.4%
LCV	5.51	6.68	21.2%	5.69	6.68	17.4%
Passenger	40.12	40.26	0.3%	40.37	40.59	0.5%
Three -wheeler	10.22	12.69	24.2%	10.17	12.69	24.8%
Two-wheeler	231.47	245.08	5.9%	230.08	244.62	6.3%
Total	290.76	309.15	6.3%	290.15	308.97	6.5%

Source : ACMA

Exports in Automobile sector for the year 2018-19 registered a growth of 14.5% as compared to previous year 2016-17, with growth of over 49% in the Three Wheeler Vehicle segment and 17% in the Two Wheeler segment. While the entire CV segment had a growth of 3.2% over previous financial year, the M & HCV Goods segment recorded a good growth of 26.6%, but the Light Commercial Vehicle segment continues with the declining trend for this year as well. The Passenger Vehicle exports recorded a de-growth of 9.6%.

Your company's sales had a double digit growth of 17% during the year 2018-19, as compared to financial year 2017-18, with a growth of 22% in Export market segment and 13% in the Domestic market.

SUNDARAM BRAKE LININGS LIMITED

Opportunities

India remains a major auto exporter and continues to have strong export growth expectations in the medium term.

In addition, several initiatives by the Government of India, viz., increased axle load, introduction of BS VI norms, etc., are expected to make India more visible in the Global Market.

Your Company's focus will continue to be in the two wheeler industry and the After Market Segment, while retaining the strengths in OEM and Export Market Segments.

Threats

Competition from New Friction Material Manufacturers in organized sector is continuing and is expected to increase, with entry of more players.

The above coupled with Friction Material Manufacturers (both in the organized as well as in the unorganized sector), still providing low priced asbestos linings for Medium & Heavy Commercial Vehicle applications, is a great challenge for Your Company.

Risk and concerns

Volatility in prices of Resins and increasing prices of Raw Materials is a cause for concern.

Increasing Employees' Cost is a major challenge for your company to deal with and Your Company will continue to focus on improvement in Productivity and Automation.

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 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 four plants of the Company continued to be cordial. Retention of talent remains a great challenge and your company is taking various HR initiatives in this area. The total number of employees on roll as on 31st March 2019 in all the Plants was 1,416.

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

(₹ in lakhs)

Particulars	Year 2018-19	Year 2017-18
Revenue from Operations	28,625.86	25,049.81
Other Income	260.76	331.63
TOTAL INCOME	28,886.62	25,381.44
Cost of material consumed	14,636.76	12,068.65
Excise Duty	-	352.02 #
Changes in inventories of finished goods & work-in-progress	(225.06)	(82.72)
Employee benefit expenses	5,171.85	4,714.59
Finance cost	164.93	189.11
Depreciation and amortization expense	494.50	430.61
Other expenses	7,994.34	7,333.66
Total Expenditure	28,237.32	25,005.92
Profit before tax before exceptional item	649.30	375.52
Exceptional items	-	-
Profit before tax after exceptional item	649.30	375.52
Tax expense:		
Current Tax	133.67	66.25
Deferred Tax liability / (asset) (net)	(189.79)	(67.22)
Profit / (Loss) for the Period	705.42	376.49

Excise Duty for the Financial Year 2017-18 represents Excise duty for the quarter ended 30.06.2018.

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

SUNDARAM BRAKE LININGS LIMITED

SIGNIFICANT CHANGES IN KEY FINANCIAL INDICATORS (CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR)

Particulars	Year 2018-19	Year 2017-18	Remarks
Debtors Turnover (No. of days)	72	70	
Inventory Turnover (Times)	8.0	7.9	
Interest Coverage Ratio	4.94	2.99	Due to increase in PBIT in FY 2018-19 as compared to FY 2017-18
Current Ratio	1.33	1.34	
Debt Equity Ratio	0.29	0.29	
Operating Profit Margin (%)	2.8%	2.2%	
Net Profit Margin (%)	2.4%	1.5%	

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 Audit of the Financial Statements

1. Opinion

- 1.1 We have audited the financial statements of Sundaram Brake Linings Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the financial statements").
- 1.2 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2 Basis for Opinion

- 2.1 We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Key Audit Matters

- 3.1 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3.2

Key audit matters	How our audit addressed the key audit matter
Revenue recognition: Revenue is recognized in accordance with Ind AS 115, net of discounts, incentives, and rebates accrued by the Company's customers based on sales. In certain markets, the estimate associated with these discounts, incentives and rebates is significant and is likewise based on complex, and subjective judgments. Consequently, there is a risk that the contractual terms that give rise to these adjustments	In this regard, our audit procedures included: 1. Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes employed by the Company; 2. Carrying out substantive analytical procedures, analyzing the actual performance of revenue and

Key audit matters	How our audit addressed the key audit matter
<p>to sales are could vary and consequently, revenue recognized in the financial statements may vary.</p> <p>We determined this matter to be a key audit issue due to the variety of discounts and incentives offered, as well as the complexity associated with the estimates that the management need to consider.</p>	<p>cost of sales related to discounts, incentives, rebates, and margins, as compared with budgeted data;</p> <ol style="list-style-type: none"> 3. Analyzing and discussing with management significant contracts including contractual terms and conditions related to discounts, incentives, and rebates, as well as the hypotheses used in the related estimates; 4. Reviewing the most relevant estimates made in connection with discounts, incentives, and rebates at year end by means of customer confirmation letters and alternative procedures; 5. Performing operations cut-off procedures for a sample of revenue transactions at year end in order to conclude whether they were appropriately recognized. 6. Analyzing other adjustments and credit notes issued after the reporting date; and 7. Reviewing disclosures included in the notes to the accompanying financial statements.
<p><u>Assessment of provisions for taxation (Direct and indirect)</u></p> <p>- As at 31st March 2018, the Company had provisions in respect of taxation litigation at various jurisdictions. These provisions are estimated using a significant degree of management judgement in interpreting the various relevant rules, regulations and practices and in considering precedents in the various jurisdictions.</p> <p>This is a key audit matter because of the quantum of the balances and significant judgement required.</p>	<p>Assessing the adequacy of Company's tax provisions by reviewing correspondence with tax authorities;</p> <ol style="list-style-type: none"> 1. Discussing litigation and claims in detail with the management; 2. Obtaining letters from company external legal advisors including their views regarding the likely outcome and magnitude of and exposure to the relevant litigation and claims; 3. Reviewing previous judgements made by the relevant taxation authorities; and 4. Assessing the past estimates.

4 Information Other than the Financial Statements and Auditor's Report Thereon

- 4.1 The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Board's Report, but does not include the financial statements and our auditor's report thereon.
- 4.2 Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- 4.3 In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5 Responsibilities of Management and Those Charged with Governance for the Financial Statements

- 5.1 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 5.2 In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 5.3 Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

6 Auditor's Responsibilities for the Audit of the Financial Statements

- 6.1 Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 6.2 As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6.3 We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 6.4 We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 6.5 From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7 Report on Other Legal and Regulatory Requirements

- 7.1 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 "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 7.2 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, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

M/s BRAHMAYYA & CO

Chartered Accountants

- e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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**";
- g) In our opinion, the Managerial remuneration for the year ended March 31, 2019 has been paid/ provided by the Company to its Directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and
- h) 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 financial statements - Refer Note No: 37 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M/s BRAHMAYYA & CO
Chartered Accountants
Firm Registration Number: 000511 S

K JITENDRA KUMAR
Partner
Membership No. 201825

Place : Madurai
Date : 25th May, 2019

ANNEXURE - A TO AUDITORS' REPORT

(Referred to in Paragraph 7.1 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 financial statements for the year ended 31 March 2019, 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, the fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The physical verification of fixed assets has been conducted by the management during the year and any differences will be adjusted upon reconciliation with the records and documents. However the management does not expect any major discrepancies between the book records and physical inventory.
- (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 complied with the provisions of Section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.
- (v) The Company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act 2013, during the year.
- (vi) In respect of the company, the provisions of the maintenance of cost records prescribed under sub-section (1) of Section 148 of the Act do not apply to the company.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Customs duty, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable. Sales tax, Service Tax, Excise duty and Value added Tax are not applicable to the Company for the current year.
- (b) According to the information and explanations given to us, there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Goods and Service Tax, Wealth Tax, Custom Duty, Service Tax and Cess as at 31.03.2019 which were disputed except the following:

Name of the Statute	Nature of the dues	Total amount (in lakhs)	Financial year to which amount relates	Forum where dispute is pending
Tamil Nadu VAT Act 2006	Disallowance of Input Tax Credit	14.27	2007-08 2008-09 2011-12 and 2012-13	Madras High Court

M/s BRAHMAYYA & CO

Chartered Accountants

Name of the Statute	Nature of the dues	Total amount (in lakhs)	Financial year to which amount relates	Forum where dispute is pending
Tamil Nadu VAT Act 2006	Disallowance of Input Tax Credit	4.57	2010-11	Assistant Commissioner (Commercial Taxes)
Tamil Nadu General Sales Tax Act 1959	Sales Tax	13.02	1986-87 and 1992-93	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Availment of CENVAT credit	1.90	2006-07	Commissioner of Central Excise

- (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 the Company has not availed any term loans.
- (x) According to the information and explanations given to us by the management and based on audit procedures performed, no material fraud on or by the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the 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) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/s BRAHMAYYA & CO
Chartered Accountants
Firm Registration Number: 000511 S

K JITENDRA KUMAR
Partner
Membership No. 201825

Place : Madurai
Date : 25th May, 2019

ANNEXURE - B TO THE 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 Sundaram Brake Linings Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

1. 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. 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.

2. 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, to the extent applicable to an audit of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the 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.

3. 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 financial statements for

M/s BRAHMAYYA & CO

Chartered Accountants

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 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 financial statements.

4. 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.

5. 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 March 31, 2019, 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 BRAHMAYYA & CO
Chartered Accountants
Firm Registration Number: 000511 S

K JITENDRA KUMAR
Partner
Membership No. 201825

Place : Madurai
Date : 25th May, 2019

SUNDARAM BRAKE LININGS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2019

		(₹ in lakhs)	
	Note No.	As at 31.03.2019	As at 31.03.2018
(I) ASSETS			
1. Non-current Assets			
a) Property, Plant & Equipment	5	6,660.17	6,713.15
b) Capital Work-in-progress		3.14	0.00
c) Investment Property	6	37.04	37.40
d) Other Intangible Assets		0.00	0.00
e) Intangible assets under development		0.00	0.00
		6,700.35	6,750.55
f) Financial Assets			
(i) Investments	7	2.58	2.58
(ii) Other financial assets	8	18.92	22.74
g) Non Current tax assets (Net)		0.00	0.00
h) Other Non-Current Assets	9	852.31	768.96
		873.81	794.28
2. Current Assets			
a) Inventories	10	3,857.51	3,286.39
b) Financial Assets			
(i) Trade Receivables	11	6,229.88	5,266.36
(ii) Cash and Cash Equivalents	12	386.08	357.97
(iii) Other financial assets	13	52.67	50.40
c) Other Current assets	14	773.56	501.22
		11,299.70	9,462.34
TOTAL		18,873.86	17,007.17
(II) EQUITY AND LIABILITIES			
1. Equity			
a) Equity Share Capital	15	393.46	393.46
b) Other Equity	16	7,805.03	7,072.05
		8,198.49	7,465.51
LIABILITIES			
2. Non-current Liabilities			
a) Financial Liabilities			
(i) Borrowings	17	0.00	0.00
b) Provisions	18	107.20	103.13
c) Deferred Tax Liabilities (Net)	19	983.86	1,173.65
d) Liabilities for tax (Net)		1,084.13	1,084.13
		2,175.19	2,360.91
3. Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	20	3,338.06	3,021.66
(ii) Trade Payables	21		
(A) total outstanding dues of micro enterprises and small enterprises		491.58	474.86
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		2,831.67	2,519.66
(iii) Other financial Liabilities	22	1,657.00	854.67
b) Other Current Liabilities	23	116.19	279.42
c) Provisions	24	36.13	30.48
d) Liabilities for tax (Net)		29.55	0.00
		8,500.18	7,180.75
TOTAL		18,873.86	17,007.17
Significant Accounting Policies	2		

See Accompanying Notes to the financial Statements

K RAMESH Director	ASHOK V CHOWGULE Director	K S D SAMBASIVAM Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
SANDHYA SUBRAMANYAM Director		KRISHNA MAHESH Managing Director	K JITENDRA KUMAR Partner
Place : Madurai	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No. 201825
Date : May 25, 2019			

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

		(₹ in lakhs)		
	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018	
I.	Revenue from operations	25	28,625.86	25,049.81
II.	Other income	26	260.76	331.63
III.	Total Revenue (I + II)		<u>28,886.62</u>	<u>25,381.44</u>
IV.	Expenses			
	Cost of materials consumed	27	14,636.76	12,068.65
	Excise Duty		-	352.02
	Changes in inventories of finished goods and work-in-progress	28	(225.06)	(82.72)
	Employee benefit expenses	29	5,171.85	4,714.57
	Finance cost	30	164.93	189.11
	Depreciation and amortisation expense	5 & 6	494.50	430.61
	Other expenses	31	7,994.34	7,333.68
	Total expenses		<u>28,237.32</u>	<u>25,005.92</u>
V.	Profit/ (Loss) before exceptional and extra-ordinary items and tax (III - IV)		649.30	375.52
VI.	Exceptional items		-	-
VII.	Profit / (Loss) Before Tax (V - VI)		<u>649.30</u>	<u>375.52</u>
VIII.	Tax expense:			
	- Current Tax		133.67	66.25
	- Prior Period Tax		-	-
	- Deferred Tax Liability (net)		(189.79)	(67.22)
	- Deferred Tax Asset (net)		-	-
IX.	Profit / (Loss) for the period from continuing operations (VII - VIII)		705.42	376.49
X.	Profit / (Loss) for the period from discontinued operations if any		-	-
XI.	Profit / (Loss) for the period (IX+X)		705.42	376.49
XII.	Other Comprehensive Income			
	a) (i) Item that will not be reclassified to Profit or Loss		34.71	(9.90)
	(ii) Income Tax relating to item that will not be reclassified to Profit or Loss		(7.15)	2.02
	b) (i) Item that will be reclassified to Profit or Loss		-	0.18
	(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)		732.98	368.79
XIV.	Earnings per equity share - Basic and Diluted ₹ (Face Value ₹ 10)	32	17.93	9.57
	Significant Accounting Policies See Accompanying Notes to the financial Statements	2		

K RAMESH Director	ASHOK V CHOWGULE Director	K S D SAMBASIVAM Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
SANDHYA SUBRAMANYAM Director		KRISHNA MAHESH Managing Director	K JITENDRA KUMAR Partner
Place : Madurai	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No. 201825
Date : May 25, 2019			

SUNDARAM BRAKE LININGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

	For the year ended 31.03.2019	(₹ in lakhs) For the year ended 31.03.2018
A Cash flow from Operating Activities		
Profit / (Loss) Before Tax	649.30	375.52
Adjustments for :		
Depreciation and Amortization	494.50	430.61
Unrealised (Gain) / loss on Foreign Exchange Fluctuations (Net)	(54.00)	(26.38)
Other adjustments	34.71	(9.90)
Profit / (Loss) on Sale of fixed assets	0.00	(0.16)
Provision for leave encashment	9.72	1.10
Interest Income	(37.75)	(152.33)
Interest Expenses	164.93	189.11
Cash Generated Before Working Capital Changes	1,261.41	807.57
Movement in Working Capital		
Increase / (Decrease) in Trade Payables	333.44	486.78
Increase / (Decrease) in Other Financial Liabilities	737.92	222.73
Increase / (Decrease) in Other Liabilities	(163.23)	(40.24)
(Increase) / Decrease in Trade Receivables	(978.06)	(817.09)
(Increase) / Decrease in Inventories	(571.12)	(308.02)
(Increase) / Decrease in Other Financial Assets	1.06	17.32
(Increase) / Decrease in Other Assets	(258.27)	(188.25)
Cash Generated From Operations	363.15	180.80
Direct Taxes Paid (net)	(111.27)	240.03
Net Cash Flow From / (Used in) Operating Activities	251.88	420.83
B Cash Flow From / (Used in) Investing Activities		
Purchase of PPE and Intangible Assets	(365.42)	(78.70)
Proceeds from Sale of PPE	0.00	1.42
Purchase of Non Current Investments /Advance	(90.00)	(0.09)
Sale of Non Current Investments	0.00	0.16
Interest Income Received	38.24	154.85
Net Cash Flow From / (Used in) Investing Activities	(417.18)	77.64

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019 - (contd.,)

	For the year ended 31.03.2019	(₹ in lakhs) For the year ended 31.03.2018
C Cash flow from / (Used in) Financing Activities		
Proceeds from/(to) Short - Term Borrowings (Net) *	360.07	(27.76)
Repayment of Long Term Borrowings	0.00	(285.00)
Interest Paid	(164.93)	(189.11)
Net Cash Flow From / (Used in) Financing Activities	<u>195.14</u>	<u>(501.88)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	29.84	(3.41)
Cash and Cash Equivalents at the beginning of the year	354.48	357.89
Cash and Cash Equivalents at the end of the year	<u>384.32</u>	<u>354.48</u>
Components of Cash and Cash Equivalents		
Cash and cheques on Hand	23.95	15.51
Balances with Banks		
- On Current Accounts	60.37	38.97
- On Deposit Accounts	300.00	300.00
Cheques, Drafts on hand	0.00	0.00
Cash and cash Equivalent (as per Note 12)	<u>384.32</u>	<u>354.48</u>
Non Cash Investment/Financing Activities		
*Foreign Exchange Movement	(43.67)	32.39

Notes:

1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Cash Flow Statements.

K RAMESH Director	ASHOK V CHOWGULE Director	K S D SAMBASIVAM Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
SANDHYA SUBRAMANYAM Director		KRISHNA MAHESH Managing Director	K JITENDRA KUMAR Partner
Place : Madurai Date : May 25, 2019	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No. 201825

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 has its primary listings on the BSE Limited and National Stock Exchange of India Limited, in India. The company manufactures asbestos free friction materials. The company has five manufacturing plants located in Tamil Nadu.

The financial statements were approved by the Board of Directors and authorised for issue on May 25, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation:

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or are vision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of schedule III, unless otherwise stated.

The financial statements are presented in Indian currency (INR), being the functional and presentation currency, being the currency of the primary economic environment in which the company operates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

(b) Foreign Currency Translation and transactions:

Initial Recognition

On initial recognition, all foreign currency transactions (other than advance receipt or payment of foreign currency) receipts or payments are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. The foreign currency transactions received or paid in advance are accounted at the date of receipt or payment of foreign currency.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(c) Property, Plant and Equipment (PPE):

Freehold land is carried at historical cost. All other items of Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p) below).

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value at 5% of Cost.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

(d) Investment properties:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company depreciates building component of investment property on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment properties are de-recognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

(e) Intangible Assets:

Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation:

Intangible assets with finite life are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. Intangible assets are amortised on straight-line method over ten years.

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(f) Impairment of assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

(g) Assets taken on lease:

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO FINANCIAL STATEMENTS (Contd.)

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1, 2015, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

Leasehold land:

Leasehold land that normally has a finite economic life and title which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease.

The payment made on entering into or acquiring a leasehold land is accounted for as leasehold land use rights (referred to as prepaid lease payments in Ind AS 17 "Leases") and is amortized over the lease term in accordance with the pattern of benefits provided.

(h) Inventories:

Inventories are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

Inventories:

Stores and Spares and Tools	At weighted average cost
Components	At weighted average cost
Work in progress	At Cost
Finished Goods	At Lower of cost and net realisable value
Stock in trade	At Cost

Stocks of stores, spares and tools, components and stock in trade are valued at cost and not written down below cost to net realisable value since the finished products and the services in which they are to be incorporated are expected to be sold / billed at or above cost.

(i) Financial Instruments:

Financial Assets:

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL') on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Debt instruments at amortised cost

A 'Debt Instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

Financial Liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 - "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains / losses attributable to changes in own credit risk are recognized in Other Comprehensive Income ("OCI"). These gains / loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate ('EIR'). The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) Provisions and contingent liabilities and Contingent Assets:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognized in the financial statements.

(k) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(l) Revenue recognition:

- a) The Company derives revenues primarily from sale of products. Revenue is recognized when the promised goods are transferred to the customer and the customer obtains control over them. In the sale of goods, control is typically transferred to the customer on delivery to the transporter. Invoicing usually takes place at the same time. Revenue is measured at the transaction price that is expected to be received as consideration and adjusted for volume discounts, price concessions and incentives or increased/decreased by agreed and estimated price adjustments, if any. Revenue also excludes taxes collected from customers.

Ind AS 115 requires Company to present a contract as an asset or a liability based on the relationship between its performance and the customer's payment. Contract assets (Trade receivable) recognized in the statement of financial position represent the Company's right to receive consideration for goods already transferred to customers. In contrast, contract liabilities (Advance received from customers) are presented when the Company has already received consideration from customers for goods still to be transferred and amount payable on volume discounts, price concessions and incentives or increased / decreased by agreed and estimated price adjustments.

Up to and including the March 31, 2018, sales from the sale of products were recognized in accordance with Ind AS 18, at the time of transfer of ownership or risk to the customer, when a price was agreed or could be determined and when payment was probable. From April 1, 2018, sales are recognized in accordance with Ind AS 115 at the date when control over the product or the service is obtained by the customer. The assessment is made separately for each type of performance promise. The amount of sales is determined by the contractual agreement. To the extent that the purchase price refers to multiple sales transactions, the transaction price is allocated appropriately to the individual sales transactions.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information

NOTES TO FINANCIAL STATEMENTS (Contd.)

in the statement of profit and loss is not restated - i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Use of significant judgement in revenue recognition

Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions, incentives and increase / decrease by agreed and estimated price adjustments. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

- b) Dividends are accounted when the right to receive is established.
- c) Interest income is accrued on a time proportion basis using the effective interest rate method.

(m) Government Grants:

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(n) Employee Benefits:

Employee Benefits

(i) Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the entitlement thereof.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- Retirement benefits in the form of Provident Fund are a benefit obligations scheme and the contributions are recognised, when the contributions to the respective funds are due. Both the employees and the Company make monthly contributions to the Sundaram Brake Linings Limited Employees Provident Fund equal to a specified percentage of the covered employee's salary. Company also contributes to a government administered pension fund on behalf of its employees. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Superannuation: Certain employees of the company are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

(o) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences in the foreseeable future and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

(p) Borrowing Costs:

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

(q) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(r) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(s) Segment Reporting:

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the committee that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets/liabilities".

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.
- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and their tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

NOTES TO FINANCIAL STATEMENTS (Contd.)

4. Standards issued but not yet effective:

Ind AS 116 Leases

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies (Indian Accounting Standards (Ind AS) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

It eliminates the classification of leases as either finance leases or operating leases for a lessee as required by Ind AS 17. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company has completed its preliminary evaluation of the possible impact of Ind AS 116 and will adopt the standard using the 'Modified Retrospective Method' based on the principles in Ind AS 116. Accordingly, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings i.e 1 April 2019, consequently, comparatives for the year ended 31st March, 2018 will not be retrospectively adjusted.

The Company is currently evaluating the impact this standard will have on the financial statement. The Company expects that this adoption is not likely to have a significant impact on the financial statements.

Other Amendments on the existing standard but not effective

- a) Ministry of Corporate Affairs has issued additional guidance on Ind AS 12 - Income Taxes pertaining to "accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities". The Company is in the process of assessing the impact on its financial statements from adopting this notification and plans to adopt the standard as at April 1, 2019.
- b) Other than (a) above, there are certain other modifications notified in the existing accounting standards on miscellaneous issues which is applicable with effect from April 1, 2019. None of these standards are applicable to the Company.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity for the period ended 31st March 2019

A) EQUITY SHARE CAPITAL

Particulars	₹ in lakhs
As at 31 st March 2018	393.46
Change in Equity Share Capital	–
As at 31st March 2019	393.46

B) OTHER EQUITY

₹ 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 as at 1 st April 2017	4,849.38	0.03	1,700.43	177.34	0.43	(24.35)	6,703.26
Profit for the year				376.49			376.49
Other Comprehensive Income				(23.15)	0.18	15.27	(7.70)
Total Comprehensive Income for the Year	0.00	0.00	0.00	353.34	0.18	15.27	368.79
Balance as at 31 st March 2018	4,849.38	0.03	1,700.43	530.68	0.61	(9.08)	7,072.05
Balance as at 1 st April 2018	4,849.38	0.03	1,700.43	530.68	0.61	(9.08)	7,072.05
Profit for the year		0.00	0.00	705.42			705.42
Other Comprehensive Income		0.00	0.00	0.00	0.00	27.56	27.56
Total Comprehensive Income for the Year		0.00	0.00	705.42	0.00	27.56	732.98
Balance as at 31 st March 2019	4,849.38	0.03	1,700.43	1,236.10	0.61	18.48	7,805.03

General reserve

The general reserve is a free reserve. The Company transfers profits from time to time to general reserve.

Capital reserve

The Company recognises excess amount received on Reissue of forfeited shares.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

K RAMESH Director	ASHOK V CHOWGULE Director	K S D SAMBASIVAM Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
SANDHYA SUBRAMANYAM Director		KRISHNA MAHESH Managing Director	K JITENDRA KUMAR Partner
Place : Madurai	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No. 201825
Date : May 25, 2019			

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

5. PROPERTY, PLANT & EQUIPMENT

Description	Property, Plant & Equipment							
	Free hold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
Cost of Assets								
As at 01-04-2017	107.01	1,309.62	6,628.96	18.28	26.76	16.65	37.31	8,144.60
Additions			73.60	0.23	4.94	1.71	0.65	81.13
Sub-total	107.01	1,309.62	6,702.56	18.51	31.70	18.36	37.96	8,225.73
Sales / deletion	0.00	0.00	0.00	0.00	0.00	0.00	1.32	1.32
Total	107.01	1,309.62	6,702.56	18.51	31.70	18.36	36.64	8,224.41
Depreciation / Amortisation								
Upto 31-03-2018	0.00	114.13	929.22	11.51	13.44	9.36	3.36	1,081.02
For the year	0.00	55.17	365.20	1.47	2.63	0.24	5.63	430.34
Sub-total	0.00	169.30	1,294.42	12.98	16.07	9.60	8.99	1,511.36
Withdrawn on assets sold / deleted	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.11
Depreciation / Amortisation Total	0.00	169.30	1,294.42	12.98	16.07	9.60	8.88	1,511.25
As on 31-03-2018	107.01	1,140.32	5,408.14	5.53	15.63	8.76	27.76	6,713.15
Cost of Assets								
As at 01-04-2018	107.01	1,309.62	6,702.56	18.51	31.70	18.36	36.63	8,224.41
Additions		17.21	414.11			9.82		441.14
Sub-total	107.01	1,326.83	7,116.67	18.51	31.70	28.18	36.63	8,665.56
Sales / deletion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	107.01	1,326.83	7,116.67	18.51	31.70	28.18	36.63	8,665.55
Depreciation / Amortisation								
Upto 31-03-2018	0.00	169.30	1,294.42	12.98	16.07	9.60	8.88	1,511.25
For the year	0.00	56.76	421.73	0.12	2.47	6.48	6.58	494.14
Sub-total	0.00	226.06	1,716.15	13.10	18.54	16.08	15.46	2,005.39
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	226.06	1,716.15	13.10	18.54	16.08	15.46	2,005.39
As on 31-03-2019	107.01	1,100.77	5,400.52	5.41	13.16	12.10	21.18	6,660.17

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2019	As at 31.03.2018
(₹ in lakhs)		
6. INVESTMENT PROPERTY		
a) Residence Apartment		
Residence Apartment at Chennai (RA Puram)	44.78	44.78
Opening Accumulated Depreciation	(7.38)	(7.11)
Depreciation for the year	(0.36)	(0.27)
Closing Accumulated Depreciation	(7.74)	(7.38)
	<u>37.04</u>	<u>37.40</u>
NON-CURRENT ASSETS		
7. NON-CURRENT INVESTMENTS		
Unquoted Investments - Non-Trade		
a) Investments in equity instruments:		
i. 4,613 equity shares (Previous Year - 4,613 equity shares) of ₹ 10/- each fully paid up of Engineered Power Resources India Private Limited (cost ₹ 46,130/-)	0.49	0.49
ii. 1,100 Class 'C' equity shares (Previous Year - 1,100) of ₹ 10/- each with a premium of ₹ 126/- per share fully paid up of Suryadev Alloys & Power Private Limited (cost ₹ 1,49,600/-)	2.08	2.08
	2.57	2.57
b) Others:		
500 shares (Previous Year 500 shares) of ₹ 1/- each fully paid up of TVS Co-operative Stores Limited (cost ₹ 500/-)	0.01	0.01
	<u>2.58</u>	<u>2.58</u>
8. OTHER FINANCIAL ASSETS		
a) Loans and Advances to Employees	18.92	22.74
	18.92	22.74
	<u>18.92</u>	<u>22.74</u>
Loans Receivables which have significant increase in credit risk	-	-
Loans Receivables – credit impaired	-	-
9. OTHER NON-CURRENT ASSETS		
a) Prepayment for lease - land at Mahindra World City	280.51	283.71
b) Capital Advances	192.46	185.04
c) Share application Money	90.00	-
d) Security Deposits	147.41	177.50
e) Cenvat / VAT / Service Tax Credit Receivable	104.61	106.22
f) Taxes Paid Under protest	37.32	16.49
	<u>852.31</u>	<u>768.96</u>

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2019	As at 31.03.2018
(₹ in lakhs)		
CURRENT ASSETS		
10. INVENTORIES		
a) Raw Materials:		
i) In stock	999.16	786.31
ii) In transit	448.21	328.65
b) Work-in-progress	322.16	291.76
c) Finished goods	1,626.90	1,432.24
d) Spares and Stores	339.39	323.45
e) Loose tools	121.69	123.98
	<u>3,857.51</u>	<u>3,286.39</u>
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.		
11. TRADE RECEIVABLES		
(Unsecured, considered good)		
a) More than six months	12.48	6.58
b) Others	6,217.40	5,259.78
	<u>6,229.88</u>	<u>5,266.36</u>
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables – credit impaired	-	-
12. CASH AND CASH EQUIVALENTS		
a) Balances with banks		
i) on Current Account with banks	60.37	38.97
ii) On Deposit Accounts with bank with maturity less than three months from Balance Sheet Date	300.00	300.00
	<u>360.37</u>	338.97
iii) Cash on Hand	23.95	15.51
	<u>384.32</u>	354.48
b) Other Balances		
i) Deposit with Banks with maturity more than three months but less than twelve months	-	-
i) Earmarked balances with banks - for unclaimed dividends	1.76	3.48
	<u>1.76</u>	3.48
	<u>386.08</u>	<u>357.97</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2019	As at 31.03.2018
(₹ in lakhs)		
13. OTHER FINANCIAL ASSETS		
a) Loans and advances to related parties	-	-
b) Others		
Interest receivable	25.50	25.99
Loans and Advances to Employees	12.45	13.62
others	14.72	10.79
	<u>52.67</u>	<u>50.40</u>
Loans Receivables which have significant increase in credit risk	-	-
Loans Receivables – credit impaired	-	-
14. OTHER CURRENT ASSETS		
a) Loans and advances to related parties	-	-
b) Others		
i) Prepaid Expenses	174.07	112.45
ii) Advances for services / goods	116.59	81.76
iii) Balances with Central Excise	-	0.19
iv) Goods and Services Tax - Input Credit / TDS	63.61	-
v) Export incentive receivable	417.55	303.79
vi) Receivables / Claims	1.74	3.03
	<u>773.56</u>	<u>501.22</u>
15. SHARE CAPITAL		
Authorised		
50,00,000 equity shares of ₹ 10/- each	500.00	500.00
Issued, Subscribed and Paid-up		
39,34,575 equity shares of ₹ 10/- each fully paid up	393.46	393.46
a) The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/-.		
b) Each holder of equity shares is entitled to one vote per share.		
c) The Company declares and pays dividends in Indian Rupees.		
d) 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.		
e) 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.		
f) 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 or has bought back any shares.		
g) During the financial year 2018-19, 8,425 shares pertaining to the shareholders, whose dividend were unclaimed for seven years, were transferred to Investor Education and Protection Fund (IEPF) Account.		

NOTES TO FINANCIAL STATEMENTS (Contd.)

- h) 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	As at 31.03.2019		As at 31.03.2018	
	No. of shares held	% of total shares	No. of shares held	% of total shares
T V Sundram Iyengar & Sons Private Limited	552,955	14.05	552,955	14.05
Southern Roadways Private Limited	478,500	12.16	478,500	12.16
Sundaram Industries Private Limited	253,835	6.45	253,835	6.45
Mahesh K Krishna Mahesh	544,608	13.84	450,251	11.45

	As at 31.03.2019	As at 31.03.2018
(₹ in lakhs)		
16. RESERVES AND SURPLUS		
a) Capital Reserves		
i) Share premium account		
As per last Balance Sheet	1,700.43	1,700.43
ii) Reissue of forfeited shares		
As per last Balance Sheet	0.03	0.03
Total (i + ii)	1,700.46	1,700.46
b) Revenue Reserves		
i) General Reserve		
As per last Balance Sheet	4,849.38	4,849.38
	4,849.38	4,849.38
ii) Retained Earnings		
As per last Balance Sheet	530.68	177.34
Profit / (Loss) After Tax for the year	705.42	376.49
	1,236.10	530.68
iii) Other Comprehensive Income		
a) To be reclassified to Profit & Loss		
As per last Balance Sheet	0.61	0.43
Changes in fair value of investments	0.00	0.18
	0.61	0.61
b) Not to be reclassified to Profit & Loss		
As per last Balance Sheet	(9.08)	(24.35)
Actuarial gain / (loss) on Gratuity	34.71	(9.90)
Actuarial gain / (loss) on Leave encashment	0.00	23.15
Less: Deferred Tax on the above	(7.15)	2.02
	18.48	(9.08)
Total (i+ii+iii)	6,104.57	5371.59
	7,805.03	7072.05

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2019	As at 31.03.2018
(₹ in lakhs)		
NON-CURRENT LIABILITIES		
17. LONG-TERM BORROWINGS		
Secured Borrowings	-	-
	<u>-</u>	<u>-</u>
18. LONG-TERM PROVISIONS		
On account of employee benefits		
Provision for Leave Encashment	107.20	103.13
	<u>107.20</u>	<u>103.13</u>
19. DEFERRED TAX LIABILITIES (NET)		
a) Deferred Tax Liability		
On account of depreciation	1,083.36	1,281.05
b) Deferred Tax Asset		
On account of employee benefits	(99.50)	(107.40)
	<u>983.86</u>	<u>1,173.65</u>
CURRENT LIABILITIES		
20. 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)	3,338.06	3,021.66
	<u>3,338.06</u>	<u>3,021.66</u>
21. TRADE PAYABLES		
(A) Total outstanding dues of micro enterprises and small enterprises	491.58	474.86
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,831.67	2,519.66
	<u>3,323.25</u>	<u>2,994.52</u>
Total outstanding dues of micro & Small Enterprises		
a) Principal amount remaining unpaid	491.58	474.86
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	-	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2019	As at 31.03.2018
(₹ in lakhs)		
22. OTHER FINANCIAL LIABILITIES		
a) Salaries and other benefits Payable	424.08	203.55
b) Amount payable in respect of Purchase of Fixed Assets	97.78	11.49
c) Unclaimed dividends	1.76	3.48
d) Liability towards contracts with customers	914.58	-
e) Other Payable	218.80	636.15
	<u>1,657.00</u>	<u>854.67</u>
Liability towards contracts with customers includes amount payable to customers for volume discounts, incentives, and rebates		
23. OTHER CURRENT LIABILITIES		
a) Statutory dues	114.97	162.09
b) Advances from customers	1.22	117.33
	<u>116.19</u>	<u>279.42</u>
Advances from customers is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards Sale of goods. Revenue is recognised once the performance obligation is met. Revenue recognised during the period that was included in the opening balance of Customer Advances amounted to ₹111 Lakhs.		
24. SHORT-TERM PROVISIONS		
a) Provision for employee benefits		
Provision for Leave Encashment	36.13	30.48
	<u>36.13</u>	<u>30.48</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(₹ in lakhs)		
25. REVENUE FROM OPERATIONS		
a) Total revenue from contracts with customers	28,128.53	24,485.81
b) Other operating revenue		
i) Export duty drawback and other incentives	438.33	510.88
ii) Scrap Sales	59.00	53.12
	<u>497.33</u>	<u>564.00</u>
	<u>28,625.86</u>	<u>25,049.81</u>
Set out below is the disaggregation of the Company's revenue from contracts with customers: (The Company derives its revenue from the transfer of goods at a point of time)		
Original Equipment	10,728.41	
After Market	5,223.82	
Export	12,176.30	
	<u>28,128.53</u>	
Reconciliation of revenue recognized with the contracted price is as follows:		
Contracted price	28,953.97	
Reductions towards variable consideration components	825.44	
Revenue recognised	<u>28,128.53</u>	
The reduction towards variable consideration comprises of volume discounts, incentives, and rebates etc.		
26. OTHER INCOME		
a) Interest Income (Includes interest ₹ 6.69 Lakhs Previous Year ₹121.31 Lakhs on income tax refunds)	37.75	152.33
b) Cash discount	21.15	29.99
c) Gain / (loss) on foreign currency transactions	196.19	99.46
d) Profit on sale of Assets	-	0.16
e) Insurance Claim	4.83	47.64
f) Others	-	1.21
g) Other Non-Operating Revenue		
i) Rent	0.84	0.84
	<u>0.84</u>	<u>0.84</u>
	<u>260.76</u>	<u>331.63</u>
27. COST OF MATERIALS CONSUMED - RAW MATERIALS AND COMPONENTS		
Opening Stock : Raw materials and Components	786.31	658.22
Add: Purchase of Raw Materials and Components	14,849.61	12,196.74
	<u>15,635.92</u>	<u>12,854.96</u>
Less : Closing Stock -Raw materials and Components	999.16	786.31
	<u>14,636.76</u>	<u>12,068.65</u>
Raw materials comprise of resins, glass fibre and other metals and chemicals		

NOTES TO FINANCIAL STATEMENTS (Contd.)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(₹ in lakhs)		
28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
a) Opening Stocks:		
i) Work in progress	291.76	401.53
ii) Finished goods	<u>1,432.24</u>	<u>1,239.76</u>
	1,724.00	1,641.29
b) Closing Stocks:		
i) Work in progress	322.16	291.76
ii) Finished goods	<u>1,626.90</u>	<u>1,432.24</u>
	1,949.06	1,724.01
Net (increase) / decrease	<u>(225.06)</u>	<u>(82.72)</u>
29. EMPLOYEE BENEFIT EXPENSES		
a) Salaries, wages, bonus (includes extra-ordinary expenditure - Nil (₹ 152 lakhs for the previous year) being compensation paid to employees under Voluntary Retirement Scheme)	4,148.30	3,668.84
b) Contribution to Employee benefit funds:		
i) Provident Fund	166.38	200.41
ii) Gratuity Fund	40.02	36.89
iii) Other funds	60.30	63.02
c) Staff welfare expenses	<u>756.85</u>	<u>745.41</u>
	5,171.85	<u>4,714.57</u>
30. FINANCE COST		
a) Interest expense	<u>164.93</u>	<u>189.11</u>
	164.93	<u>189.11</u>

SUNDARAM BRAKE LININGS LIMITED

	(₹ in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
31. OTHER EXPENSES		
a) Stores consumed : Stores and spares		
i) Stores and Spares	715.21	635.72
ii) Loose Tools	355.86	381.54
	1,071.07	1,017.26
b) Power and Fuel	2,465.80	2,013.68
c) Rent, Rates & Taxes	186.08	175.55
d) Insurance	112.32	94.94
e) Repairs to Building	331.18	167.75
f) Repairs to Machinery	527.57	402.50
g) Other Repairs	103.95	97.05
h) Travelling expenses	378.16	320.01
i) Packing and Forwarding	1,378.85	1,215.02
j) Advertisement and Publicity	131.18	254.56
k) Sitting fees	2.80	2.90
l) Auditors' remunerations		
i) As auditors	9.00	9.00
ii) Tax Audit Fees	1.00	1.00
iii) Other services	1.95	-
iv) Reimbursement of expenses	0.49	0.22
	12.44	10.22
m) Postage and Telephones	65.51	63.81
n) Loss on sale of assets	-	-
o) Research and Development expenses - refer Note no. 34	538.38	621.24
p) Commission on Sales	236.56	541.46
q) Professional and legal Fee	166.02	134.70
r) Royalty	32.97	31.30
s) Bank Charges	87.38	53.63
t) Printing and stationery	55.05	44.64
u) Miscellaneous expenses	111.07	71.46
	7,994.34	7,333.68
32. 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 - ₹ lacs	705.42	376.49
Number of Equity shares	39,34,575	39,34,575
Face value per share	₹ 10	₹ 10
Earnings per share (EPS)	17.93	9.57

NOTES TO FINANCIAL STATEMENTS (Contd.)

	March 31, 2019	March 31, 2018
(₹ in lakhs)		
33. SEGMENT REPORTING		
The operations of the Company relate only to one segment viz., friction materials.		
34. EXPENDITURE ON RESEARCH AND DEVELOPMENT		
(a) Capital Expenditure	60.26	1.08
(b) Revenue Expenditure		
- Raw Material & Components consumed	91.78	29.18
- Stores & Tools consumed	207.83	167.78
- Power cost	78.30	60.05
- Travelling expenses	39.25	23.65
- Product development expenses	60.89	101.98
- Other expenses	139.80	298.75
R&D Revenue Expenditure excluding employee benefit expenses	617.85	681.39
Add : R&D employees' Salaries, Wages & Bonus included in Employee Benefit Expenses under Note No.29	317.54	318.14
Total R&D Revenue Expenditure	935.38	999.53
Total R&D Expenditure	995.64	1,000.61

35. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) Superannuation

Eligible employees receive pension from Life Insurance Corporation of India, which is a defined contribution plan. Monthly Pension is paid after retirement, death, incapacitation or termination of employment for the life time and amount lying credit after the death is paid to the nominee. Company makes every year contributions to Life Insurance Corporation of India (Group Superannuation policy) at specified percentage of the covered employee's salary.

The Company recognized ₹ 27 lakhs (Previous year ₹ 31.23 Lakhs) for superannuation contribution in the profit and loss account.

- (ii) In respect of the State Plans (Employee State Insurance), an amount of ₹ 33.23 Lakhs (Previous year : ₹ 31.83 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

Defined Benefit Plans

(i) Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions to the Sundaram Brake Linings Limited Employees Provident Fund equal to a specified percentage of the covered employee's salary. Company also contributes to a government administered pension fund on behalf of its employees. The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Company recognized ₹ 166.38 Lakhs (Previous Year ₹ 200.48 Lakhs) for provident fund contribution in the Statements of profit and loss.

(ii) Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to Life Insurance Corporation of India (Group gratuity policy).

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	Gratuity	
	March 31, 2019	March 31, 2018
Net Employee benefit expense recognized in the employee cost in statement of profit & loss		
Current service cost	40.89	43.74
Interest cost on benefit obligation	34.59	38.41
Expected return on plan assets	(35.46)	(37.86)
Sub Total	40.02	44.29
Recognised in Other Comprehensive Income		
Net actuarial (gain) / loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	(31.63)	6.62
iii. Experience Adjustments on obligation	-	0.88
iv. Financial Assumptions on plan assets	(3.08)	2.40
Sub Total	(34.71)	9.90
Net benefit expense	5.31	54.19
Balance Sheet		
Benefit asset / liability		
Present value of defined benefit obligation	507.81	490.23
Fair value of plan assets	524.88	491.93
Assets / (Liability) recognized in the balance sheet	17.07	1.70
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	490.23	531.86
Benefit transferred in	-	-
Benefit transferred Out	-	-
Benefits paid	(26.28)	(131.28)
Expenses Recognised in Statement of Profit and Loss Account		
Current service cost	40.89	43.74
Interest cost on benefit obligation	34.59	38.41
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on obligation	(31.63)	7.50
Closing defined benefit obligation	507.80	490.23
Change in the fair value of plan assets		
Opening fair value of plan assets	491.92	539.26
Contributions by employer	20.70	48.48
Contributions transfer in	-	-
Benefits paid	(26.28)	(131.28)
Expenses Recognised in Profit and Loss Account		
Expected return	35.46	37.86
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on plan assets	3.08	(2.40)
Closing fair value of plan assets	524.88	491.92
Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Group gratuity policy)		

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	March 31, 2019	March 31, 2018
Assumptions		
Discount Rate (%)	7.67%	7.25%
Estimated Rate of Return on Plan Assets	7.67%	8.00%
Attrition Rate Per annum (depending on age)	2.00%	1%-3%
Expected rate of salary increase (%)	5.00%	5.00%
Expected Average Remaining Service (years)	17.80	23.80
Expected Average Remaining Service/mortality and withdrawal (years)	-	-
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
Expected cash flow for the following year		
Expected employer contribution	107.63	80.11
Expected total benefits-payments		
Year 1	107.63	80.11
Year 2	39.26	51.55
Year 3	23.80	18.60
Year 4	42.00	13.95
Year 5	44.46	36.87
Next 5 Years	185.06	175.98

(₹ in lakhs)

Sensitivity analysis of the defined benefit obligation

Particulars	0.5% Increase		0.5 % Decrease	
	2019	2018	2019	2018
Impact of the change in discount rate	486.88	469.63	530.49	512.66
Impact of the change in salary increase	531.34	513.06	485.94	469.11

(iii) Leave encashment

The employees of the Company are entitled to compensate absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on the Actuarial certificate.

(₹ in lakhs)

36. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account other than investment property and not provided for

March 31, 2019	March 31, 2018
121.62	6.50

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	March 31, 2019	March 31, 2018
(₹ in lakhs)		
37. CONTINGENT LIABILITIES - NOT PROBABLE AND THEREFORE NOT PROVIDED FOR		
A. Claims disputed by the company		
a) Claims against the company not acknowledged as debt		
1) Sales Tax under dispute	41.50	41.50
2) Excise Duty (Disallowance of Cenvat credit)	9.91	9.91
3) Liability towards Labour cases	16.86	14.86
4) Income Tax under dispute		
The Company has received Assessment orders for Assessment year 2013-14 and 2014-15 making disallowance of expenditure of ₹ 143.75 Lakhs and ₹ 85.29 Lakhs respectively there by reducing the loss carried forward. The Company had filed appeals with first appellate authority.		
b) Guarantees		
1) Bank Guarantee	23.99	136.23
B. Others		
Income Tax demand aggregating to ₹ 2,282.65 lakhs was raised on the Company on completion of assessment / reassessment for the Assessment Year (AY) 2008-09 to 2012-13 in the earlier years. During the Financial Year 2016-17, the Company had received favourable Orders from the first appellate authority whereby the entire aforesaid demand has been nullified. The orders giving effect have been received for all the five AYs. During the financial year 2017-18 company had received order on the appeals filed by the Income Tax Department for all the five Assessment Years, from the Income Tax Appellate Tribunal (ITAT), which has upheld the decision of the first appellate authority. The income tax department has filed appeals in the Honourable Madras High Court against the above orders. The Company is evaluating the developments in this regard.		
38. INCOME TAX EXPENSE		
a) Income tax expense in the statement of profit and loss comprises:		
Current tax	133.67	66.25
Deferred tax		
Decrease (increase) in deferred tax assets	7.90	(61.31)
(Decrease) increase in deferred tax liabilities	(197.69)	(5.91)
Total deferred tax expenses / (benefit)	(189.79)	(67.22)
Income tax expense	(56.12)	(0.97)

NOTES TO FINANCIAL STATEMENTS (Contd.)

	March 31, 2019	March 31, 2018
(₹ in lakhs)		
b) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:		
Profit/(Loss) from the operation before income tax expenditure	649.30	375.52
Tax at Indian tax rate 26% (2017-18-30.90%)	168.82	116.04
Tax effect of amount which are not deductible in calculating taxable income		
Weighted Deduction for R&D Expenditure Under Section 35 (2AB)	(115.62)	(109.40)
Effect on deferred tax balances due to the change in income tax rate from 30.90% to 26% (effective from the previous year 2018-19)	(186.11)	0.00
Tax effect due to non-taxable income of SEZ unit	(42.14)	(112.73)
Effect of income considered in previous year	0.00	(22.68)
Effect of Unrecognised MAT Credit as deferred tax assets	133.67	66.25
Effect of Unrecognised tax losses as deferred tax assets		100.26
Others	(14.74)	(38.71)
Income tax expense	(56.12)	(0.97)
c) The following table provides the details of income tax assets and income tax liabilities as at March 31, 2019 and March 31, 2018:		
Income tax assets	199.86	88.59
Income tax liabilities	1,313.54	1,172.72
Net current income tax asset/ (liability) at the end	(1,113.68)	(1,084.13)
d) The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2019 and March 31, 2018 is as follows:		
Net current income tax asset/ (liability) at the beginning	(1,084.13)	(779.87)
Income tax paid	111.27	83.00
Refund received	0.00	(323.03)
Current income tax expense	(133.67)	(66.25)
Income tax on other comprehensive income	(7.15)	2.02
Net current income tax asset/ (liability) at the end	(1,113.68)	(1,084.13)
e) Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:		(₹ in lakhs)

	March 31, 2019				March 31, 2018			
	Opening balance	Recognised/ reversed through profit or loss	Recognised in/ reclassified from other comprehensive income	Closing balance	Opening balance	Recognised/ reversed through profit or loss	Recognised in/ reclassified from other comprehensive income	Closing balance
Deferred tax assets/ (liabilities) in relation to								
Property, plant and equipment and Intangible assets	(1,281.05)	197.69		(1,083.36)	(1,286.96)	5.91		(1,281.05)
Provision for Employee Benefits	41.29	18.49		59.78	8.02	33.27		41.29
Expenditure incurred under voluntary retirement scheme	66.11	(26.39)		39.72	38.07	28.04		66.11
Net deferred tax Asset (Liability)	(1,173.65)	189.79	0.00	(983.86)	(1,240.87)	67.22	0.00	(1,173.65)

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

- f) Deferred tax assets have not been recognised in respect of Carried forward losses (₹ 2817.98 Lakhs) (Previous year ₹ 2817.98 Lakhs) which can be carried forward for a period of 8 years and carried forward unabsorbed depreciation (₹ 4079.76 Lakhs) (Previous year ₹ 4079.76 Lakhs) under Indian Income Tax Act 1961 based on the working of the Company and considering the Virtual Certainty. If the Company were to recognise deferred tax assets, the profit for the year would be higher by ₹ Nil Lakhs for the current year and the cumulative deferred tax asset not recognised would be ₹ 1793.41 lakhs.
- g) Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT) on book profits. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. Accordingly, the Company has not recognised a deferred tax asset of ₹ 140.82 Lakhs for current year and Cumulative deferred tax asset not recognised is ₹ 262.29 Lakhs.

(₹ in lakhs)

	March 31, 2019	March 31, 2018
39. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES		
Gross amount required to be spent by the company during the year	3.68	Nil
Amount spent during the year		
Construction/ acquisition of any asset	0.00	Nil
On purposes other than above	3.70	Nil

This policy encompasses the company's philosophy of delivering its responsibility as a corporate citizen and undertaking socially useful programs for the welfare and development of the communities in which it is operating. During the year under review, the Company's commitment towards CSR expenditure as required by the Companies Act, 2013 was ₹ 3.68 lakhs. The Company has spent an amount of ₹ 3.70 lakhs consisting of (i). ₹ 0.45 lakhs towards provision of school uniforms, books, etc. to a school in Kanjamanaickenpatti village and (ii) ₹ 3.25 lakhs for provision of black boards for provision of single Teacher Schools run by Swami Vivekanada Rural Development Society in select villages of Tamil Nadu during the current year.

40. RELATED PARTY DISCLOSURE

- a) Description of relationship and Names of related Parties
- | | |
|--|---|
| i) Subsidiaries | None |
| ii) Associates | None |
| iii) Group member | (i) Sundaram-Clayton Limited, Chennai
(ii) TVS Motor Company Limited, Chennai
(iii) Brakes India Private Limited, Chennai
(iv) India Motor Parts & Accessories Limited, Chennai
(v) Sundaram Industries Private Limited, Madurai
(vi) Southern Roadways Private Limited, Madurai |
| iv) Key Management Personnel | Mr. Krishna Mahesh, Managing Director
Mr. S Ramabadran, CFO & Company Secretary |
| v) Relatives of Key Management Personnel | Mr. K. Mahesh
Ms. Shrimathi Mahesh
Ms. Shrikirti Mahesh |
| vi) Enterprise with common Key Management Personnel | None |
| vii) 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 |

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Sl. No	Name of Transactions	Name of the Company	March 31, 2019	March 31, 2018
1	Sale of goods	T V Sundram Iyengar & Sons Private Limited	2,029.32	1,789.48
2	Sale of goods	T V S Motor Company Limited	869.31	757.29
3	Sale of goods	Brakes India Private Limited	6,249.29	5,085.71
4	Sale of goods	India Motor Parts & Accessories Limited	1,624.68	1,425.40
5	Rent received	T V Sundram Iyengar & Sons Private Limited	0.72	0.72
6	Rent received	Alagar Resins Private Limited	0.12	0.12
7	Purchase of Raw Materials	Sundaram Industries Private Limited	79.35	33.16
8	Contract Manufacture charges / Purchase of Raw Materials	Alagar Resins Private Limited	1,075.75	1,943.34
9	Purchase of Raw Materials	Alagar Farms Private Limited	441.29	391.25
10	Freight charges	Southern Roadways Private Limited	72.44	60.04
11	Managerial Remuneration paid	Mr. Krishna Mahesh	106.68	60.96
12	Sitting Fees paid	Mr. K Mahesh	0.05	0.20
13	Remuneration paid	Mr S Ramabadran	40.23	37.01
14	Reimbursement of expenses	T V Sundram Iyengar & Sons Private Limited	8.00	8.00
15	Reimbursement of expenses	Sundaram-Clayton Limited	2.12	0.60
16	Reimbursement of expenses	Brakes India Private Limited	3.36	0.38
17	Outstanding as on 31 st March Receivables	T V Sundram Iyengar & Sons Private Limited	244.16	212.19
		T V S Motor Company Limited	287.04	294.75
		Brakes India Private Limited	1,106.86	728.33
		India Motor Parts & Accessories Limited	226.23	112.07
18	Outstanding as on 31 st March Payables	Sundaram Industries Private Limited	16.95	10.61
		Alagar Resins Private Limited	231.60	277.31
		Alagar Farms Private Limited	94.68	83.12
		Southern Roadways Private Limited	8.46	5.72

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Capital Management

The objective of the Company's capital management structure is to ensure sufficient liquidity to support its business and provide adequate return to shareholders. Management monitors the long term cash flow requirements including externally imposed capital requirements of the business in order to assess the requirement for changes to the capital structure to meet the said objective. As part of this monitoring, the management considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets. The funding requirement is met through a combination of equity, internal accruals, borrowings or undertake other restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March, 2019.

b. Financial Risk Management Framework

Company's principal financial liabilities comprise borrowings, trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

Risk Exposures and Responses

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk i.e. interest rate risk, currency risk, and Commodity risk.

Interest rate risk

The Company obtains financing through borrowings. The Company's policy is to obtain the most favourable interest rates available.

The Company's exposure to interest rate risk relates primarily to interest bearing financial liabilities. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates.

Sensitivity Analysis

An increase / decrease of 100 basis points in interest rate at the end of the reporting period for the variable financial instruments would (decrease) / increase profit before tax for the year by the amounts shown below. This analysis assumes all other variables remain constant.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	Profit / (Loss) before tax	
	March 31, 2019	March 31, 2018
Financial Liabilities - Borrowings		
+1% (100 basis points)	(29.59)	(30.22)
-1% (100 basis points)	29.59	30.22

Financial Assets - Loans (not significant)

There is no hedging instruments to mitigate this risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognised assets and liabilities denominated in a currency that is not the company's functional currency.

Company's Total Foreign currency exposure: (Un hedged)

Particulars	March 31, 2019			
	Currency	Exchange Rate (₹)	Amount in Foreign Currency (in lakhs)	₹ in lakhs
Trade Receivables	EUR	77.74	0.82	63.67
	GBP	90.36	1.32	119.61
	USD	69.28	35.19	2,437.81
Bank Balance	USD	69.28	0.64	44.58
Trade Payables	USD	69.28	1.93	133.93
	EUR	77.74	0.14	10.94
Other payable	USD	69.28	6.74	466.88
	EUR	77.74	0.43	33.72
Foreign currency term loans	USD	69.28	33.60	2,328.09

Particulars	March 31, 2018			
	Currency	Exchange Rate (₹)	Amount in Foreign Currency (in lakhs)	₹ in lakhs
Trade Receivables	EUR	80.17	0.83	66.39
	GBP	91.70	1.64	150.34
	USD	64.95	38.08	2,473.17
Bank Balance	USD	64.95	0.44	28.60
Trade Payables	USD	65.15	0.24	15.66
Other payable	USD	65.15	5.56	362.13
	EUR	80.22	0.09	6.98
Foreign currency term loans	USD	65.15	27.78	1,810.19

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

Sensitivity

If foreign currency rates had moved as illustrated in the table below, with all other variables held constant, currency fluctuations on unhedged foreign currency denominated financial instruments, pre tax profit would have been affected as follows:

	Profit / (Loss) before tax	
	March 31, 2019	March 31, 2018
USD sensitivity		(₹ in lakhs)
INR / USD- increase by 5%	(0.66)	32.37
INR / USD- decrease by 5%	0.66	(32.37)

Commodity Risk

The Company has commodity price risk, primarily related to the purchases of Steel and Aluminium. However, the company do not bear significant exposure to earnings risk, as such changes are included in the rate-recovery mechanisms with the customers.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade and other receivables), including short-term deposits with banks, and other financial assets.

Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. At 31 March 2019, the Company has trade receivables of ₹ 5940.66 Lakhs and ₹ 5266.36 Lakhs as on 31 March 2018.

The Company is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The company attempts to mitigate credit risk by assessing the credit worthiness of customers and closely monitoring payment history.

	(₹ in lakhs)	
	March 31, 2019	March 31, 2018
The ageing of debtors is given below:		
Period		
0-30 days	2,407.96	2,003.58
31 days to 60 days	1,867.71	1,708.74
61 days to 90 days	954.79	758.54
Greater than 91 days	999.42	795.50
	<u>6,229.88</u>	<u>5,266.36</u>

There have been no material impairments to trade or other receivables in the two years included within these financial statements and no indication of enhanced customer credit risk.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31st March 2019, and consequently no material provisions are required for bad and doubtful debts.

NOTES TO FINANCIAL STATEMENTS (Contd.)

iii. Liquidity risk

Liquidity risk arises from the company's management of working capital and the continued availability of its other funding facilities. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations. There was an unutilised cash credit limit of ₹ 2,200 Lakhs.

(₹ in lakhs)

March 31, 2019				
	Up to 1 year	1 to 2 years	2 to 5 years	Total
Cash credit	1,009.97			1,009.97
Trade and other payables	4,488.67			4,488.67
Bank loans	2,328.09			2,328.09
Total	7,826.73	-	-	7,826.73

March 31, 2018				
	Up to 1 year	1 to 2 years	2 to 5 years	Total
Cash credit	1,211.47			1,211.47
Trade and other payables	3,374.33			3,374.33
Bank loans	1,810.19			1,810.19
Total	6,395.99	-	-	6,395.99

42. FAIR VALUE MEASUREMENTS

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

(ii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)

a. Financial assets measured at fair value – recurring fair value measurements (₹ in lakhs)

March 31, 2019				
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	2.58	2.58
Total	-	-	2.58	2.58

March 31, 2018				
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	2.58	2.58
Total	-	-	2.58	2.58

The fair value of unquoted equity Shares is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

There are no transfer between levels during the periods.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

b. Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

(₹ in lakhs)

	March 31, 2019		
	Far Value Through Profit & Loss account (FVTPL)	FVTOCI	Amortised Cost
Financial assets			
Investments			
Equity Shares		2.58	
Trade receivables			6,229.88
Loans			31.37
Cash and cash equivalents			360.37
Bank Balances			1.76
Other Financial Assets			40.22
Total	<u> </u> =	<u> </u> 2.58	<u> </u> 6,663.60
Financial liabilities			
Borrowings			3,338.06
Trade payables			2,831.67
Other Financial Liabilities			1,657.00
Total	<u> </u> =	<u> </u> -	<u> </u> 7,826.73

	March 31, 2018		
	FVTPL	FVTOCI	Amortised Cost
Financial assets			
Investments			
Equity Shares		2.58	
Trade receivables			5,266.36
Loans			36.36
Cash and cash equivalents			338.97
Bank Balances			3.48
Other Financial Assets			36.78
Total	<u> </u> =	<u> </u> 2.58	<u> </u> 5,681.95
Financial liabilities			
Borrowings			3,021.66
Trade payables			2,519.66
Other Financial Liabilities			854.67
Total	<u> </u> =	<u> </u> -	<u> </u> 6,395.99

All financial instruments are carried at amortised cost and the carrying value of the Company's financial assets and liabilities is considered to approximate to their fair value at each reporting date.

K RAMESH Director	ASHOK V CHOWGULE Director	K S D SAMBASIVAM Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
SANDHYA SUBRAMANYAM Director		KRISHNA MAHESH Managing Director	K JITENDRA KUMAR Partner
Place : Madurai Date : May 25, 2019	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No. 201825

