

FORTY FOURTH ANNUAL REPORT 2018



SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K Mahesh

Chairman

K Ramesh - Director

T Kannan - Director

P S Raman - Director

Ashok V Chowgule - Director

K S Ranganathan - Director

K S D Sambasivam - Director

Sandhya Subramanyam - Director

Krishna Mahesh - Managing Director

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

T Kannan - Chairperson

P S Raman

Ashok V Chowgule

K S Ranganathan

K S D Sambasivam

Sandhya Subramanyam

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Ashok V Chowgule - Chairperson

T Kannan

K Mahesh

3. NOMINATION & REMUNERATION COMMITTEE

K S Ranganathan - Chairperson

Ashok V Chowgule

K S D Sambasivam

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

K S D Sambasivam - Chairperson

K S Ranganathan

Krishna Mahesh

SENIOR MANAGEMENT

G R Chandramouli - President

S Ramabadrans - 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 id: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

180, Anna Salai, Chennai 600 006.

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

SHARE DEPARTMENT

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

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Registry Management Services
Private Limited
II Floor, "Kences Towers",
No.1, Ramakrishna Street, North Usman Road,
T Nagar, Chennai - 600 017.
Phone : 91-44- 28140801 - 808
E-mail : corpserv@integratedindia.in

WEBSITE

www.tvsbrakelinings.com

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HIGHLIGHTS OF TEN YEARS' PERFORMANCE

(₹ in lakhs)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1 Sales & Other income #	17,179	20,046	23,747	25,638	23,271	24,913	23,750	24,627	24,681	25,381
2 Export Sales	6,650	7,506	8,126	8,366	8,742	11,113	11,031	11,213	10,390	10,023
3 Profit before int, depn and Tax	1,843	2,336	2,431	2,264	669	776	164	875	937	995
4 Profit before extraordinary / exceptional item & tax	1,025	1,523	1,528	1,116	(411)	(328)	(893)	31	143	376
5 Profit after tax	451	617	630	56	(441)	(522)	(1,455)	(41)	176	376
6 Net fixed assets	7,113	7,181	8,522	8,803	8,608	8,715	8,074	7,440	7,101	6,751
7 Share capital	271.35	393.46	393.46	393.46	393.46	393.46	393.46	393.46	393.46	393.46
8 Reserves & Surplus	7,061	8,862	9,309	9,228	8,787	8,266	6,592	6,551	6,703	7,072
9 Net worth	7,332	9,255	9,702	9,622	9,181	8,659	6,986	6,944	7,097	7,466
10 Return on Net Worth (RONW) - PAT/Networth	6.2%	6.7%	6.5%	0.6%	-4.8%	-6.0%	-20.8%	-0.6%	2.5%	5.0%
11 Return on Avg. Capital Employed (ROCE)	11.2%	14.3%	14.0%	12.5%	-0.9%	2.6%	-5.2%	3.6%	4.6%	5.9%
12 Cash earnings per share (₹)	38.08	32.36 [@]	32.09	20.81	8.62	7.35	(19.47)	13.05	18.14	20.51
13 Earnings per share (₹)	16.63	16.49 [@]	16.01	1.44	(11.20)	(13.26)	(36.97)	(1.04)	4.47	9.57
14 Dividend per share (₹)	4.00	4.00	4.00	3.00	-	-	-	-	-	-
15 Book value per share (₹)	270.22	235.23 [@]	246.59	244.54	233.34	220.08	177.55	176.50	180.37	189.74 *
16 Sundry Debtors - No. of days	71	72	71	67	73	78	76	78	64	70
17 Turnover/Avg Inventory (Times)	16.0	18.7	19.3	16.6	10.9	10.3	9.1	8.4	8.2	7.9
18 Current Ratio	1.66	1.73	1.72	1.49	1.47	1.32	1.06	1.05	1.22	1.34
19 R & D Expenses - as % on Net Income	1.5%	2.0%	1.3%	1.4%	2.7%	3.2%	2.7%	2.6%	3.4%	4.0%
20 Debt-Equity Ratio (=Total debts / Debt+ Networth)	0.31	0.32	0.38	0.30	0.31	0.33	0.41	0.39	0.32	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 2017-18.

Note: Figures in respect of FY's 2007-08 to 2014-15 are as per Indian GAAP and that of FY's from 2015-16 to 2017-18 are as per Indian Accounting Standards (Ind-AS).

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Company will be held at **Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006 on Thursday, 9th August 2018 at 10.00 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 2018, the Statement of Profit and Loss for the year ended 31st March 2018, the Cash Flow statement for the year ended 31st March 2018 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 K Ramesh, Director (having DIN: 00556922), 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)

Chennai
29th May, 2018

Registered Office
180, Anna Salai,
Chennai - 600006

S RAMABADRAN
Chief Financial Officer & Company Secretary

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

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

Mr. K Ramesh

He was born on 17th February 1939 and is on the Board of Directors of the Company since November 1982. He holds a degree in Master of Arts. He has managerial experience of over 50 years. He took his initial management training in TV Sundram Iyengar & Sons Private Limited.

He holds 1,10,081 Equity shares in the Company and is related to Mr. K Mahesh, Chairman and Mr. Krishna Mahesh, Managing Director.

Directorship / Membership in other Companies

Directorship	Committee Membership
As Chairman <ul style="list-style-type: none">• Sundaram Textiles Limited• TVS Sewing Needles Limited	Nil
As Chairman & Managing Director <ul style="list-style-type: none">• Southern Roadways Limited	
As Director <ul style="list-style-type: none">• T V Sundram Iyengar & Sons Private Limited• Sundaram Industries Private Limited• Sundram Fasteners Limited• Menal Farms Limited	

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 **3rd August 2018 to 9th August 2018** (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. 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 27,434 Equity shares on 29th November 2017 pertaining to Interim Dividend for the Financial year 2008-09 & 2009-10 respectively to the IEPF account.

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 alongwith 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 2008-09 & 2009-10 under "Investors Section" on the website of the Company viz. www.tvbrakelinings.com.

7. Electronic copy of the Annual Report 2018 and Notice of 44th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company / Depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
8. Members are requested to affix their signatures at the space provided on the Attendance slip annexed to Proxy form and 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.
9. Members may also note that the Notice of the 44th Annual General Meeting and the Annual Report for 2018 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.
10. The business set out in the Notice of AGM will be transacted through electronic voting system. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-Voting). In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, the company has provided facility to exercise votes through electronic voting system to members holdings shares as on **2nd August 2018**, being the "Cut-Off date" fixed for determining voting rights of members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL.
11. The facility for voting through Ballot papers will also be available at the AGM and the members attending the AGM who have not cast vote by remote e-Voting shall be eligible and be able to vote at the AGM.
12. Member may participate in the General Meeting even after casting his /her vote through remote e-Voting but shall not be entitled to vote again.
13. Mr. V Suresh, Practising Company Secretary holding certificate of practice (No.6032) issued by the Institute of Company Secretaries of India, has been appointed as the Scrutinizer to Scrutinize the voting process in a fair and transparent manner.
14. The Scrutinizer shall within a period not exceeding two working days from the conclusion of the e-Voting period unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes in favour or against, if any forthwith to the Chairman of the Company.
15. The voting results of the Annual General Meeting will be declared and communicated to the Stock Exchanges and would also be displayed on the Company's website at www.tvbrakelinings.com.
16. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cut-off date i.e **2nd August 2018** 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.

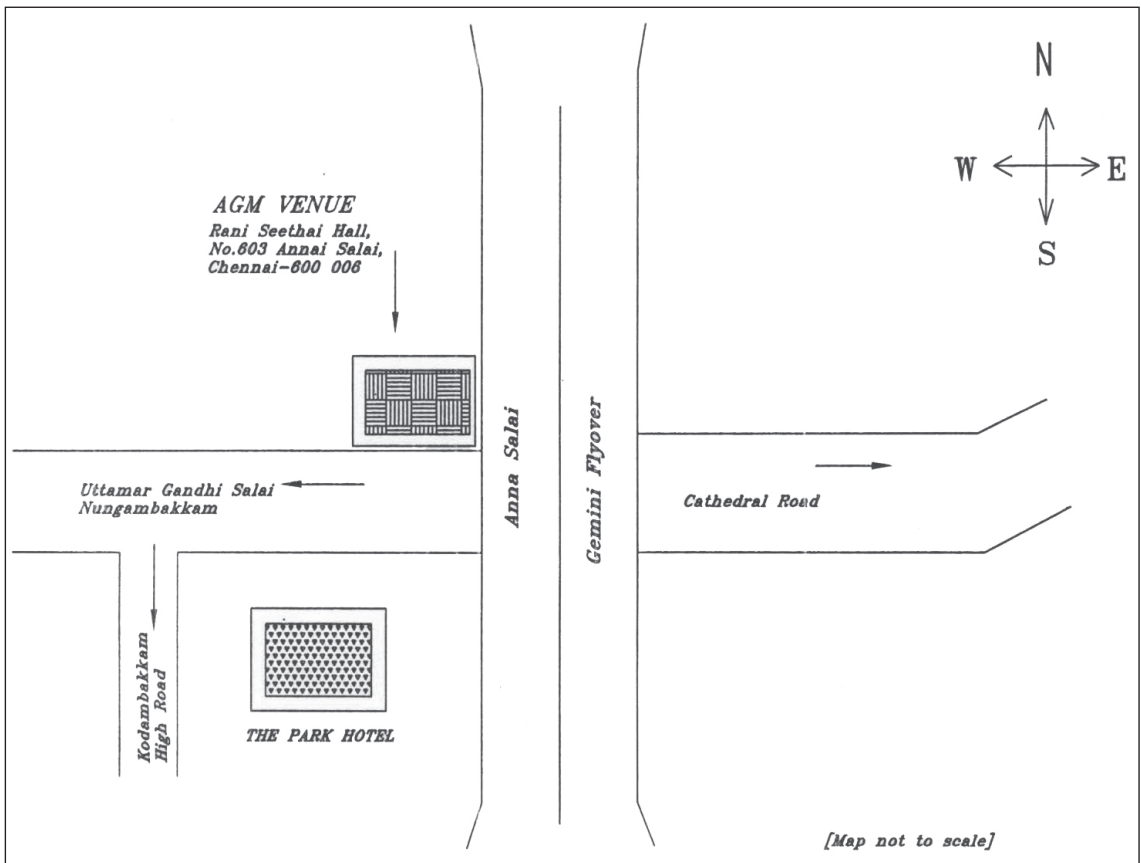
II. Instructions for Remote E-voting :

- 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 vsscrtinizer@gmail.com or evoting@tvssbl.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Annual Report [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
- (a) Initial password is provided on the Attendance Slip for the AGM: **EVEN** (E Voting Event Number) **USER ID PASSWORD/PIN**.
 - (b) Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

III. Other Information :

- In case of any queries, you may refer 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 **2nd August 2018**.
- The e-Voting period commences on **6th August 2018 (9.00 am)** and ends on **8th August 2018 (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 **2nd August 2018** 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 9th August 2018 is given below :



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Forty Fourth Annual Report of the Company together with Audited Accounts for the year ended 31st March 2018.

FINANCIAL RESULTS:

	Details	Year ended 31.03.2018	(₹ in lakhs) Year ended 31.03.2017
Revenue from Operations		<u>25,049.81</u>	<u>24,514.15</u>
Profit before interest, depreciation and tax		995.24	962.60
Less : Interest		189.11	281.35
Profit before depreciation and tax		806.13	681.25
Less : Depreciation		430.61	537.98
Profit before tax and exceptional items		375.52	143.27
Add : Exceptional item		-	-
Profit before tax		375.52	143.27
Less : Provision for Taxation			
Current Tax		66.25	-
Prior Period Tax		-	-
Deferred Tax Liability / (Asset) (net)		(67.22)	(32.67)
Profit after tax		376.49	175.94
Add : Surplus / (Deficit) brought forward		177.34	1.40
Less: Transfer to Other Comprehensive Income		(23.15)	-
Surplus Carried over		<u>530.68</u>	<u>177.34</u>

ECONOMIC SCENARIO

India's GDP is estimated to have grown by about 7.3 % after initial hiccups from the GST Roll out on 1st July 2017. Implementation of GST is widely considered to have positive impact for the Automotive Industry and the wider economy in the years to come.

AUTOMOBILE INDUSTRY SCENARIO

After overcoming a dip in the aftermath of the demonetization in November 2016, the Automobile market rebounded strongly and in 2017-18, growth has increased.

VEHICLE SALES DATA FOR FY 2016-17 & 2017-18:

Vehicle Sales	2W	3W	PV/ Vans	SUV	LCV/ MCV	HCV	Tractors	Total
2016-17	19,930,015	783,773	2,890,054	916,255	476,067	346,286	571,249	25,913,699
2017-18	23,007,688	1,016,700	2,947,206	1,088,046	568,912	384,408	700,867	29,713,827
% Growth	15%	30%	2%	19%	20%	11%	23%	15%

SUNDARAM BRAKE LININGS LIMITED

Your company's traditional strength in Light, Medium, and Heavy Commercial Vehicles allowed us to generate a OE sales growth that was above that of those segments of the Industry.

SBL'S PERFORMANCE

The Net sales for the year 2017-18 were at ₹ 241.34 crores as against ₹ 224.82 crores in the previous year showing a growth of 7%. While growth in OE segment was 28%, there was decline in Domestic After Market and Export segments by 2% & 4% respectively.

Growth in OE sales was aided by supply of various newly developed Linings & Clutch Facings to a Major Commercial Vehicle Manufacturer both for Heavy Commercial Vehicles & Passenger cars. Sales to other major Commercial Vehicle manufacturers, for whom SBL is the main source also increased.

EXPORTS:

As US economy was buoyant, Exports to North America grew by 13%. However, there was a decline of 23% in Middle East countries due to sluggishness caused by the drop in crude prices.

Exports to African Markets saw a decline of 18% due to import restrictions imposed by various Governments and changing political conditions.

Net Foreign Exchange earned by your company in the year under review was ₹ 69.51 crores as against ₹ 76.06 crores in 2016-17.

EFFORTS TAKEN FOR COST REDUCTION:

Steps taken for reduction of Raw material loss in production and conservation of energy helped your company to achieve cost reduction in these two important areas.

As a part of strategy to match the Employees' cost to production value, Voluntary Retirement Scheme (VRS) was implemented in January 2018, in TSK Plant 1 located near Madurai, and there was an outgo of ₹ 152 lacs as VRS compensation. This amount is fully absorbed as Employees' cost in the year.

OTHER POINTS:

The price of phenol, the main ingredient of Resin, one of the key Raw Materials for Brake Linings, increased sharply and significantly, from December 2017 and has impacted the bottom line in the year under review.

The term loans availed from Export-Import Bank of India and State Bank of India have been repaid fully during FY 2017-18.

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 improved in the last two years, the rising prices of critical materials pose a serious issue for the future. Your Directors consider it prudent to skip dividend for the year in order to conserve resources.

OUTLOOK FOR 2018-19

The growth prospects of Indian Economy and Automobile sector look better. Your Directors view the outlook for 2018-19 with optimism.

However, the following concerns need mention.

1. Entry of foreign companies through JVs has increased the number of Friction Material Manufacturers and has intensified competition.
2. Any change in US policies with regard to imposition of import Tariffs for friction materials from India may affect growth in sales to North America.
3. Continuing rise in price of phenol remains a cause of significant concern.
4. Electric buses are expected to be manufactured in India from 2020 onwards for which suitable braking solutions with significantly different technology is required.

RESEARCH AND DEVELOPMENT

Your Company's R&D facility located in Padi has been enjoying recognition as an approved R&D unit by the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India, New Delhi, and the recognition is valid up to 31st March 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 2017-18 was ₹ 10.01 crores as against ₹ 7.69 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.

DIRECTOR

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

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

VIGIL MECHANISM

The Company adopted a Whistle Blower Policy establishing vigil mechanism to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of Vigil mechanism is available on the Company's website www.tvbrakelinings.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 2017-18) 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 000511S were appointed as Statutory Auditors of the Company for a period of 5 years in the 43rd AGM held on 4th August 2017 subject to ratification at the AGM every year till the conclusion of the 48th AGM.

In view of the amendment in Section 40 of the Companies Amendment Act, 2017, ratification of their appointment every year is not necessary and they will hold office till the conclusion of 48th AGM of the Company.

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 2017-18.

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 2017-18 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 2017-18:
 - Appropriate & optimum Usage of motor power to reduce the Electrical energy consumption for Presses.
 - Optimization of the heating and insulation methods to reduce cost of energy.
 - Redesign of layout / regrouping of finishing machines 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

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

- (a) Developed and obtained OEM approval for drum brake lining for heavy tipper, truck and bus applications.
- (b) Developed and obtained OEM approval for drum brake lining for light commercial vehicle applications.
- (c) Developed and obtained OEM approval for new grade woven clutch facings for commercial vehicle applications.
- (d) Extensive studies conducted and formulations developed to mitigate stiction and corrosion in brake drums of Cars & SUVs.
- (e) Dynamometer tests developed simulating actual vehicle & duty cycle conditions for more effective validation of drum brake linings and disc brake pads.
- (f) Extensive studies conducted on commercial vehicle and two-wheeler liners and formulations developed to mitigate braking noise.

(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 31.03.2021).
- 2. Continued efforts in reducing raw material costs through up-gradation in quality and yield improvement.

(3) Future plan of action

- (a) Development of disc brake pads for various new vehicle applications for domestic OEM and export markets.
- (b) Development of drum brake linings for various new vehicle applications for domestic OEM and export markets.
- (c) Development of clutch facings for commercial vehicle applications and oil immersed brake liners for agricultural tractor applications.

(4) Expenditure on R&D

(₹ in lakhs)

Sl. No.	Particulars	Financial Year	
		2017-18	2016-17
a.	Capital	1.08	10.99
b.	Revenue	999.53	757.58
c.	Total	1,000.61	768.57
d.	Total R & D expenses as % of total turnover	4.2%	3.4%

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- (a) Initiated the use of new methodologies to study and minimize braking noise in vehicles.
- (b) Use of new generation raw materials for development of noise-free and more corrosion resistant drum brake liners.
- (c) Process optimization for improvement of quality in friction products.
- (d) Product and process improvement by bench marking our products against global leaders.

2. Benefits derived as a result of the above efforts

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Sl. No.	Particulars	Financial Year	
		2017-18	2016-17
a	Foreign Exchange earned	9,975.63	10,531.38
b	Foreign Exchange used	3,025.08	2,925.83
c	Net Foreign Exchange earned (a-b)	6,950.55	7,605.55

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

During the year 2017-18, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

INTERNAL FINANCIAL CONTROLS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RISK MANAGEMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY(CSR)

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

REASON FOR NOT SPENDING FOR CSR

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

ANNUAL REPORT ON CSR

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

RELATED PARTY TRANSACTIONS

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

The actual RPTs entered were approved by the Audit Committee and by the Board at the quarterly meetings during the Financial Year 2017-18. The policy on Related Party Transactions, as approved by the Board is uploaded on the Company's website.

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

JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS

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

BOARD EVALUATION

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

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

The Board upon evaluation considered that the Board is well balanced 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 2018.

ACKNOWLEDGEMENT

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

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

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: Chennai
Date : May 29, 2018

K MAHESH
Chairman

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 take 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 or do not meet the criteria of independence in terms of the aforesaid provisions of the statutes.

Thanking you,

Place :
Date :

Yours Faithfully,
Name
(Independent director)

ANNEXURE - II
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial year ended on 31st March 2018

**[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.	Individual / Hindu Undivided Family	8,97,911	–	8,97,911	22.82	8,97,911	–	8,97,911	22.82	–
b.	Central Government	–	–	–	–	–	–	–	–	–
c.	State Government	–	–	–	–	–	–	–	–	–
d.	Bodies Corporate	16,80,873	–	16,80,873	42.72	16,80,873	–	16,80,873	42.72	–
e.	Financial Institutions / Banks	–	–	–	–	–	–	–	–	–
f.	Any other (specify)	–	–	–	–	–	–	–	–	–
	Sub Total A (1)	25,78,784	–	25,78,784	65.54	25,78,784	–	25,78,784	65.54	–
2)	Foreign									
a.	Individual (Non resident / foreign)	–	–	–	–	–	–	–	–	–
b.	Bodies corporate	–	–	–	–	–	–	–	–	–
c.	Institutions	–	–	–	–	–	–	–	–	–
d.	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
e.	Any other (specify)	–	–	–	–	–	–	–	–	–
	Sub Total A (2)	–	–	–	–	–	–	–	–	–
	Total Shareholding of Promoter and Promoter Group (A) = A (1) + A (2)	25,78,784	–	25,78,784	65.54	25,78,784	–	25,78,784	65.54	–
B	Public Shareholding									
1)	Institutions									
a.	Mutual funds / UTI	–	110	110	–	–	–	–	–	–
b.	Financial Institutions / Banks	2,282	50	2,332	0.06	3,501	50	3,551	0.09	–
c.	Central Government	–	–	–	–	–	–	–	–	–
d.	State Government	–	–	–	–	–	–	–	–	–
e.	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f.	Insurance Companies	22,184	–	22,184	0.56	22,184	–	22,184	0.56	–
g.	Foreign Institutional Investors	–	–	–	–	–	–	–	–	–
h.	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
i.	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
j.	Any other (specify)	–	–	–	–	–	–	–	–	–
	Sub Total B (1)	24,466	160	24,626	0.63	25,685	50	25,735	0.65	0.02
2)	Non-Institutions									
a.	Bodies Corporate (Indian/Foreign/Oversees)	80,586	948	81,534	2.07	69,003	454	69,457	1.77	–
b.	Individuals (Resident/NRI/Foreign National)									
(i)	Individual shareholders holding Nominal share Capital upto ₹ 1 Lakh	10,05,351	1,65,168	11,70,519	29.75	10,41,711	1,29,921	11,71,632	29.78	–
(ii)	Individual shareholders holding Nominal share Capital above ₹ 1 Lakh	58,545	–	58,545	1.49	57,628	–	57,628	1.46	–
c.	Any other (specify)									
	Clearing Member	18,192	–	18,192	0.46	1,730	–	1,730	0.04	–
	Investor Education and Protection Fund	–	–	–	–	27,434	–	27,434	0.70	–
	Limited Liability Partnership	2,375	–	2,375	0.06	2,175	–	2,175	0.05	–
	Sub Total B (2)	11,65,049	1,66,116	13,31,165	33.83	11,99,681	1,30,375	13,30,056	33.80	-0.03
	Total Public Share Holding (B) = B(1) + B(2)	11,89,515	1,66,276	13,55,791	34.46	12,25,366	1,30,425	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)	37,68,299	1,66,276	39,34,575	100.00	38,04,150	1,30,425	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	-	5,52,955	14.05	-	-
2	M/s. Southern Roadways Limited	4,78,500	12.16	-	4,78,500	12.16	-	-
3	Mr. Mahesh K	3,95,842	10.06	-	4,50,251	11.44	-	1.38
4	M/s. Sundaram Industries Limited	2,53,835	6.45	-	2,53,835	6.45	-	-
5	M/s. Alagar Farms (P) Ltd	1,95,895	4.98	-	1,95,895	4.98	-	-
6	M/s. Rajarajeswari Farms (P) Ltd	1,77,988	4.52	-	1,77,988	4.52	-	-
7	Mr. Krishna Mahesh	1,48,766	3.78	-	1,48,766	3.78	-	-
8	Mr. K Ramesh	1,10,081	2.80	-	1,10,081	2.80	-	-
9	Mr. Suresh Krishna – HUF	1,00,000	2.54	-	1,00,000	2.54	-	-
10	Ms. Shrimathi Mahesh	57,412	1.46	-	57,412	1.46	-	-
11	Ms. Shrikirti Mahesh	54,409	1.38	-	0.00	0.00	-	-1.38
12	M/s. Upasana Engineering Limited	13,900	0.35	-	13,900	0.35	-	-
13	Ms. Urmila Ramesh	11,049	0.28	-	11,049	0.28	-	-
14	Ms. Mridula Ramesh	10,092	0.26	-	10,092	0.26	-	-
15	Ms. Mala Ramesh	9,570	0.24	-	9,570	0.24	-	-
16	M/s. Sundram Fasteners Investments Limited	7,800	0.20	-	7,800	0.20	-	-
17	Mr. Suresh Krishna	480	0.01	-	480	0.01	-	-
18	Ms. Arathi Krishna	120	0.00	-	120	0.00	-	-
19	Ms. Usha Krishna	90	0.00	-	90	0.00	-	-
	Total	25,78,784	65.54	-	25,78,784	65.54	-	-

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 Share holding during the year				
1	MAHESH K				
	PAN :AEIPM3586P				
	Opening Balance as on 01/04/2017	3,95,842	10.06		
	01/04/2017	54,409	1.38		
	Closing Balance as on 31/03/2018			4,50,251	11.44
2	SHRIKIRTI MAHESH				
	PAN :AEIPM3587N				
	Opening Balance as on 01/04/2017	54,409	1.38		
	01/04/2017	-54,409	-1.38		
	Closing Balance as on 31/03/2018			0	0.00

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 01/04/2017	31,645	0.80		
	Closing Balance as on 31/03/2018			31,645	0.80
2	GENERAL INSURANCE CORPORATION OF INDIA PAN : AAACG0615N				
	Opening Balance as on 01/04/2017	22,184	0.56		
	Closing Balance as on 31/03/2018			22,184	0.56
3	SHAI-LA INVESTMENT & FINANCIAL CONSULTANTS PRIVATE LTD. PAN : AACCS8547D				
	Opening Balance as on 01/04/2017	14,000	0.36		
	29/09/2017	-6,000	-0.15	8,000	0.20
	30/09/2017	6,000	0.15	14,000	0.36
	16/03/2018	-100	0.00	13,900	0.35
	Closing Balance as on 31/03/2018			13,900	0.35
4	AWANTI KUMAR KANKARIA PAN : AFCPK8360E				
	Opening Balance as on 01/04/2017	14,000	0.36		
	16/06/2017	-1,967	-0.05	12,033	0.31
	13/10/2017	-1,976	-0.05	10,057	0.26
	09/02/2018	1,926	0.05	11,983	0.31
	Closing Balance as on 31/03/2018			11,983	0.31
5	ATUL RAWAT PAN : AHWPR0190H				
	Opening Balance as on 01/04/2017	14,000	0.36		
	16/02/2018	-14,000	-0.36	0	0.00
	Closing Balance as on 31/03/2018			0	0.00
6	JAYANTILAL PANACHAND HARIA PAN : AAHS5268J				
	Opening Balance as on 01/04/2017	8,965	0.23		
	Closing Balance as on 31/03/2018			8,965	0.23
7	BHADRESH MODI PAN : AABPM2575R				
	Opening Balance as on 01/04/2017	8,250	0.21		
	07/04/2017	249	0.01	8,499	0.22
	14/04/2017	251	0.01	8,750	0.22
	11/08/2017	750	0.02	9,500	0.24
	Closing Balance as on 31/03/2018			9,500	0.24

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 BHIKHABHAI AMICHANDBHAI PATEL
PAN : ACRPP6815H

	Opening Balance as on 01/04/2017	7,541	0.19		
	02/06/2017	-500	-0.01	7,041	0.18
	09/06/2017	-100	0.00	6,941	0.18
	23/06/2017	-100	0.00	6,841	0.17
	30/06/2017	-300	-0.01	6,541	0.17
	07/07/2017	-641	-0.02	5,900	0.15
	14/07/2017	-300	-0.01	5,600	0.14
	28/07/2017	-500	-0.01	5,100	0.13
	11/08/2017	-2,500	-0.06	2,600	0.07
	18/08/2017	-1,000	-0.03	1,600	0.04
	25/08/2017	-1,200	-0.03	400	0.01
	01/09/2017	-400	-0.01	0	0.00
	Closing Balance as on 31/03/2018			0	0.00

9 H SHIVAPRASAD RAO
PAN : AAXPR9037P

	Opening Balance as on 01/04/2017	7,070	0.18		
	12/05/2017	-798	-0.02	6,272	0.16
	19/05/2017	298	0.01	6,570	0.17
	06/10/2017	-1,500	-0.04	5,070	0.13
	Closing Balance as on 31/03/2018			5,070	0.13

10 GOPALAN BALACHANDHRAN
PAN : AADPG2297E

	Opening Balance as on 01/04/2017	6,000	0.15		
	14/07/2017	-5,000	-0.13	1,000	0.03
	24/11/2017	1,240	0.03	2,240	0.06
	05/01/2018	-1,740	-0.04	500	0.01
	Closing Balance as on 31/03/2018			500	0.01

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 01/04/2017	39,5842	10.06		
	01/04/2017	54,409	1.38	4,50,251	11.44
	Closing Balance as on 31/03/2018	4,50,251	11.44	4,50,251	11.44

2. Mr K RAMESH

	Opening Balance as on 01/04/2017	1,10,081	2.80	1,10,081	2.80
	Closing Balance as on 31/03/2018	1,10,081	2.80	1,10,081	2.80

3. Mr P S RAMAN

	Opening Balance as on 01/04/2017	169	0.00	169	0.00
	Closing Balance as on 31/03/2018	169	0.00	169	0.00

4. Mr T KANNAN

	Opening Balance as on 01/04/2017	50	0.00	50	0.00
	Closing Balance as on 31/03/2018	50	0.00	50	0.00

5. Mr K S D SAMBASIVAM

	Opening Balance as on 01/04/2017	40	0.00		
	24/11/2017	-35	0.00	5	0.00
	Closing Balance as on 31/03/2018	5	0.00	5	0.00

Key Managerial Personnel:

1. Mr KRISHNA MAHESH, Managing Director

	Opening Balance as on 01/04/2017	1,48,766	3.78		
	Closing Balance as on 31/03/2018			1,48,766	3.78

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

	Opening Balance as on 01/04/2017	0	0.00		
	Closing Balance as on 31/03/2018			0	0.00

V. 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	3,302.02	-	-	3,302.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not Due	-	-	-	-
Total (i + ii + iii)	3,302.02	-	-	3,302.02
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	280.36	-	-	280.36
Net Change	280.36	-	-	280.36
Indebtedness at the end 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

VI. 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	60.96	60.96
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	- -	- -
5.	Others, please specify	-	-
	Total (A)	60.96	60.96
	Ceiling as per the Act	₹ 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	50,000	10,000	30,000	55,000	70,000	45,000	2,60,000
Total (1)	50,000	10,000	30,000	55,000	70,000	45,000	2,60,000
Other Non-Executive Directors							
• Fee for attending board / committee meetings	20,000	10,000					30,000
Total (2)	20,000	10,000					30,000
Total (B)=(1) + (2)	70,000	20,000	30,000	55,000	70,000	45,000	2,90,000
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	-	37.01	37.01
	(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	-	37.01	37.01

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any
A. COMPANY					
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 2017-18

[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 the **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 2018, 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 2018 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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

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. There is no change in the composition of the Board of Directors during the period under review.

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

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

Place : Chennai
Date : 30.04.2018

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

**ANNEXURE IV
ANNUAL REPORT ON CSR**

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 corporate social responsibility policy can be accessed at <http://tvbrakelinings.com/images/assets/pdf/SBL%20CSR%20Policy.pdf>.

The Composition of the CSR Committee :

Mr Ashok V Chowgule - Chairperson
Mr T Kannan - Member
Mr K Mahesh - Member

Average Net Profit of the Company for the Last three financial years : Net Loss of ₹ 239 lakhs

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

Details of CSR spent during the Financial year - NIL

Total amount to be spent for the Financial year - NIL

Amount unspent, if any - Not applicable

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

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

Give details of implementing agency : Not applicable

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

As mentioned earlier, there has been net loss of ₹ 239 lakhs for the three preceding financial years and hence CSR is not applicable to the Company.

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

T KANNAN
Member - CSR Committee

ASHOK V CHOWGULE
Chairman - CSR Committee

ANNEXURE - V
RELATED PARTY TRANSACTIONS

FORM No. AOC. 2

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

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

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

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

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

SUNDARAM BRAKE LININGS LIMITED

(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 01.04.2017 to 31.03.2018	Sales were made for ₹ 1,789.48 lakhs	Transactions for each of the four quarters were approved by the Board in their meetings held on 04.08.2017, 09.11.2017, 13.02.2018, 29.05.2018	NIL
M/s. T V S Motor Company Limited	Sale of goods		Sales were made for ₹ 757.29 lakhs		
M/s. Sundaram Industries Private Limited	Purchase of Raw Materials		Purchases of Rubber peels were made for ₹ 33.16 lakhs		
M/s. Southern Roadways Limited	Freight		Freight charges were paid for ₹ 60.04 lakhs		
M/s. Alagar Farms Private Limited	Purchase of Raw Materials		Purchases of Cashew Friction Dust were made for ₹ 391.25 lakhs		
M/s. Alagar Resins Private Limited	Purchase of Raw Materials		Purchases of Resins were made for ₹ 1,943.34 lakhs		

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

T KANNAN
Director

K S D SAMBASIVAM
Director

ANNEXURE - VI
RATIO OF REMUNERATION OF DIRECTOR

(a) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Minimum Remuneration paid to Mr. Krishna Mahesh, MD - ₹ 60.96 lacs; Median Salary - ₹ 2.77 lacs; Ratio of remuneration paid to MD to Median Salary for FY 2017-18 is 22:1
(b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year	No increase during the financial year
(c) The percentage increase in the median remuneration of employees in the financial year	4.9%
(d) The number of permanent employees on the rolls of the Company	664
(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	1% increase in salaries other than the managerial personnel in FY 2017-18 as compared to FY 2016-17; Even though minimum remuneration payable to MD was increased to ₹ 7 lacs per month along with PF & Superannuation benefits through approval by the Shareholders effective from 06.02.2016, MD drew remuneration of ₹ 4 lacs per month along with PF and Superannuation benefits in 2017-18. There was no increase in the managerial remuneration in the FY 2017-18 as compared to FY 2016-17.
(f) Affirmation that the remuneration is as per the remuneration policy of the Company	Yes

ANNEXURE VII

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

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

1. BOARD OF DIRECTORS

a) Composition

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

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

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

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

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

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

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

The names of the Directors and the details of other Chairmanship / Directorship / Committee membership of each Director as on 31st March 2018 is given below:

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

Notes:

- (i) Other Directorship exclude Foreign Companies, Private Limited Companies and alternate directorship
- (ii) Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other committee memberships.

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

Sl. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	29.05.2017	9	6
2	04.08.2017	9	7
3	09.11.2017	9	8
4	13.02.2018	9	6

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

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

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

Sl. No.	Name	Category	No. of Equity Shares held
1	Mr K Mahesh, Chairman	Non-Executive	4,50,251
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	–

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

The Company has been conducting periodically during the year, Familiarization program for the Independent Directors of the Company through detailed presentations and the details of such familiarization program are disseminated on the website of the Company ([www.tvbrakelinings.com/Investor Information/familiarization Program](http://www.tvbrakelinings.com/Investor%20Information/familiarization%20Program)).

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 2018:

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 whom are financially literate and have relevant finance / audit exposure. The Chairman, Managing Director, the Non-Executive Promoter Director and the Chief Financial Officer are permanent invitees to the meetings of the Committee. The other Directors are invited to attend the audit committee meetings as and when required. The Company Secretary acts as the Secretary to the committee. The composition of the Audit Committee is as per Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015. Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 4th August 2017.

(c) Meetings and Attendance

The committee met four times viz., 29th May 2017, 4th August 2017, 9th November 2017 and 13th February 2018 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	4
2	Mr P S Raman	Member	1
3	Mr Ashok V Chowgule	Member	2
4	Mr K S Ranganathan	Member	3
5	Mr K S D Sambasivam	Member	4
6	Ms Sandhya Subramanyam	Member	4

3. NOMINATION AND REMUNERATION COMMITTEE

(a) Terms of reference

The brief description of terms of reference for :

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

This Committee is empowered to recommend for the appointment/reappointment of the Executive Directors and the appointments of Employees from the level of President and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the person's track record, his / her potential individual performance, the market trends and scales prevailing in 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 9th November 2017 during the year. The attendance details of the meeting is 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 as members to approve Share transfer, transmissions, issue of duplicate share certificates, rematerialisation of shares etc. The actions of share transfer committee will be ratified in Stakeholders' Relationship Committee at its subsequent meeting.

The Committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, re-materialization 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 2017-18. The committee approved the transfer of 840 shares in physical form during the FY 2017-18.

No. of Service requests received and redressed during the year 2017-18:

Sl. No.	Nature of Service requests	No. of Service requests
1	Regarding Annual Report	1
2	Issue of duplicate share certificate	3
3	Procedure for transmission	22
4	General queries	12
5	Non-receipt of dividend	8
6	Correction in share certificate & Dividend cheque	4
7	Unclaimed dividend	8
8	Procedure for loss of share certificate	18
9	Nomination	2
10	Specimen Signature updation	1

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

5. REMUNERATION OF DIRECTORS

Of the total nine Directors, Mr Krishna Mahesh is the Managing Director of the Company. He was re-appointed by the Shareholders for a period of 3 years from 6th February 2016 with a minimum remuneration of ₹ 7 lakhs per month by Special Resolution vide Postal Ballot on December 23, 2015. Even though his remuneration was increased to ₹ 7 lakhs per month, he continued to draw the remuneration of ₹ 4 lakhs per month in 2017-18.

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 2017-18:

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

(b) Details of Sitting Fees paid to Non-Executive Directors during the Financial Year 2017-18:

(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	15,000	–	–	–	–	5,000	20,000
Mr K Ramesh	10,000	–	–	–	–	–	10,000
Mr T Kannan	20,000	20,000	–	–	5,000	5,000	50,000
Mr P S Raman	5,000	5,000	–	–	–	–	10,000
Mr Ashok V Chowgule	10,000	10,000	5,000	–	–	5,000	30,000
Mr K S Ranganathan	15,000	15,000	5,000	15,000	5,000	–	55,000
Mr K S D Sambasivam	20,000	20,000	5,000	20,000	5,000	–	70,000
Ms M Sandhya Subramanyam	20,000	20,000	–	–	5,000	–	45,000
Total	1,15,000	90,000	15,000	35,000	20,000	15,000	2,90,000

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 2018.

d) **Criteria of making payments to Non-Executive Directors**

The Company has pre-defined policy of not making any payments except sitting fees to Non-Executive Directors.

6. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING

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

Financial Year	Venue	Date	Time
2014 - 15	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	6 th August, 2015	9.00 A.M.
2015 - 16	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1 st August, 2016	12.15 P.M.
2016 - 17	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	4 th August, 2017	4.45 P.M.

Special Resolution passed in the Previous three Annual General Meetings :

AGM	Subject
41 st AGM held on 6 th August 2015	Approval of Related Party transactions entered in the Financial year 2014-15 with M/s. Alagar Resins Private Limited for purchase of Raw material in the ordinary course of business.
42 nd AGM held on 1 st August 2016	No Special Resolution was passed in this meeting.
43 rd AGM held on 4 th August 2017	No Special Resolution was passed in this meeting.

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

7. MEANS OF COMMUNICATION

- (a) The unaudited quarterly / Audited yearly financial results of the company are published in 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.
- (b) The company's website address is www.tvstrakelinings.com. The website contains basic information about the Company and such other details as required under the Listing Regulation. The Company ensures periodical update of its website. The Company has designated the e-mail id srb@tvssbl.com to enable the shareholders to register their grievances.
- (c) Pursuant to the listing 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.
- (d) No presentations have been made to institutional investors or to analysts during the year.

8. GENERAL SHAREHOLDER INFORMATION

<p>(a) 44th Annual General Meeting</p> <ul style="list-style-type: none"> - Date and Time - Venue 	<p>9th August, 2018, 10.00 A.M</p> <p>Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.</p>
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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 2018 - Unaudited financial results for the 2 nd quarter ending 30 th September 2018 - Unaudited financial results for the 3 rd quarter ending 31 st December 2018 - Audited Financial results for the year ending 31 st March 2019	Before 30 th September, 2019 Any day before 14 th August 2018 Any day before 14 th November 2018 Any day before 14 th February 2019 Any day before 30 th May 2019
(c) Dividend payment date:	- Dividend	Not Applicable
(d) Book Closure Period		3 rd August 2018 to 9 th August 2018
(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 2018-19		

(g) Share Market Price Data of Financial Year 2017-18:

Month	National Stock Exchange	
	High	Low
April, 2017	434.00	398.90
May	520.00	392.00
June	528.00	427.15
July	599.95	476.60
August	560.00	478.60
September	569.80	490.95
October	836.70	537.00
November	727.00	604.00
December	754.30	602.50
January, 2018	735.00	600.00
February	645.00	500.00
March	598.00	494.00

SUNDARAM BRAKE LININGS LIMITED

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

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

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

(i) Share / Security Transfer System:

Since 1st April 2003, share / security transfers in physical form is also processed by M/s. Integrated Registry Management Services Private Limited, Chennai. Normally share transfers are processed within 15 days from the date of receipt, subject to the documents being valid in all aspects. At the meeting of the Board of Directors held on 29th April 2002, the power to transfer shares has been delegated to certain authorised officials in compliance with Listing Agreement to have periodic meeting with shorter intervals to ensure speedy transfer of securities and the same has been implemented now. Accordingly the share transfer is effected once in every ten days. Transfers, transmissions etc., are approved once in 10 days and requests for dematerialisation are confirmed within 10 days. The 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 Enterprises (India) Ltd., Chennai (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 2018:

No. of shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	8819	95.15	6,57,878	16.72
501 - 1000	270	2.91	2,03,512	5.17
1001 - 2000	94	1.01	1,37,355	3.50
2001 - 3000	32	0.35	83,945	2.13
3001 - 4000	12	0.13	43,416	1.10
4001 - 5000	12	0.13	54,116	1.38
5001 - 10000	10	0.11	72,483	1.84
10001 & above	19	0.21	26,81,870	68.16
Total	9268	100.00	39,34,575	100.00

(k) Distribution of shareholding as on 31st March 2018:

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	2	25,204	0.64
Banks	2	531	0.01
Body Corporates	152	69,457	1.77
Non-Resident Indians	125	22,287	0.57
Clearing Member	23	1,730	0.04
Public Resident Individuals	8940	12,06,714	30.66
Limited Liability	1	2,175	0.06
IEPF	1	27,434	0.70
Total	9268	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), 12,25,366 equity shares have been dematerialised as on 31st March 2018 accounting for 90.38%

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 is the Registrar and Share Transfer Agent (RTA) of the Company for all share related investor services.

(p) Address for correspondence:

To contact RTA for all matters relating to shares, dividends, Annual Reports	Integrated Registry Management Services Private Limited 2 nd Floor, "Kences Towers" No.1, Ramakrishna Street North Usman Road, T Nagar Chennai - 600 017.	Phone : +91-44- 28140801 - 808 Fax : +91-44-28142479 E-mail : kalyan@integratedindia.in
For any other general matters or in case of any difficulty / grievance	Chief Financial Officer & Company Secretary Sundaram Brake Linings Ltd Padi, Chennai - 600 050.	Phone : +91 44 26257853 Fax : +91 44 26254770 E-mail : srb@tvssbl.com

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

COMPLIANCES

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

DISCRETIONARY REQUIREMENTS

As per Regulation 27(1), read with Part E of Schedule II of SEBI (Listing Obligations and 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 2018.

Place: Chennai
Date : May 29, 2018

KRISHNA MAHESH
Managing Director

NON MANDATORY REQUIREMENTS

Request to Shareholders

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

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

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

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

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

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

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

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

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

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
Independent Auditor's 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, 2018, 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 JITENDRAKUMAR
Partner
Membership No. 201825

Place : Chennai
Date : 29th May, 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT - 2018

Industry and Company Trend

Automobile industry's annual production volume was 290.76 lakh units for the year 2017-18 as compared to 253.31 lakh units in the previous financial year indicating a growth of 14.8% in volume.

Automobile industry's annual sales volume was at 290.15 lakh units for the year 2017-18 as compared to 253.44 lakh units for the previous financial year indicating an overall growth of 14.5%.

The above growth was possible mainly due to higher production & sales volume in the Commercial Vehicle Segment, which had a growth of 10.4% & 15.9% respectively, when compared to previous year. However, the biggest contributor was the Light Commercial Vehicle Goods carrier segment with a growth of 20.0% & 22.6% respectively. M & HCV has shown sales growth of around 11%.

Passenger Vehicle segment has shown a growth of around 6% in both Production and Sales.

Two wheeler segment has shown a growth of over 15% in both Production and Sales, which is one of the major contributor for double digit growth this year.

Three Wheeler segment has shown a huge growth of around 30% in production as well as in Sales as against de-growth of 16% in previous financial year.

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

(in Lakh / nos)

Vehicle Category	Vehicle Production		Growth	Vehicle sales		Growth
	2016-17	2017-18	%	2016-17	2017-18	%
M & HCV	3.43	3.44	0.4%	3.46	3.84	11.0%
LCV	4.67	5.51	17.8%	4.76	5.69	19.5%
Passenger	38.03	40.12	5.5%	38.08	40.37	6.0%
Three -wheeler	7.84	10.22	30.4%	7.84	10.17	29.7%
Two-wheeler	199.34	231.47	16.1%	199.30	230.08	15.4%
Total	253.31	290.76	14.8%	253.44	290.15	14.5%

Source : ACMA

Exports in Automobile sector for the year 2017-18 registered a growth of 16.1% as compared to previous year 2016-17, with growth of over 40% in the Three Wheeler Vehicle segment and 20% in the Two Wheeler segment. Passenger Vehicle export was the same, whereas the Commercial Vehicle segment has shown a de-growth of 10.5%. In CV segment, M & HCV segment recorded a marginal growth, but the Light Commercial Vehicle segment showed a de-growth of 18.3%.

Your company's sales was around 8% higher during the year 2017-18, as compared to financial year 2016-17, with growth of 16% in the Domestic market, and a marginal de-growth in the Export segment.

Opportunities

India is a prominent auto exporter and has strong export growth expectations for the near future. Overall automobile exports grew 15.8% year-on-year. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler and Four Wheeler market in the world by 2020. In order to keep up with the growing demand, several auto makers have

started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 18.413 billion during the period April 2000 to December 2017, according to data released by Department of Industrial Policy and Promotion (DIPP).

The Indian automotive aftermarket is estimated to grow around 15% annually to reach US\$ 16.5 billion by 2021, from around US\$ 7 billion in 2016. It has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product.

With your company's latest introduction of New Generation Clutch Facings (NGCF), the existing share of business with OEM's will be increased.

Your company's focus for FY 2018-19 will be more towards catering to niche Customers and Market.

Threats

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

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

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

Risk and concerns

Increase in prices of Raw Materials especially Resins is a cause for concern.

Increase in Employee cost is a major challenge for your company to deal with in the years to come.

Internal Control System

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

Quality and Quality Management Systems

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

Human Resources / Industrial Relations

The Industrial Relations in all the plants of the Company continued to be cordial. Retention of talent would be a challenge and your company has been taking various HR initiatives like implantation of Performance Management System / Training & Development. The total number of employees as on 31st March 2018 in all the Plants was 1,404.

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 2017-18	Year 2016-17
Revenue from Operations	25,049.81	24,514.15
Other Income	331.63	166.97
TOTAL INCOME	25,381.44	24,681.12
Cost of material consumed	12,068.65	10,897.27
Excise Duty	352.02 [#]	1,761.13
Changes in inventories of finished goods & work-in-progress	(82.72)	(579.74)
Employee benefit expenses	4,714.59	4,669.05
Finance cost	189.11	281.35
Depreciation and amortization expense	430.61	537.98
Other expenses	7,333.66	6,970.81
Total Expenditure	25,005.92	24,537.85
Profit before tax before exceptional item	375.52	143.27
Exceptional items	–	–
Profit before tax after exceptional item	375.52	143.27
Tax expense		
Current Tax	66.25	–
Prior Period Tax	–	–
Deferred Tax liability / (asset) (net)	(67.22)	(32.67)
Profit / (Loss) for the Period	376.49	175.94

[#] 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.

Cautionary statement:

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

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS OF SUNDARAM BRAKE LININGS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Sundaram Brake Linings Limited ('the Company'), which comprise the balance sheet as at March 31, 2018, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

the Company as at 31st March 2018 and its financial performance including other comprehensive income, its cash flows and the changes in the equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
 - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the Operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note No: 37 to the Ind AS financial statements;
 - ii. The Company has made provisions as required under any law or accounting standards for foreseeable losses, if any, on long term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, 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 JITENDRAKUMAR
Partner
Membership No. 201825

Place : Chennai
Date : 29th May, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

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

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management according to a phased programme 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. Pursuant to the programme, the fixed assets have been physically verified by the management during the previous year and the discrepancies noticed between the book records and the physical inventory which were not material have been adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, sub-clauses (a), (b) and (c) of clause (iii) of paragraph 3 of the Order are not applicable.
- (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 Act, with respect to the investments made. The Company has not provided loans, guarantees and security.
- (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, information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, duty of customs, duty of excise, VAT, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as on March 31 2018 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no dues payable in respect of income-tax, service tax, and duty of customs, duty of excise, VAT, cess and other statutory dues as at March 31 2018 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	16.15	2007-08 2008-09 2011-12 2012-13	Madras High Court

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 1992-93	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Levy of Higher rate of Tax	19.20	2009-10 2010-11	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Disallowance of CENVAT credit	1.90	2006-07	Commissioner of Central Excise
Central Excise Act, 1944	Disallowance of CENVAT credit	6.23	2008-09	Madras High Court

- (viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank and Government. The company has not issued any debentures.
- (ix) The company had not raised moneys either by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.
- (x) According to the information and explanations given to us by the management and based on audit procedures performed, no material fraud on or by the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

K JITENDRAKUMAR
Partner

Membership No. 201825

Place : Chennai
Date : 29th May, 2018

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the Internal Financial Controls over Financial Reporting of Sundaram Brake Linings Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 JITENDRAKUMAR
Partner
Membership No. 201825

Place : Chennai
Date : 29th May, 2018

SUNDARAM BRAKE LININGS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2018

		(₹ in lakhs)	
	Note No.	As at 31.03.2018	As at 31.03.2017
(I) ASSETS			
1. Non-current Assets			
a) Property, Plant & Equipment	5	6,713.15	7,063.61
b) Capital Work-in-progress		0.00	0.00
c) Investment Property	6	37.40	37.67
d) Other Intangible Assets		0.00	0.00
e) Intangible assets under development		0.00	0.00
		6,750.55	7,101.28
f) Financial Assets			
(i) Investments	7	2.58	2.47
(ii) Other financial assets	8	22.75	8.01
g) Non Current tax assets (Net)			
h) Other Non-Current Assets	9	645.00	622.55
		670.33	633.03
2. Current Assets			
a) Inventories	10	3,286.39	2,978.37
b) Financial Assets			
(i) Trade Receivables	11	5,266.36	4,390.61
(ii) Cash and Cash Equivalents	12	357.96	361.39
(iii) Other financial assets	13	51.65	86.23
c) Other Current assets	14	605.83	442.46
		9,568.19	8,259.06
TOTAL		16,989.07	15,993.37
(II) EQUITY AND LIABILITIES			
1. Equity			
a) Equity Share Capital	15	393.46	393.46
b) Other Equity	16	7,072.05	6,703.26
		7,465.51	7,096.72
LIABILITIES			
2. Non-current Liabilities			
a) Financial Liabilities			
(i) Borrowings	17	0.00	0.00
b) Provisions	18	103.13	107.17
c) Deferred Tax Liabilities (Net)	19	1,173.65	1,240.87
d) Liabilities for tax (Net)		1,084.13	779.87
		2,360.91	2,127.91
3. Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	20	3,021.66	3,017.03
(ii) Trade Payables	21	3,006.01	2,519.34
(iii) Other financial Liabilities	22	843.18	905.46
b) Other Current Liabilities	23	261.32	301.56
c) Provisions	24	30.48	25.34
		7,162.65	6,768.74
TOTAL		16,989.07	15,993.37
Significant Accounting Policies			
See Accompanying Notes to the financial Statements		2	

K MAHESH
Chairman

T KANNAN
Director

ASHOK V CHOWGULE
Director

As per our Report Annexed
for BRAHMAYYA & CO

Chartered Accountants
(FRN 000511 S)

K S RANAGANATHAN
Director

K S D SAMBASIVAM
Director

KRISHNA MAHESH
Managing Director

K JITENDRAKUMAR

Place : Chennai
Date : May 29, 2018

S RAMABADRAN
Chief Financial Officer & Company Secretary

Partner
Membership No. 201825

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

		Note	For the year ended	For the year ended
		No.	31.03.2018	31.03.2017
(₹ in lakhs)				
I.	Revenue from operations	25	25,049.81	24,514.15
II.	Other income	26	331.63	166.97
III.	Total Revenue		<u>25,381.44</u>	<u>24,681.12</u>
IV.	Expenses			
	Cost of materials consumed	27	12,068.65	10,897.27
	Excise Duty		352.02	1,761.13
	Changes in inventories of finished goods and work-in-progress	28	(82.72)	(579.74)
	Employee benefit expenses	29	4,714.59	4,669.05
	Finance cost	30	189.11	281.35
	Depreciation and amortisation expense	5 & 6	430.61	537.98
	Other expenses	31	7,333.66	6,970.81
	Total expenses		<u>25,005.92</u>	<u>24,537.85</u>
V.	Profit/ (Loss) before exceptional and extra-ordinary items and tax (III - IV)		375.52	143.27
VI.	Exceptional items		-	-
VII.	Profit / (Loss) Before Tax (V - VI)		<u>375.52</u>	<u>143.27</u>
VIII.	Tax expense:			
	- Current Tax		66.25	-
	- Prior Period Tax		-	-
	- Deferred Tax Liability (net)		(67.22)	(32.67)
	- Deferred Tax Asset (net)		-	-
IX.	Profit / (Loss) for the period from continuing operations (VII - VIII)		<u>376.49</u>	<u>175.94</u>
X.	Profit / (Loss) for the period from discontinued operations if any		-	-
XI.	Profit / (Loss) for the period (IX+X)		376.49	175.94
XII.	Other Comprehensive Income			
	a) (i) Item that will not be reclassified to Profit or Loss		(9.90)	(20.18)
	(ii) Income Tax relating to item that will not be reclassified to Profit or Loss		2.02	(3.92)
	b) (i) Item that will be reclassified to Profit or Loss		0.18	0.41
	(ii) Income tax relating to item that will be reclassified to Profit or Loss		-	-
XIII.	Total Comprehensive Income for the period (XI + XII) (Comprising of Profit / (Loss) and other comprehensive Income)		368.79	152.25
XIV.	Earnings per equity share - Basic and Diluted ₹ (Face Value ₹ 10)	32	9.57	4.47

Significant Accounting Policies

See Accompanying Notes to the financial Statements

K MAHESH Chairman	T KANNAN Director	ASHOK V CHOWGULE Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
K S RANAGANATHAN Director	K S D SAMBASIVAM Director	KRISHNA MAHESH Managing Director	K JITENDRAKUMAR Partner
Place : Chennai Date : May 29, 2018	S RAMABADRAN Chief Financial Officer & Company Secretary		Membership No. 201825

SUNDARAM BRAKE LININGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

	For the year ended 31.03.2018	(₹ in lakhs) For the year ended 31.03.2017
A Cash flow from Operating Activities:		
Profit / (Loss) Before Tax	375.52	143.27
Adjustments for :		
Depreciation and Amortization	430.61	537.98
Unrealised (Gain) / loss on Foreign Exchange Fluctuations (Net)	(26.38)	21.62
Other adjustments	(9.90)	3.09
Profit / (Loss) on Sale of fixed assets	(0.16)	(2.41)
Provision for leave encashment	1.10	(5.69)
Interest Income	(152.33)	(41.96)
Interest Expenses	189.11	281.35
Cash Generated Before Working Capital Changes	807.57	937.25
Movement in Working Capital		
Increase / (Decrease) in Trade Payables	486.78	(883.19)
Increase / (Decrease) in Other Financial Liabilities	222.73	572.91
Increase / (Decrease) in Other Liabilities	(40.24)	213.18
(Increase) / Decrease in Trade Receivables	(817.09)	1,030.96
(Increase) / Decrease in Inventories	(308.02)	(422.59)
(Increase) / Decrease in Other Financial Assets	17.32	140.07
(Increase) / Decrease in Other Assets	(188.25)	(18.75)
Cash Generated From Operations	180.80	1,569.84
Direct Taxes Paid (net)	240.03	359.20
Net Cash Flow From / (Used in) Operating Activities	420.83	1,929.04
B Cash Flow From / (Used in) Investing Activities		
Purchase of PPE and Intangible Assets	(78.70)	(207.42)
Proceeds from Sale of PPE	1.42	8.42
Purchase of Non Current Investments	(0.09)	0.00
Sale of Non Current Investments	0.16	0.00
Interest Income Received	154.85	62.47
Net Cash Flow From / (Used in) Investing Activities	77.64	(136.53)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 - (contd.,)

	For the year ended 31.03.2018	(₹ in lakhs) For the year ended 31.03.2017
C Cash flow from / Used in) Financing Activities		
Proceeds from/(to) Short - Term Borrowings (Net) *	(27.76)	(1,027.42)
Repayment of Long Term Borrowings	(285.00)	(479.15)
Dividend paid	(0.01)	(4.24)
Interest Paid	(189.11)	(281.35)
Net Cash Flow From / (Used in) Financing Activities	<u>(501.88)</u>	<u>(1,792.16)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(3.41)	0.35
Cash and Cash Equivalents at the beginning of the year	357.89	357.54
Cash and Cash Equivalents at the end of the year	354.48	357.89
Components of Cash and Cash Equivalents		
Cash and cheques on Hand	15.51	13.87
Balances with Banks		
- On Current Accounts	38.97	44.02
- On Deposit Accounts	300.00	300.00
Cheques, Drafts on hand	0.00	0.00
Cash and cash Equivalent (as per Note 12)	<u>354.48</u>	<u>357.89</u>
Non Cash Investment/Financing Activities		
*Foreign Exchange Movement	32.39	25.59

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 MAHESH Chairman	T KANNAN Director	ASHOK V CHOWGULE Director	As per our Report Annexed for BRAHMAYYA & CO Chartered Accountants (FRN 000511 S)
K S RANAGANATHAN Director	K S D SAMBASIVAM Director	KRISHNA MAHESH Managing Director	K JITENDRAKUMAR Partner
Place : Chennai Date : May 29, 2018	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 29, 2018.

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 IndAS 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.

Effective April 1, 2016, the Company has adopted all the IndAS standards and the adoption was carried out in accordance with IndAS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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.

Amounts for the year ended and as at March 31, 2017 were audited by previous auditors - Sundaram & Srinivasan.

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.

(b) Foreign Currency Translation and transactions:

Initial Recognition

On initial recognition, all foreign currency transactions 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.

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.

(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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

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 derecognised either when they have been disposed of 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 derecognition.

(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.

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 derecognized 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 derecognized.

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.

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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Lease-hold 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.

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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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.

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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

Derecognition

A financial liability is derecognised 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 derecognition 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.

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.

(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 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) Sales made on ex-factory terms are recognised on despatch of products from the factory/warehouse to customers, which generally coincides with transfer of ownership.

1. Sales made other than ex-factory terms are recognised on goods inwarded by the customer, which generally coincides with transfer of ownership.
2. The company recognises revenue from the sale of tooling when the specific tool has passed pre-production assessment and sign off by the relevant customer engineer.
3. Sales includes excise duty and net of Value add taxes, returns, trade discounts and allowances.

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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

(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 obligation 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.

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

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.

4. Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA"), on March 28, 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind AS's which are effective for annual periods beginning on or after April 1, 2018.

Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 will supersede the existing revenue recognition standard 'Ind AS 18 - Revenue'. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company has completed its preliminary evaluation of the possible impact of Ind AS 115 and will adopt it retrospectively with the cumulative effect of initially applying this standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application i.e. April 1, 2018 and accordingly comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. This standard is applied retrospectively only to the contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 - The effect of changes in Foreign Exchange rates (Appendix B)

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

NOTES TO FINANCIAL STATEMENTS (Contd.)

STATEMENT OF CHANGES IN EQUITY

Statement of Change in Equity for the period ended 31st March 2018

A) EQUITY SHARE CAPITAL

Particulars	₹ in lakhs
As at 31 st March 2017	393.46
Change in Equity Share Capital	–
As at 31st March 2018	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 at 1 st April 2016	4,849.38	0.03	1,700.43	1.40	0.02	(0.37)	6,550.89
Profit for the year				175.94			175.94
Other Comprehensive Income					0.41	(23.98)	(23.57)
Total Comprehensive Income for the Year	0.00	0.00	0.00	175.94	0.41	(23.98)	152.37
Dividends paid							0.00
Transfer to Retained Earnings							0.00
Any other changes							0.00
Balance at 31 st March 2017	4,849.38	0.03	1,700.43	177.34	0.43	(24.35)	6,703.26
Balance 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		0.00	0.00	376.49			376.49
Other Comprehensive Income		0.00	0.00	(23.15)	0.18	15.27	(7.70)
Total Comprehensive Income for the Year		0.00	0.00	353.34	0.18	15.27	368.79
Dividends paid		0.00	0.00	0.00			0.00
Transfer to Retained Earnings		0.00	0.00	0.00			0.00
Any other changes		0.00	0.00	0.00			0.00
Balance at 31 st March 2018	4,849.38	0.03	1,700.43	530.68	0.61	(9.08)	7,072.05

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

5. PROPERTY, PLANT & EQUIPMENT

Description	Property, Plant & Equipment							Total
	Free hold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Computers	Vehicles	
Cost of Assets								
As at 01-04-2016	107.01	1,309.62	6,460.12	17.39	24.32	8.49	26.16	7,953.12
Additions	0.00	0.00	168.84	0.89	2.44	8.16	27.09	207.42
Sub-total	107.01	1,309.62	6,628.96	18.28	26.76	16.65	53.25	8,160.54
Sales / deletion	0.00	0.00	0.00	0.00	0.00	0.00	15.94	15.94
Total	107.01	1,309.62	6,628.96	18.28	26.76	16.65	37.31	8,144.60
Depreciation / Amortisation								
Upto 31-03-2016	0.00	56.16	471.43	6.28	8.97	5.10	2.90	550.84
For the year	0.00	57.97	457.79	5.23	4.47	4.26	7.98	537.70
Sub-total	0.00	114.13	929.22	11.51	13.44	9.36	10.88	1,088.54
Withdrawn on assets sold / deleted	0.00	0.00	0.00	0.00	0.00	0.00	7.52	7.52
Depreciation / Amortisation Total	0.00	114.13	929.22	11.51	13.44	9.36	3.36	1,081.02
As on 31-03-2017	107.01	1,195.49	5,699.74	6.77	13.32	7.29	33.95	7,063.58
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	37.95	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	36.63	8,224.41
Depreciation / Amortisation								
Upto 31-03-2017	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	0.10	0.10
Depreciation / Amortisation Total	0.00	169.30	1,294.42	12.98	16.07	9.60	8.89	1,511.26
As on 31-03-2018	107.01	1,140.32	5,408.14	5.53	15.63	8.76	27.75	6,713.15

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2018	As at 31.03.2017
(₹ in lakhs)		
6. INVESTMENT PROPERTY		
a) Residence Apartment		
Residence Apartment at Chennai (RA Puram)	44.78	44.78
Opening Accumulated Depreciation	(7.11)	(6.83)
Depreciation for the year	(0.27)	(0.28)
Closing Accumulated Depreciation	(7.38)	(7.11)
	<u>37.40</u>	<u>37.67</u>
NON-CURRENT ASSETS		
7. NON-CURRENT INVESTMENTS		
Unquoted Investments - Non-Trade		
a) Investments in equity instruments:		
i. 4,613 equity shares (Previous Year - 5,329 equity shares) of ₹ 10/- each fully paid up of Engineered Power Resources India Private Limited (cost ₹ 46,130/-)	0.49	0.39
ii. 1,100 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	2.47
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>2.47</u>
8. OTHER FINANCIAL ASSETS		
a) Loans and Advances to Employees	22.75	8.01
	22.75	8.01
	<u>22.75</u>	<u>8.01</u>
9. OTHER NON-CURRENT ASSETS		
a) Prepayment for lease - land at Mahindra World City	283.71	286.97
b) Capital Advances	185.04	187.47
c) Security Deposits	176.25	148.11
	<u>645.00</u>	<u>622.55</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2018	As at 31.03.2017
(₹ in lakhs)		
CURRENT ASSETS		
10. INVENTORIES		
a) Raw Materials:		
i) In stock	786.31	658.22
ii) In transit	328.65	286.40
b) Work-in-progress	291.76	401.53
c) Finished goods	1,432.24	1,239.76
d) Spares and Stores	323.45	287.84
e) Loose tools	123.98	104.62
	<u>3,286.39</u>	<u>2,978.37</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.		
Provision for excise duty on Finished goods manufactured but remaining in stock at the end of the year	-	57.96
11. TRADE RECEIVABLES		
(Unsecured, considered good)		
a) More than six months	6.58	7.65
b) Others	5,259.78	4,382.96
	<u>5,266.36</u>	<u>4,390.61</u>
12. CASH AND CASH EQUIVALENTS		
a) Balances with banks		
i) on Current Account with banks	38.97	44.02
ii) On Deposit Accounts with bank with maturity less than three months from Balance Sheet Date	300.00	300.00
	<u>338.97</u>	<u>344.02</u>
iii) Cash on Hand	15.51	13.87
	<u>354.48</u>	<u>357.89</u>
b) Other Balances		
i) Earmarked balances with banks - unclaimed dividends	3.48	3.49
	<u>3.48</u>	<u>3.49</u>
	<u>357.96</u>	<u>361.39</u>

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2018	As at 31.03.2017
(₹ in lakhs)		
13. OTHER FINANCIAL ASSETS		
a) Loans and advances to related parties	-	-
b) Others		
Interest receivable	25.99	28.51
Loans and Advances to Employees	14.87	16.04
others	10.79	41.68
	<u>51.65</u>	<u>86.23</u>
14. OTHER CURRENT ASSETS		
i) Prepaid Expenses	112.45	117.57
ii) Advances for services / goods	81.76	78.71
iii) Balances with Central Excise	0.19	4.17
iv) Cenvat / VAT / Service Tax Credit Receivable	104.61	225.06
v) Export incentive receivable	303.79	15.81
vi) Receivables / Claims	3.03	1.14
	<u>605.83</u>	<u>442.46</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

- The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/-.
- Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees.
- Except interim dividend which is declared and paid based on the decision of the Board of Directors, all other dividends are proposed by the Board of Directors and paid on approval of the shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- During the last five years immediately preceding the date of the Balance Sheet, the Company has not issued any shares as bonus shares or without payment being received in cash or has bought back any shares.
- 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 31.03.2018		As at 31.03.2017	
	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 Limited	478,500	12.16	478,500	12.16
Mahesh K	450,251	11.45	395,842	10.06
Sundaram Industries Private Limited	253,835	6.45	253,835	6.45

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2018	As at 31.03.2017
(₹ 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)	<u>1,700.46</u>	<u>1,700.46</u>
b) Revenue Reserves		
i) General Reserve		
As per last Balance Sheet	4,849.38	4,849.38
ii) Retained Earnings		
As per last Balance Sheet	177.34	1.40
Profit / (Loss) After Tax for the year	376.49	175.94
	<u>553.83</u>	<u>177.34</u>
Transfer (to) Other Comprehensive Income	(23.15)	0.00
Proposed dividend	0.00	0.00
Tax on dividend including surcharge and cess	0.00	0.00
	<u>530.68</u>	<u>177.34</u>
iii) Other Comprehensive Income		
a) To be reclassified to Profit & Loss		
As per last Balance Sheet	0.43	0.02
Changes in fair value of investments	0.18	0.41
	<u>0.61</u>	<u>0.43</u>
b) Not to be reclassified to Profit & Loss		
As per last Balance Sheet	(24.35)	(0.37)
Actuarial gain / (loss) on Gratuity	(9.90)	3.09
Actuarial gain / (loss) on Leave encashment	23.15	(23.15)
Less: Deferred Tax on the above	2.02	(3.92)
	<u>(9.08)</u>	<u>(24.35)</u>
Total (i + ii + iii)	<u>5,371.59</u>	<u>5,002.80</u>
	<u>7,072.05</u>	<u>6,703.26</u>
NON-CURRENT LIABILITIES		
17. LONG-TERM BORROWINGS		
Secured Borrowings	-	-
	-	-
	-	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2018	As at 31.03.2017
(₹ in lakhs)		
18. LONG-TERM PROVISIONS		
On account of employee benefits		
Provision for Leave Encashment	103.13	107.17
	<u>103.13</u>	<u>107.17</u>
19. DEFERRED TAX LIABILITIES (NET)		
a) Deferred Tax Liability		
On account of depreciation	1,197.12	1,253.28
b) Deferred Tax Asset		
On account of employee benefits	(23.47)	(12.41)
	<u>1,173.65</u>	<u>1,240.87</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)	3,021.66	3,017.03
	<u>3,021.66</u>	<u>3,017.03</u>
21. TRADE PAYABLES		
Sundry creditors	3,006.01	2,519.34
Others	-	-
	<u>3,006.01</u>	<u>2,519.34</u>
Included in Sundry Creditors is an amount of ₹ 474.86 lakhs (Previous Year – ₹ 423.54 lakhs) due to micro enterprises and small enterprises (based on information available with the Company).		
a) Principal amount remaining unpaid	474.86	423.54
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	-	-

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2018	As at 31.03.2017
(₹ in lakhs)		
22. OTHER FINANCIAL LIABILITIES		
a) Current maturities of long term debt:		
i. From Export-Import Bank of India	–	35.00
ii. From State Bank of India referred to in 20 above	–	250.00
b) Salaries and other benefits Payable	203.55	188.86
c) Unclaimed dividends	3.48	3.49
d) Other Payable	636.15	428.11
	<u>843.18</u>	<u>905.46</u>
23. OTHER CURRENT LIABILITIES		
a) Statutory dues	143.99	273.64
b) Advances from customers	117.33	27.92
	<u>261.32</u>	<u>301.56</u>
24. SHORT-TERM PROVISIONS		
a) Provision for employee benefits		
Provision for Leave Encashment	30.48	25.34
	<u>30.48</u>	<u>25.34</u>

	For the year ended March 31, 2018	For the year ended March 31, 2017
(₹ in lakhs)		
25. REVENUE FROM OPERATIONS		
a) Sale of Products	24,485.81	24,243.22
b) Other operating revenue		
i) Export duty drawback and other incentives	510.88	216.83
ii) Scrap Sales	53.12	54.10
	<u>564.00</u>	<u>270.93</u>
	<u>25,049.81</u>	<u>24,514.15</u>
26. OTHER INCOME		
a) Interest Income (Includes interest ₹ 121.31 Lakhs on income tax refunds)	152.33	41.96
b) Cash discount	29.99	28.76
c) Gain / (loss) on foreign currency transactions	99.46	88.53
d) Profit on sale of Assets	0.16	–
e) Insurance Claim	47.64	–
f) Others	1.21	6.88
g) Other Non-Operating Revenue		
i) Rent	0.84	0.84
	<u>0.84</u>	<u>0.84</u>
	<u>331.63</u>	<u>166.97</u>

NOTES TO FINANCIAL STATEMENTS (Contd.)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(₹ in lakhs)		
27. COST OF MATERIALS CONSUMED - RAW MATERIALS AND COMPONENTS		
Opening Stock : Raw materials and Components	658.22	666.34
Add: Purchase of Raw Materials and Components	<u>12,196.74</u>	<u>10,889.15</u>
	12,854.96	11,555.49
Less : Closing Stock -Raw materials and Components	<u>786.31</u>	<u>658.22</u>
	<u>12,068.65</u>	<u>10,897.27</u>
Raw materials comprise of resins, glass fibre and other metals and chemicals		
28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
a) Opening Stocks:		
i) Work in progress	401.53	208.14
ii) Finished goods	<u>1,239.76</u>	<u>853.42</u>
	1,641.29	1,061.56
b) Closing 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	1,641.30
Net (increase)/decrease	<u>(82.72)</u>	<u>(579.74)</u>
29. EMPLOYEE BENEFIT EXPENSES		
a) Salaries, wages, bonus (includes extra-ordinary expenditure of ₹ 152 lakhs (₹ 154 lakhs for the previous year) being compensation paid to employees under Voluntary Retirement Scheme)	3,668.84	3,643.35
b) Contribution to Employee benefit funds:		
i) Provident Fund	200.41	209.69
ii) Gratuity Fund	36.89	66.22
iii) Other funds	63.02	49.04
c) Staff welfare expenses	<u>745.41</u>	<u>700.75</u>
	<u>4,714.59</u>	<u>4,669.05</u>
30. FINANCE COST		
a) Interest expense	<u>189.11</u>	<u>281.35</u>
	<u>189.11</u>	<u>281.35</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	(₹ in lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
31. OTHER EXPENSES		
a) Stores consumed : Stores and spares		
i) Stores and Spares	635.72	655.48
ii) Loose Tools	381.54	339.74
	<u>1,017.26</u>	<u>995.22</u>
b) Power and Fuel	2,013.68	2,099.97
c) Rent, Rates & Taxes	72.93	85.43
d) Insurance	94.94	122.47
e) Repairs to Building	258.62	200.29
f) Repairs to Machinery	400.57	350.90
g) Other Repairs	98.98	99.03
h) Travelling expenses	296.36	255.74
i) Packing and Forwarding	1,215.02	1,189.31
j) Advertisement and Publicity	265.55	247.80
k) Sitting fees	2.90	2.50
l) Auditors' remunerations		
i) As auditors	9.00	9.40
ii) Tax Audit Fees	1.00	0.58
iii) Other services	-	2.23
iv) Reimbursement of expenses	0.22	0.65
	<u>10.23</u>	<u>12.85</u>
m) Postage and Telephones	63.81	69.54
n) Loss on sale of assets	-	2.41
o) Research and Development expenses - refer Note no. 34	681.39	491.51
p) Commission on Sales	541.46	462.38
q) Professional and legal Fee	98.96	115.27
r) Royalty	31.30	6.41
s) Bank Charges	53.63	64.99
t) Printing and stationery	44.64	48.21
u) Miscellaneous expenses	71.43	48.58
	<u>7,333.66</u>	<u>6,970.81</u>
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	376.49	175.94
Number of Equity shares	39,34,575	39,34,575
Face value per share	₹ 10	₹ 10
Earnings per share (EPS)	9.57	4.47

NOTES TO FINANCIAL STATEMENTS (Contd.)

	(₹ in lakhs)	
	March 31, 2018	
	March 31, 2017	
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	1.08	10.99
(b) Revenue Expenditure		
- Raw Material & Components consumed	29.18	100.63
- Stores & Tools consumed	167.78	124.83
- Power cost	60.05	54.80
- Travelling expenses	23.65	31.10
- Product development expenses	101.98	166.56
- Other expenses	298.75	13.63
R&D Revenue Expenditure excluding employee benefit expenses	681.39	491.55
Add : R&D employees' Salaries, Wages & Bonus included in Employee Benefit Expenses under Note No.29	318.14	266.03
Total R&D Revenue Expenditure	999.53	757.58
Total R&D Expenditure	1,000.61	768.57

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 make every year contributions to Life Insurance Corporation of India (Group Superannuation policy) at specified percentage of the covered employee's salary.

The Company recognized ₹ 31.23 lakhs (Previous year ₹ 26.63 Lakhs) for superannuation contribution in the profit and loss account.

- (ii) In respect of the State Plans (Employee State Insurance), an amount of ₹ 31.83 Lakhs (Previous year : ₹ 22.46 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 ₹ 200.48 Lakhs (Previous Year ₹ 209.69 Lakhs) for provident fund contribution in the Statement 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, 2018	March 31, 2017
Net Employee benefit expense recognized in the employee cost in statement of profit & loss		
Current service cost	43.74	36.10
Interest cost on benefit obligation	38.41	36.21
Expected return on plan assets	(37.86)	(42.23)
Sub Total	44.29	30.08
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	6.62	25.01
iii. Experience Adjustments on obligation	0.88	39.62
iv. Financial Assumptions on plan assets	2.40	2.27
Sub Total	9.90	66.90
Net benefit expense	54.19	96.98
Balance Sheet		
Benefit asset / liability		
Present value of defined benefit obligation	490.23	531.86
Fair value of plan assets	491.93	539.26
Assets / (Liability) recognized in the balance sheet	1.70	7.40
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	531.86	510.25
Benefit transferred in	-	-
Benefit transferred Out	-	-
Benefits paid	(131.28)	(115.33)
Expenses Recognised in Statement of Profit and Loss Account		
Current service cost	43.74	36.10
Interest cost on benefit obligation	38.41	36.21
Recognised in Other Comprehensive Income		
Actuarial (gain)/loss on obligation	7.50	64.63
Closing defined benefit obligation	490.23	531.86
Change in the fair value of plan assets		
Opening fair value of plan assets	539.26	556.39
Contributions by employer	48.48	58.23
Contributions transfer in	-	-
Benefits paid	(131.28)	(115.33)
Expenses Recognised in Profit and Loss Account		
Expected return	37.86	42.23
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on plan assets	(2.40)	(2.27)
Closing fair value of plan assets	491.92	539.25
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)

	Gratuity	
	March 31, 2018	March 31, 2017
Assumptions		
Discount Rate (%)	7.25%	7.40%
Estimated Rate of Return on Plan Assets	8.00%	8.00%
Attrition Rate Per annum (depending on age)	1%-3%	1%-3%
Expected rate of salary increase (%)	5.00%	5.00%
Expected Average Remaining Service (years)	23.80	23.66
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	80.11	88.32
Expected total benefits-payments		
Year 1	80.11	88.32
Year 2	51.55	26.40
Year 3	18.60	49.92
Year 4	13.95	41.49
Year 5	36.87	17.62
Next 5 Years	175.98	223.94

(₹ in lakhs)

Sensitivity analysis of the defined benefit obligation

Particulars	0.5% Increase		0.5% Decrease	
	2018	2017	2018	2017
Impact of the change in discount rate	469.63	510.86	512.66	555.64
Impact of the change in salary increase	513.06	555.07	469.11	510.30

(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	Gratuity	
	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account other than investment property and not provided for	29.44	28.71

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	March 31, 2018	March 31, 2017
(₹ 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	14.86	7.86
4) Tax deducted at Source demand due to mismatch of date		
5) Income Tax under dispute		
The Company has received Assessment order for Assessment year 2013-14 and 2014-15 disallowance of expenditure of ₹ 143.75 Lakhs and ₹ 85.29 Lakhs respectively there by reducing the loss carried forward. The Company had filled the appeal with first appellate authority.		
b) Guarantees		
1) Bank Guarantee	136.23	142.00
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 year 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 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	66.25	0.00
Deferred tax		
Decrease (increase) in deferred tax assets	(61.31)	(37.16)
(Decrease) increase in deferred tax liabilities	(5.91)	4.49
Total deferred tax expenses/(benefit)	(67.22)	(32.67)
Income tax expense	(0.97)	(32.67)

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	March 31, 2018	March 31, 2017
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	375.52	143.27
Tax at Indian tax rate 30.90% (2016-17-30.90%)	116.04	44.27
Tax effect of amount which are not deductible in calculating taxable income		
Weighted Deduction for R&D Expenditure Under section 35 (2AB)	(109.40)	(240.88)
Tax effect due to non-taxable income of SEZ unit	(112.73)	(111.32)
Effect of income considered in previous year	(22.68)	0.00
Effect of unrecognised MAT Credit as deferred tax assets	66.25	0.00
Effect of unrecognised tax losses as deferred tax assets	100.26	286.66
Others	(38.71)	(11.40)
Income tax expense	(0.97)	(32.67)
c) The following table provides the details of income tax assets and income tax liabilities as at March 31, 2018 and March 31, 2017:		
Income tax assets	88.59	719.22
Income tax liabilities	1,172.72	1,499.09
Net current income tax asset/ (liability) at the end	(1,084.13)	(779.87)
d) The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2018 and March 31, 2017 is as follows:		
Net current income tax asset/ (liability) at the beginning	(779.87)	(424.55)
Income tax paid	83.00	3.88
Refund received	(323.03)	(359.20)
Current income tax expense	(66.25)	0.00
Income tax on other comprehensive income	2.02	0.00
Net current income tax asset/ (liability) at the end	(1,084.13)	(779.87)
e) Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows: (₹ in lakhs)		

	March 31, 2018				March 31, 2017			
	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	(1,286.96)	5.91		(1,281.05)	(1,291.45)	4.49		(1,286.96)
Provision for Employee Benefits	8.02	33.27		41.29	21.71	(9.89)	(3.80)	8.02
Expenditure incurred under voluntary retirement scheme	38.07	28.04		66.11		38.07		38.07
Net deferred tax Asset (Liability)	(1,240.87)	67.22	0.00	(1,173.65)	(1,269.74)	32.67	(3.80)	(1,240.87)

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

- f) Deferred tax assets have not been recognised in respect of Carried forward losses (₹ 2,817.98 Lakhs) (Previous year ₹ 2,817.98 Lakhs) which can be carried forward for a period of 8 years and carried forward unabsorbed depreciation (₹ 4,190.18 Lakhs) (Previous year ₹ 3,441.49 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 ₹ 100.86 Lakhs for the current year and the cumulative deferred tax asset not recognised would be ₹ 1,934.18 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 ₹ 64.23 Lakhs for current year and Cumulative deferred tax asset not recognised is ₹ 121.44 Lakhs.

39. 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 Limited, Madurai |
| iv) Key Management Personnel | Mr. Krishna Mahesh, Managing Director
Mr S Ramabadrn, CFO & Company Secretary |
| v) Relatives of Key Management Personnel | Mr. K Mahesh
Mrs. 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, 2018	March 31, 2017
1	Sale of goods	T V Sundram Iyengar & Sons Private Limited	1,789.48	1,659.38
2	Sale of goods	T V S Motor Company Limited	757.29	809.52
3	Sale of goods	Brakes India Private Ltd.	5,085.71	3,995.05
4	Sale of goods	India Motor Parts & Accessories Limited	1,425.40	1,405.57
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	33.16	28.73
8	Purchase of Raw Materials	Alagar Resins Private Limited	1,943.34	1,472.32
9	Purchase of Raw Materials	Alagar Farms Private Limited	391.25	381.77
10	Freight charges	Southern Roadways Limited	60.04	53.31
11	Managerial Remuneration paid	Mr. Krishna Mahesh	60.96	60.96
12	Sitting Fees paid	Mr. K Mahesh	0.20	0.25
13	Remuneration paid	Mr S Ramabadran	37.01	36.09
14	Reimbursement of expenses	T V Sundram Iyengar & Sons Private Limited	8.00	0.00
15	Reimbursement of expenses	Sundaram-Clayton Limited	0.60	1.12
16	Reimbursement of expenses	Brakes India Private Ltd.	0.38	0.38
17	Outstanding as on 31 st March Receivables	T V Sundram Iyengar & Sons Private Limited	212.19	245.49
T V S Motor Company Limited		294.75	207.35	
Brakes India Private Ltd.		728.33	630.33	
India Motor Parts & Accessories Limited		112.07	219.79	
18	Outstanding as on 31 st March Payables	Sundaram Industries Private Limited	10.61	3.70
Alagar Resins Private Limited		277.31	287.43	
Alagar Farms Private Limited		83.12	63.18	
Southern Roadways Limited		5.72	4.12	

40. 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 2018.

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.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

(₹ in lakhs)

	Profit / (Loss) before tax	
	March 31, 2018	March 31, 2017
Financial Liabilities - Borrowings		
+1% (100 basis points)	(30.22)	(40.82)
-1% (100 basis points)	30.22	40.82
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, 2018			
	Currency	Exchange Rate	Amount in Foreign Currency	Amount in ₹
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	0.50	32.87
	EUR	80.22	0.09	6.98
Foreign currency term loans	USD	65.15	27.78	1,810.19

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	March 31, 2017			
	Currency	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Trade Receivables	EUR	69.38	0.76	52.74
	GBP	81.29	2.31	187.65
	USD	64.86	25.72	1,668.72
	CAD	48.69	0.58	28.28
Bank Balance	USD	64.86	0.42	27.10
Trade Payables	USD	64.86	0.54	35.15
	EUR	69.38	0.03	1.76
Other payable	USD	64.86	0.34	22.26
	EUR	69.38	0.09	6.46
Foreign currency term loans	USD	64.86	9.75	632.53

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:

	(₹ in lakhs)	
	Profit / (Loss) before tax	
	March 31, 2018	March 31, 2017
USD sensitivity		
INR/USD- increase by 5%	32.37	50.05
INR/USD- decrease by 5%	(32.37)	(50.05)

Commodity Risk

The company has commodity price risk, primarily related to the purchases of Steel and Aluminium. However, the company does 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 31st March 2018, the company has trade receivables of ₹ 5266.36 Lakhs and ₹ 4390.61 Lakhs as on 31st March 2017.

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 creditworthiness of customers and closely monitoring payment history.

SUNDARAM BRAKE LININGS LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd.)

	March 31, 2018	(₹ in lakhs) March 31, 2017
The ageing of debtors is given below:		
Period		
0-30 days	2,003.58	1,813.27
31 days to 60 days	1,708.74	1,732.02
61 days to 90 days	758.54	693.17
Greater than 91days	795.50	152.15
	<u>5,266.36</u>	<u>4,390.61</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 2018, and consequently no material provisions are required for bad and doubtful debts.

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 ₹ 2500 Lakhs.

(₹ in lakhs)				
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	3,849.19			3,849.19
Bank loans	1,810.19			1,810.19
Total	6,870.85	-	-	6,870.85

March 31, 2017				
	Up to 1 year	1 to 2 years	2 to 5 years	Total
Cash credit	2,384.50			2,384.50
Trade and other payables	3,424.80			3,424.80
Bank loans	632.53			632.53
Total	6,441.83	-	-	6,441.83

41. 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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(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, 2018				
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	–	–	2.58	2.58
Total	–	–	2.58	2.58

March 31, 2017				
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	–	–	2.47	2.47
Total	–	–	2.47	2.47

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.

b. Financial instruments by category

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

(₹ in lakhs)

	March 31, 2018		
	FVTPL	FVOCI	Amortised Cost
Financial assets			
Investments			
Equity Shares		2.58	
Trade receivables			5,266.36
Loans			37.61
Cash and cash equivalents			338.97
Bank Balances			3.48
Other Financial Assets			36.79
Total	<u>–</u>	<u>2.58</u>	<u>5,683.21</u>
Financial liabilities			
Borrowings			3,021.66
Trade payables			3,006.01
Other Financial Liabilities			843.18
Total	<u>–</u>	<u>–</u>	<u>6,870.85</u>

SUNDARAM BRAKE LININGS LIMITED

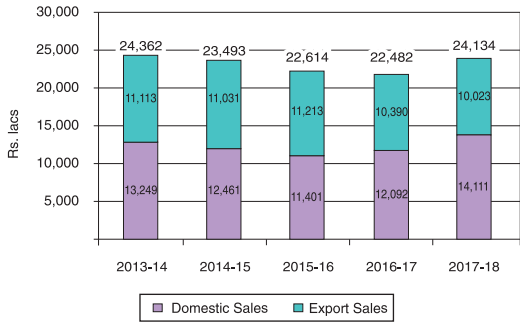
NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

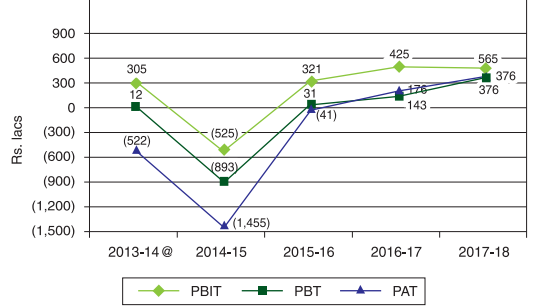
	March 31, 2017		
	FVTPL	FVOCI	Amortised Cost
Financial assets			
Investments			
Equity Shares		2.47	
Trade receivables			4,390.61
Loans			24.05
Cash and cash equivalents			344.02
Bank Balances			3.49
Other Financial Assets			70.19
Total	—	2.47	4,832.36
Financial liabilities			
Borrowings			3,017.03
Trade payables			2,519.34
Other Financial Liabilities			905.46
Total	—	—	6,441.83

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.

Net Sales

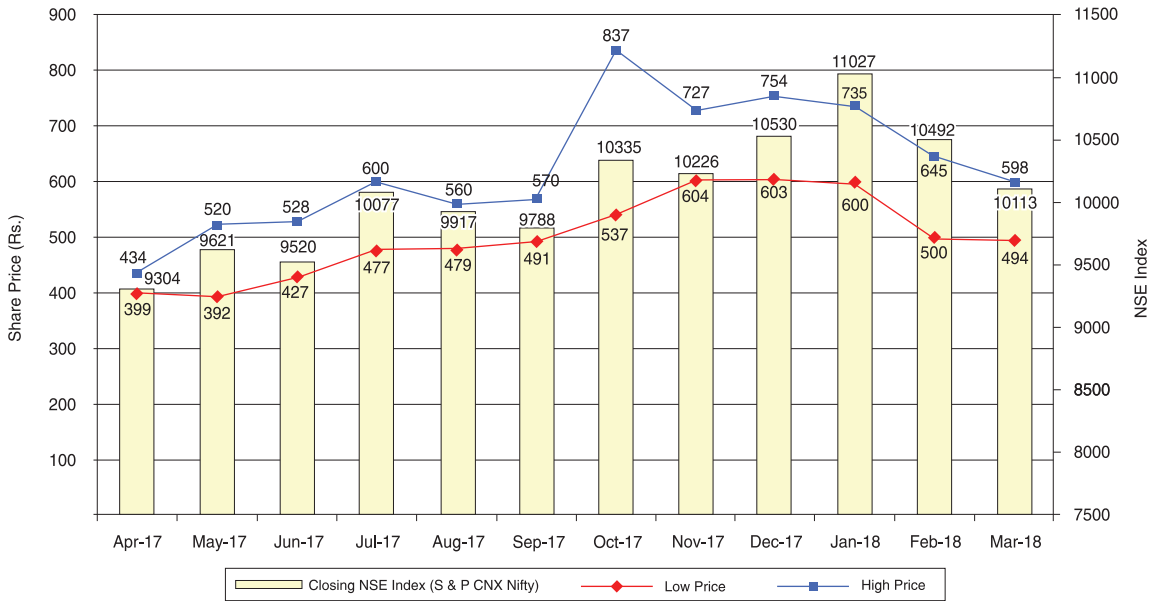


Profit Trend

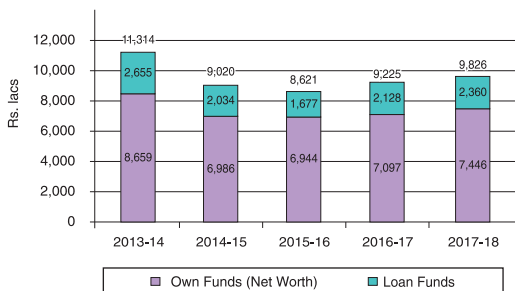


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Share Price Movement & NSE Index



Capital Employed



Earnings per share & Book Value

