

THIRTY SEVENTH ANNUAL REPORT 2011



SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K Mahesh
Chairman and Managing Director

K Ramesh - Director

T Kannan - Director

P S Raman - Director

Ashok V Chowgule - Director

K S Ranganathan - Director

K S D Sambasivam - Director

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

T Kannan

P S Raman

Ashok V Chowgule

K S Ranganathan

K S D Sambasivam

2. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

P S Raman

K Mahesh

T Kannan

SENIOR MANAGEMENT

R Ramasubramanian - President

G R Chandramouli - President (Marketing & Market Development)

L S Jayaraman - President (Projects & TPM)

S Ramabadrán - Financial Controller & Secretary and Compliance Officer

BANKERS

State Bank of India
Industrial Finance Branch
Chennai 600 002

HDFC Bank Ltd.
ITC Centre, Anna Salai
Chennai - 600 002

Export-Import Bank of India
UTI House, 29, Rajaji Salai
Chennai - 600 001

AUDITORS

Sundaram & Srinivasan
Chartered Accountants
Chennai 600 018

REGISTERED OFFICE

180 Anna Salai, Chennai 600 006

FACTORIES

Padi, Chennai 600 050
Phone Nos. 42205300, 42205407
Fax No. 044 - 42205572
E-Mail : sbl@tvssbl.com

TSK Puram - Plant I & II
Mustakurichi Post
Kamarajar District
Pin code 626 106
Phone Nos. 04566 - 250290 to 250295

Plant 4 & 5 - Mahindra World City (SEZ)
Natham Sub-Post, Chengalpet
Kancheepuram District
Pin code 603 002
Phone No. 044 - 47490005

SHARE DEPARTMENT

At Factory Office
PADI, CHENNAI - 600 050
Phone No. 42205300, 42205407
E-Mail : finance@tvssbl.com

WEBSITE:

www.tvssbrakelinings.com

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HIGHLIGHTS OF FIVE YEAR PERFORMANCE

Rs in lacs

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1 Sales & Other income	18,963	18,804	17,179	20,046	23,747
2 Export Sales	5,490	6,199	6,650	7,506	8,126
3 Profit before int, depn and Tax	2,899	2,719	1,843	2,336	2,431
4 Profit before extraordinary item & tax	2,166	1,862	1,025	1,523	1,528
5 Profit after tax	1,377	708	451	617	630
6 Net fixed assets	7,441	7,462	7,113	7,181	8,522
7 Share capital	271.35	271.35	271.35	393.46	393.46
8 Reserves & Surplus	6,220	6,737	7,061	8,862	9,309
9 Net worth	6,491	7,008	7,332	9,255	9,702
10 Return on Net Worth (RONW) - PAT/Networth (%)	21.2	10.1	6.2	6.7	6.5
11 Return on Avg. Capital Employed (ROCE) (%)	21.8	11.5	5.3	8.1	8.6
12 Cash earnings per share (Rs)	68.24	47.33	38.08	32.36 @	32.09 *
13 Earnings per share (Rs.)	50.76	26.08	16.63	16.49 @	16.01 *
14 Dividend per share (Rs)	13.00	6.00	4.00	4.00	4.00
15 Book value per share (Rs)	239.21	258.27	270.22	235.23 @	246.59 *
16 Sundry Debtors - No. of days	85	81	71	72	71
17 Turnover/Avg Inventory (Times)	20.7	17.6	16.0	18.7	19.3
18 Current Ratio	1.45	1.47	1.66	1.73	1.72
19 R & D Expenses - as % on Net Income	1.8	2.0	1.5	2.0	1.3
20 Debt-Equity Ratio (Total debts / Networth)	0.68	0.48	0.31	0.32	0.38

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

* Calculated on the expanded capital of 39,34,575 equity shares for FY 2010-11

SUNDARAM BRAKE LININGS LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Company will be held at RANI SEETHAI HALL, No. 603, Anna Salai, Chennai - 600 006 on **Wednesday the 27th July 2011 at 10.00 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT the Audited Balance Sheet as at 31st March 2011, the Profit & Loss Account for the year ended 31st March 2011, Cash Flow Statement for the year ended 31st March 2011 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 with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to the recommendation of the Directors, a dividend of Rs 4/- per share absorbing a sum of Rs 182.91 lacs (including dividend distribution tax of Rs 25.53 lacs) be and is hereby declared on the 39,34,575 equity shares of Rs10 each fully paid-up for the year ended 31st March 2011 to those members whose names appear in the Register of Members on 27th July, 2011".
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT Mr. K.Ramesh, Director, who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company".
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT Mr. T.Kannan, Director, who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company".
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT the retiring auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, (FRN 004207 S), Chennai be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company in addition to service tax, travelling and other out-of-pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them in any other capacity from time to time".

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.
"RESOLVED THAT Mr K.S.D.Sambasivam who was appointed as an Additional Director at the meeting of the Board of the Company held on 27th October 2010, under Section 260 of the Companies Act, 1956 and Clause 72 of Table A of the First Schedule to the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from

a member in terms of Section 257 of the Companies Act, 1956 along with a requisite deposit signifying his intention to propose the appointment of Mr K.S.D.Sambasivam, as a Director, be and is hereby appointed as a Director of the Company".

(On behalf of the Board)

Kodaikanal
May 09, 2011
Annexure: Explanatory Note

K MAHESH
Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself. Such proxy need not be a member of the Company. The instrument of proxy duly stamped and executed for use at the meeting must be lodged at the Factory and Office of the Company at **PADI, CHENNAI - 600 050** not less than 48 hours before the time fixed for the meeting.
2. Information about the Directors seeking re-appointment/appointment in this Annual General Meeting is furnished in the Corporate Governance Section of Directors' Report to Shareholders forming part of this Annual Report.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd July 2011 to 27th July 2011 (both days inclusive).
4. Intimation to Shareholders concerned pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules, is furnished elsewhere in this Report.
5. In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of the Directors, who are proposed to be re-appointed / appointed in this meeting, nature of their expertise in specific functional areas, their other Directorships and committee memberships, their shareholdings and relationships with other Directors of the Company, are given below:

Mr K.Ramesh

Mr. K.Ramesh, born on 17th February 1939, 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 T.V.Sundram Iyengar & Sons Limited.

Mr K Ramesh holds 1,10,081 equity shares in the Company and is related to Mr K Mahesh, Chairman & Managing Director, as his brother.

The other Directorships /Membership of Mr. K.Ramesh are as follows

Directorship	Committee Membership
As Chairman: <ul style="list-style-type: none">* Sundaram Textiles Limited* T.V.S. Sewing Needles Limited	
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 Limited* Sundaram Industries Limited* Sundram Fasteners Limited	

SUNDARAM BRAKE LININGS LIMITED

Mr. T.Kannan

Mr. T.Kannan, born on 9th May 1953, is, on the Board of Directors of the Company since 1999. He is a graduate in Business Administration. He is presently the Chairman of VTM Limited (formerly known as Virudhunagar Textile Mills Limited) and Managing Director of Thiagarajar Mills (P) Limited and Director of several companies. He is connected with a number of organizations related to Industry, Education and Charity. He was the past Chairman of Confederation of Indian Industry (CII) for Southern Region. He has a wide range of experience in textile industry. He is an Executive Committee Member of the Cotton Textile Export promotion Council, Mumbai, The Indian Cotton Mills Federation Limited, Mumbai and the Tamilnadu Chamber of Commerce & Industry .

Mr T Kannan holds 50 equity shares in the Company and is not related to any other Director of the Company.

He is the Chairman of the Audit Committee of Directors of the Company.

His other Directorship/Membership is as follows.

Directorship	Committee Membership
As Managing Director: * Thiagarajar Mills (Private) Limited	
As Chairman & Director * VTM Limited (formerly known as Virudhunagar Textile Mills Limited) * Thiagarajar Telekom Solutions Ltd.	Share Transfer Committee
As Director : * T.V.S.Motor Company Limited * Sundaram Textiles Limited * Colour Yarns Limited * SIMA Textile Processing Centre Ltd * ATC Tires (P) Ltd.	Audit Committee & Investors' Grievance Committee

Mr K.S.D.Sambasivam

Mr K S D Sambasivam, born on 4th May 1974, is an expert in the field of Information Technology. He has expertise in implementing, secure, stable, cost effective IT infrastructure using IT concepts and technologies to suit the various needs of the organizations. He has ventured into newer fields such as Mobile application development, mobile security and GPS technology integration.

He is a Director of M/s. Aishwarya Chemicals Private Limited.

He was appointed as an additional Director, by the Board in the meeting held on 27th October 2010.

He is a member of the Audit Committee of Directors of the Company. He does not hold any share in the Company. He is not related to any other Director of the Company.

ANNEXURE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

Mr. K.S.D.Sambasivam, was appointed as an additional Director of the Company with effect from 27-10-2010. In terms of Section 260 of the Companies Act, 1956, Mr. K.S.D.Sambasivam holds office up to the date of this Annual General Meeting.

A notice has been received from a member of the Company under Section 257 of the Companies Act, along with a deposit of Rs 500/- signifying his intention to propose the candidature of Mr. K.S.D.Sambasivam, and to move the resolution set out in item no 6 of this notice.

The Directors recommend the resolution to be adopted as an ordinary resolution by the shareholders.

None of the Directors except Mr. K.S.D.Sambasivam, is deemed to be concerned or interested in the resolution.

(On behalf of the Board)

Kodaikanal
May 09, 2011

K MAHESH
Chairman & Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Seventh Annual Report of the Company together with the audited accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

(Rs. in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Net Sales	23,572.65	19,933.16
Profit before interest, depreciation and tax	2,431.27	2,336.08
Less: Interest	270.59	219.44
Profit before depreciation and tax	2,160.68	2,116.64
Less: Depreciation	632.57	593.52
Profit before tax & extraordinary items	1,528.11	1,523.12
Less: Extraordinary item - Amount paid to a bank	700.00	756.00
Profit before tax	828.11	767.12
Less: Provision for taxation		
- Current Tax	178.00	117.00
- Deferred Tax	20.00	33.00
Profit after tax	630.11	617.12
Add: Surplus/(Deficit) brought forward	666.72	695.44
Total available for appropriation	1,296.83	1,312.56
 APPROPRIATIONS		
General Reserve - I	63.01	61.71
General Reserve - II	400.00	400.00
Dividend for the year	157.38	157.38
Tax on Dividend	25.53	26.75
Surplus carried over	650.91	666.72
Total	1,296.83	1,312.56

DIVIDEND

Your Directors recommend a dividend of Rs 4/- per share (40%) for the year 2010-11. Accordingly the dividend of Rs. 4/- per share for 39,34,575 equity shares of Rs10 each fully paid up, (as compared to a dividend of Rs. 4 per share for the previous year) will absorb a sum of Rs. 157.38 lakhs excluding a dividend distribution tax of Rs. 25.53 lakhs together with cess & surcharge thereon payable by the Company.

OPERATIONS

As could be seen from the attached accounts, the net sales for the year were higher at Rs. 235.73 crores as against Rs.199.33 crores in the previous year. The domestic market witnessed the increase in the sales due to better off-take in commercial vehicle sector. Consequently the domestic turnover in 2010-11 was Rs. 154.47 crores as compared to Rs. 124.27 crores in 2009-10. There was increase in exports, as well, to Rs. 81.26 crores in 2010-11 against Rs. 75.06 crores in 2009-10.

EXPORTS

Your company continued its thrust in the export market segment. Your Company could achieve a growth of 8.3 % in export turnover as compared to the export turnover of the previous year. Your Company continues to take steps for adding new customers in the export market which will help mitigate the risk factors by eliminating reliance on a few customers.

EXPANSION AND CREATION OF ADDITIONAL CAPACITY

There has been a growing demand for Brake Linings for Heavy Commercial Vehicles from Overseas Market and with a view to cater to the demand, Your Company created additional capacity by setting up a new Plant in SEZ, Mahindra World City, Chengalpet, Kanchipuram District which commenced commercial production on 19-01-2011.

IMPORTANT MILE STONE ACHIEVED IN 2010-11

Your Directors are happy to report that your Company has achieved an important milestone by converting the last of the five manufacturing units into ASBESTOS-FREE from the commencement of the financial year 2011-12.(that is effective 1st April 2011).

By going 100% ASBESTOS-FREE, Your Company has accomplished its long cherished objective of elimination of use of Asbestos and fulfilled its Corporate Social Responsibility.

The Board of Directors wish to place on record their appreciation of the efforts taken by all the employees of the Company for achieving this goal and also wish to convey their sincere thanks to all the customers for their valuable cooperation for making this feat possible.

EXTRA-ORDINARY EXPENDITURE

As reported in earlier publications and Annual Reports, there were disputes arising out of certain derivative transactions entered into on behalf of the Company with some banks and the disputes relating to such transactions with all banks have been settled. The Company does not foresee any problem in complying with the terms of such settlements. The net liability arising during the year and the amount paid by the Company against the same has been shown as Extra-ordinary expenditure.

PUBLIC DEPOSITS

Your Company has only one (1) deposit for a total value of Rs.0.06 lac which was not claimed by the depositor.

DIRECTORS

Mr. K.Ramesh and Mr T.Kannan, Directors, retire by rotation at this Annual General Meeting and, being eligible, offer themselves for reappointment.

Mr. K.S.D.Sambasivam , was appointed as an additional Director by the Board of Directors in their meeting held on 27th October 2010. He holds office till the conclusion of 37th Annual General Meeting. The Company has received a notice from a shareholder proposing appointment of Mr. K S D.Sambasivam as a Director and the same will be considered in the 37th Annual General Meeting of the Company.

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

The details regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, pursuant to Section 217 (1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure I which forms part of this report.

PARTICULARS UNDER SEC 217 (2A) OF THE COMPANIES ACT, 1956

None of the employees was in receipt of annual/monthly remuneration of Rs. 60 lakhs /Rs. 5 lakhs, respectively, during the year and hence the particulars required to be disclosed under the provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 are not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- (a) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (b) 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 of the Company for that period;
- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) that the appended annual accounts for the year ended 31st March 2011 are on a going concern basis.

AUDITORS

The Auditors, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, retire at the Thirty Seventh Annual General Meeting and are eligible for reappointment.

M/s Sundaram & Srinivasan, Chartered Accountants hold valid peer review certificate issued by Peer Review Board of the Institute of Chartered Accountants of India, which is a mandatory requirement under Clause 41(1)(h) of the Listing Agreement with Stock Exchanges.

HUMAN RESOURCE DEVELOPMENT

The Industrial Relations in all the five plants of the Company continued to be cordial. As a part of HR initiatives, Employees Training and Development are being given the necessary focus.

CORPORATE GOVERNANCE

As a listed company, in accordance with the provisions contained in the Listing Agreement with Stock Exchanges, your company has continued compliance with Corporate Governance norms. A report on

Corporate Governance along with a certificate of compliance from the Auditors in Annexure II forms part of this Report.

SECRETARIAL AUDIT

In compliance with the directives issued by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being conducted by a practicing company secretary at specified periodicity and the reports are being submitted to stock exchanges.

GENERAL

Your Directors wish to thank M/s State Bank of India, HDFC Bank & Export-Import Bank of India for their continued support and assistance.

Your Directors also wish to thank all the wholesalers both in India and worldwide for the significant support given by them.

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

(On behalf of the Board)

Kodaikanal
May 09, 2011

K MAHESH
Chairman & Managing Director

ANNEXURE I TO DIRECTORS' REPORT

Information as required under Section 217 (1) (e) of the Companies Act 1956

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken during 2010-11.
Automatic switching off of dust control motors during the time any line is not used
- b) Additional investments and proposals, if any, implemented for reduction of consumption of energy:
Plan to conduct more energy audits to identify areas of energy conservation and implement proposals arising out of such audits
- c) Impact of the above measures:
The measures taken above would help reduce the increasing energy cost to some extent.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

Asbestos free Friction material for Automotive Applications

Commercialised Asbestos Free changeover for Brake Linings, Clutch Facings & Disc Pads for Light Commercial Vehicles (LCV) / Medium Commercial Vehicles (MCV) / Heavy Commercial Vehicles (HCV) and Passenger Vehicle applications.

(2) Benefits derived as a result of the above

1. Continued recognition of in-house R&D by Department of Scientific and Industrial Research, Government of India up to 2012.
2. Raw material savings due to quality up-gradation and yield improvement.
3. Improved OEM business and overall total sales turnover.

(3) Future plan of action

1. Indigenization of raw materials
2. Alternate source development for critical raw materials
3. Development of Disc Brake Pads for Passenger & Multi-Utility Vehicles for Domestic and Overseas Markets.

(4) Expenditure on R&D

a. Capital	Rs. 30.75 lacs
b. Recurring	Rs. 270.46 lacs
c. Total	Rs. 301.21 lacs
d. Total R&D expenses as % of total turnover	1.3

Technology absorption, adaptation and innovation:

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

- a. Developed products meeting European After Market (ECE R 90 regulations).
 - b. Continuous use of Deep Analysis, Design Of Experiment, Mixture Design, Failure Mode and Effect Analysis (FMEA) and Finite Element Analysis (FEA) for product development and problem solving.
-

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- c. Use of test equipment to develop Asbestos-free products for certain overseas markets and other emerging new markets.
 - d. Exposure to advanced methodology for problem solving in product and process development.

2. Benefits derived as a result of the above efforts

- a. The R & D efforts have resulted in development of better products, more new products and quality improvement of existing products for domestic and export markets.
- b. Quality up-gradation and optimal use of raw materials leading to substantial savings.
- c. Development of products for export and domestic markets.

C. FOREIGN EXCHANGE EARNINGS AND OUTFLOW

1) Exports :

a) Activities relating to exports :

Your Company is in the process of developing OEM approvals and new generation friction materials are being developed to obtain these approvals. Additional product references are also being added to enhance the product range in order to cater to requirements of overseas customers

b) Export Plans :

The Company plans to add further export destinations during 2011-12

2) Total Foreign Exchange earned and used :

- a) Foreign Exchange earned Rs. 8,192.39 lacs
- b) Foreign Exchange used Rs. 2,020.81 lacs
- c) Net Foreign Exchange earned (a-b) Rs. 6,171.58 lacs**

(On behalf of the Board)

Kodaikanal
May 09, 2011

K MAHESH
Chairman & Managing Director

**Declaration regarding compliance by Board members and Senior Management Staff
with the Company's Code of Conduct**

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

We confirm that the Company has in respect of the Financial Year ended 31st March 2011, received from the Senior Management Staff of the Company and the Members of the Board a declaration of compliance with the Code of Conduct applicable to them.

For the purpose of this declaration, Senior Management Staff means the staff one level below the Director as on 31st March 2011.

K MAHESH
Chairman & Managing Director
Kodaikanal
May 09, 2011

S RAMABADRAN
Financial Controller & Secretary

ANNEXURE II TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE

1 COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company continues to believe in such corporate practices that ensure high level of transparency, professionalism and accountability in all activities of the Company to fulfill its corporate responsibilities thereby achieving its financial objectives in the interest of all stakeholders. The Company always endeavours to enhance shareholder value through prudent financial management backed up by sound business decisions. Also the Company makes continuous improvement in all disciplines of its operations.

2 BOARD OF DIRECTORS:

a) Composition of the Board:

The Board of Directors of the Company comprises of two Directors nominated by Promoter Company, of whom one is a Wholtime Director of the Promoter Company and is the Chairman and Managing Director of Sundaram Brake Linings Limited out of the total strength of seven Directors. The remaining five Directors are Non-Executive Independent Directors.

b) Meetings of the Board of Directors and last Annual General Meeting:

During the year 2010-11, the Board of Directors met five times on 24th May 2010, 21st July 2010, 22nd July 2010, 27th October 2010 and 4th February 2011. The time gap between any two meetings did not exceed four months. The last Annual General Meeting was held on 23rd July 2010.

The details relating to attendance of Directors at the Board Meetings and the last Annual General Meeting, Number of Memberships held by Directors in the Board/Committees of various other companies are furnished in the following table:

Name M/s	Category	Attendance particulars		Number of other Directorships and Committee Memberships/Chairmanships		
		Board Meeting	Last AGM on 23 rd July 2010	Other Directorships	Committee Memberships	Committee Chairmanships
K Mahesh	E	5	Yes	6	1	Nil
K Ramesh	NE	1	No	6	Nil	Nil
T Kannan	NE-I	5	No	8	3	Nil
P S Raman	NE-I	3	Yes	1	-	Nil
Ashok V Chowgule	NE-I	1	No	12	2	Nil
K S Ranganathan	NE-I	2	No	Nil	Nil	Nil
K S D Sambasivam *	NE-I	4	Yes	1	Nil	Nil
S Pattappa @	NE-I	1	No	0	Nil	Nil

E : Executive Director ; **NE** : Non Executive ; **NE-I** : Non Executive - Independent

* Appointed as an additional Director with effect from 27th October 2010 and was an Alternate Director to Mr K S Ranganathan during the period from 21st July 2010 to 4th October 2010

@ was an Alternate Director to Mr K S Ranganathan during the period from 24th May 2010 to 16th June 2010

3 AUDIT COMMITTEE:

During the year 2010-11, the Audit Committee of Directors met four times as per Listing Agreement requirement on, 24th May 2010, 21st July 2010, 27th October 2010 and 4th February 2011.

The Statutory Auditors of the Company are invited to attend the meetings whereat the Audit Committee holds discussions on the quarterly / half-yearly accounts subjected to their Limited Review, yearly Audit Plan, matters relating to compliance with Accounting Standards, their observations on matters arising out of annual audit and other related matters.

4 REMUNERATION TO DIRECTORS:

The Chairman & Managing Director is a Whole-time Director of T V Sundram Iyengar & Sons Limited, a promoter company, receiving remuneration from them. Sundaram Brake Linings Limited pays him sitting fees for the Board/Committee Meetings attended and also commission up to 5 % of the net profits of the company subject to the overall ceiling fixed by the Companies Act, 1956. All other Directors are paid sitting fees for the Board/Committee meetings attended. The Company has provided for a total managerial remuneration of Rs. 43.50 lacs for the year 2010-11 besides paying the following sitting fees to Directors:

Sl. No.	Name of the Director	Sitting Fees paid (Rs.)
1	Mr K Mahesh	45,000/-
2	Mr K Ramesh	5,000/-
3	Mr T Kannan	65,000/-
4	Mr P S Raman	35,000/-
5	Mr Ashok V Chowgule	10,000/-
6	Mr K S Ranganathan	20,000/-
7	Mr K S D Sambasivam*	30,000/-
8	Mr S Pattappa (Alternate Director to Mr K S Ranganathan)	10,000/-

* Appointed as an additional Director with effect from 27th October 2010

5 INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Committee is constituted with the Directors Mr K Mahesh, Mr T Kannan and Mr P S Raman. The Board of Directors has appointed Mr P S Raman as Chairman of the Investors' Grievance Committee .

Mr S Ramabadrn, Financial Controller & Secretary of the Company, is the Compliance Officer nominated as required by the guidelines issued by the Securities and Exchange Board of India (SEBI). For any clarification/complaint, investors can contact the Compliance Officer of the Company or its Registrar & Share Transfer Agents whose details are given elsewhere in the report.

As a policy, the Company disposes of investor complaints within 7 working days of receipt. Complaints received and redressed during the year 2010-11 are:

Sl. No.	Nature of complaint	No.of complaints
1	Non-receipt of dividend/interest warrants	–
2	Non-receipt of Share Certificate / Annual Report	–
3	Others - Nomination registration	–

All the complaints received during the year were attended to the satisfaction of the concerned investors. No investor complaint was pending on 31st March 2011. There were no certificates pending for dematerialisation on that date.

SUNDARAM BRAKE LININGS LIMITED

6 GENERAL BODY MEETING:

The following table contains information regarding the location, venue, date and time of General Meetings held by the Company in the last three years:

AGM	Year	Venue	Date	Time
36 th	2009-10	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	23-07-2010	10.00 A.M
35 th	2008-09	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	12-08-2009	10.00 A.M
34 th	2007-08	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	27-08-2008	9.00 A.M

There was no requirement for seeking approval of the shareholders by a postal ballot in the above meetings.

Directors seeking re-election, pursuant to Clause 49 of the Listing Agreement

At the Thirty Seventh Annual General Meeting of the Company, Mr K Ramesh and Mr T Kannan , Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Mr K S D Sambasivam, Additional Director appointed by the Board of Directors on 27-10-2010 holds office till the conclusion of the 37th Annual General Meeting and is proposed for appointment at the 37th Annual General Meeting for which a notice from a shareholder under Section 257 of the Companies Act 1956 has been received.

The brief resumes of Mr K Ramesh, Mr T Kannan and Mr K S D Sambasivam and other information have been detailed in the notice convening the Annual General Meeting of the Company.

7 DISCLOSURES:

- There were no transactions of material nature with the promoters, Directors or the management of their subsidiaries or relatives etc potentially conflicting with company's interest at large, during the year. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- There were no instances of non-compliance on any matter related to the capital market, during the last three years.

8 MEANS OF COMMUNICATION:

- The quarterly financial results of the Company were published in leading English newspaper viz., Financial Express and the same were published in Tamil version in Dinamani
- The Company has a web site with the address www.tvsbrakelinings.com . The Company is displaying its quarterly financial results on its web site.
- The Company has also furnished a Management Discussion and Analysis Report which forms part of the Annual Report.

9 GENERAL INFORMATION TO SHAREHOLDERS:

(a) 37th Annual General Meeting	
– Date and Time	27 th July 2011 at 10.00 a.m.
– Venue	"Rani Seethai Hall", 603 Anna Salai, Chennai 600 006

<p>(b) Financial Calendar - (Tentative)</p> <ul style="list-style-type: none"> - Unaudited financial results for the first quarter ending 30th June 2011 - Unaudited financial results for the second quarter ending 30th September 2011 - Unaudited financial results for the third quarter ending 31st December 2011 - Audited financial results for the year ending 31st March 2012 <p>(c) Book Closure period :</p> <p>(d) Dividend payment date:</p> <ul style="list-style-type: none"> - Dividend <p>(e) a. Listing of Equity Shares & Stock Code :</p> <p>b. Demat ISIN Numbers in NSDL & CDSL</p>	<p>Any day before 14th August 2011</p> <p>Any day before 14th November 2011</p> <p>Any day before 14th February 2012</p> <p>Any day before 30th May 2012</p> <p>From 23rd July 2011 To 27th July 2011 (both days inclusive)</p> <p>Will be paid within the due date after shareholders' approval at 37th AGM</p> <ol style="list-style-type: none"> 1. Madras Stock Exchange Limited Code : SAB 2. National Stock Exchange Code : SUNDRMBRAK EQ 3. Bombay Stock Exchange Scrip Code : 590072 (Permitted Security) <p>Equity Shares : INE 073D01013</p>
<p>Listing fee has been paid to MSE & NSE for the year 2011-12</p>	

(f) Share market price data:

Rs.

Month	Madras Stock Exchange *		National Stock Exchange	
	High	Low	High	Low
April '10	-	-	272.95	224.15
May	-	-	284.95	215.00
June	-	-	245.00	217.50
July	-	-	257.90	213.20
August	-	-	229.70	206.05
September	-	-	249.90	211.30
October	-	-	233.85	210.00
November	-	-	223.90	182.50
December	-	-	214.80	163.60
January '11	-	-	209.90	170.35
February	-	-	185.00	155.10
March	-	-	176.95	150.10

* No trading was reported during the year

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 28th December 2006. This resulted in increase in the liquidity of the shares traded in the exchanges.

(g) 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.

(h) Share/Security Transfer System:

Since 1st April 2003 Share/Security transfers in physical form is also processed by M/s Integrated Enterprises (India) Ltd, Chennai. Normally share / security transfers are processed within 15 days from the date of receipt, subject to the documents being valid in all respects. At the meeting of the Board of Directors held on 29th April 2002 the power to transfer shares has been delegated to certain authorized officials in compliance with Clause 49 (VI) (D) of the 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 (as against norm of 30 days) and requests for dematerialisation are confirmed within 10 days (as against the norm of 15 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 1st April 2003, M/s Integrated Enterprises (India) Ltd, 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.

(i) Shareholding pattern as on 31st March 2011:

No. of shares held	No. of share-holders	% of shareholders	No. of shares held	% of share-holding
Upto 500	7,246	94.53	6,69,132	17.01
501 - 1000	239	3.12	1,70,110	4.32
1001 - 2000	93	1.21	1,30,210	3.31
2001 - 3000	30	0.39	76,478	1.94
3001 - 4000	9	0.12	32,175	0.82
4001 - 5000	7	0.09	32,186	0.82
5001 - 10000	19	0.25	1,41,594	3.60
10001 & above	22	0.29	26,82,690	68.18
Total	7,665	100.00	39,34,575	100.00

(j) Distribution of shareholding as on 31st March 2011:

Shareholder	No. of shares held	% of total shares held
Promoter companies	16,80,873	42.72
Directors & relatives	8,62,108	21.91
Mutual Funds	36,428	0.93
Banks	50	0.00
Insurance companies	22,184	0.56
Body corporates	99,881	2.54
Non-Resident Indians	12,036	0.31
Public-Resident individuals	12,21,015	31.03
Total	39,34,575	100.00

(k) Dematerialisation and Liquidity:

Out of equity shares held by persons other than Promoters, 11,80,924 equity shares have been dematerialised as on 31st March 2011 accounting for 30.0 % of the total number of equity shares of 39,34,575 and 84.8% of 13,92,734 equity shares held by the Public. As per the directives issued by SEBI, effective 26th March 2001 the equity shares of the company are placed in its compulsory demat list of securities for the purpose of trading.

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

We have no GDRs/ADRs or any convertible instrument

(m) Plant locations:

Padi, Chennai - 600 050 Phone Nos: 42205300,42205407 Fax No. 044 - 42205572 E-mail: sbl@tvssbl.com	TSK Puram Plant I & II Mustakurichi Post Virudhunagar District Pin code 626 106 Phone :04566 -250290 -295	Plant - 4 & Plant - 5 Plot No: AA6, 6th Avenue Auto Ancillary SEZ Mahindra World City Natham Sub Post, Chengalpet, Kanchipuram District Pin: 603 002 Phone : 044 - 4749 0005
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(n) Registrar and Share Transfer Agents :

Effective 1st April 2003, the Company appointed M/s Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 as the Registrar and Share Transfer Agents (RTA) of the Company for all share related investor services.

(o) Address for investors correspondence:

To contact RTA for all matters relating to shares, dividends, Annual Reports	Integrated Enterprises (India) Limited II Floor, "Kences Towers" No.1, Ramakrishna Street North Usman Road, T Nagar Chennai - 600 017	Phone: 91-44- 28140801 - 808 Fax : 91-44-28142479 E-mail: yesbalu@iepindia.com sureshbabu@iepindia.com
For Fixed Deposits	Sundaram Brake Linings Ltd Finance Department Padi, Chennai - 600 050	Phone: 91-44-42205407 Fax : 91-44-42205572 E-mail: finance@tvssbl.com
For any other general matters or in case of any difficulty / grievance	Financial Controller & Secretary Sundaram Brake Linings Ltd Padi, Chennai - 600 050	Phone: 91-44-42205405 Fax : 91-44-42205572 E-mail: srb@tvssbl.com

Shareholders may correspond with M/s Integrated Enterprises (India) Limited, Chennai, the Share Transfer Agents of the Company at the address given above , quoting folio no. / Client ID

NON MANDATORY REQUIREMENTS:**a Remuneration Committee :**

No remuneration committee has been formed by the Company as decided by the Board. However, the remuneration payable to the Chairman & Managing Director is, as and when required, placed before the Board and also the General Meeting for their requisite approval

b. Publication of quarterly / half yearly results:

The quarterly / half yearly results of the Company are published in one English newspaper having a wide circulation and in one Tamil newspaper. The results are not sent to the shareholders individually. However the Company has been displaying the quarterly results in its web site.

c. Postal Ballot :

No Special resolution requiring a postal ballot was placed before the last AGM. Similarly, no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

d. Request to investors :

Investors 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 unauthorized 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 & 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.

Investors 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

Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will be transferred to "Investors Education and Protection Fund" in terms of Section 205C of the Companies Act 1956. Out of the dividends declared for all the financial years including and upto the I Interim Dividend for the financial year ended 31st March 2004, the amount which remained unclaimed has been transferred to the Investors Education & Protection Fund as per the provision of Section 205C of the Companies Act 1956

Due dates for transfer of Unclaimed Dividends to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act 1956:

Financial Year	Dividend Reference - %	Date of Declaration of Dividend	Due for transfer on
2003-04	30 th AGM II Interim - 40 %	17 th May 2004	22 nd June 2011
2004-05	31 st AGM I Interim - 50 % II Interim - 50 %	22 nd January 2005 14 th May 2005	27 th February 2012 19 th June 2012
2005-06	32 nd AGM I Interim - 50 % II Interim - 50 %	25 th January 2006 4 th May 2006	2 nd March 2013 9 th June 2013

Financial Year	Dividend Reference - %	Date of Declaration of Dividend	Due for transfer on
2006-07	33 rd AGM I Interim - 50% II Interim - 50% III Interim - 30%	22 nd January 2007 15 th March 2007 7 th June 2007	27 th February 2014 20 th April 2014 13 th July 2014
2007-08	34 th AGM Interim - 60%	16 th June 2008	23 rd July 2015
2008-09	35 th AGM Interim - 40%	29 th June 2009	5 th August 2016
2009-10	36 th AGM Interim - 40%	25 th February 2010	4 th April 2017

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

Investors 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.,

SUNDARAM BRAKE LININGS LIMITED

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To

The Members of Sundaram Brake Linings Limited

We have examined the compliance of the conditions of Corporate Governance by Sundaram Brake Linings Limited for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2011, no investor grievances are pending against the Company as on 09-05-2011 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

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

for SUNDARAM & SRINIVASAN
Chartered Accountants (FRN 004207 S)

Kodaikanal
May 09, 2011

M PADHMANABHAN
Partner
(Membership No.13291)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry and Company Trend :

Automobile industry annual production volumes were 179.14 lakh units for the year 2010-11 as compared to 140.55 lakh units for the year 2009-10 indicating a good growth in volumes by 27 %.

Automobile industry annual sales volumes were at 178.52 lakh units for year 2010-11 as compared to 140.98 lakh units for the year 2009-10 indicating a good growth of overall sales volumes by 27 %.

The above growth was possible due to good production & sales volumes in Commercial Vehicles, Passenger Cars and Two Wheeler segments.

During the year 2010-11 the Medium & Heavy commercial vehicle segment saw increase in vehicle sales by 33% and a production increase of 38% and the Light commercial vehicle segment had an increase in sales by 29% and production increase by 29% mainly due to continuation of stimulus package introduced earlier, by government, increased allocation of funds from government for infrastructure development.

Passenger car segment had a growth in sales volume by 24% and vehicle production volumes grew by 27%. Two wheeler segments also showed significant increase in both sales & production volumes by 27% each.

Following are the Auto-industry Production & Sales data in vehicle units (in Lakh / nos)

Vehicle Category	Vehicle Production		Growth	Vehicle sales		Growth
	2009-10	2010-11	%	2009-10	2010-11	%
M & HCV	2.50	3.44	38%	2.65	3.52	33%
LCV	3.17	4.08	29%	3.12	4.03	29%
Passenger	23.57	29.87	27%	23.97	29.73	24%
Three-Wheeler	6.19	7.99	29%	6.13	7.95	30%
Two-Wheeler	105.12	133.76	27%	105.11	133.29	27%
Total	140.55	179.14	27%	140.98	178.52	27%

Source: SIAM

Despite the moderate global slowdown, Indian Economy is expected to clock GDP of about 8.5 % for the year 2010 -11 as compared to the GDP of 7.2 % for the year 2009 -10.

The Automobile sector for the year 2010-11 had exports registering a growth of 29% with passenger vehicles up by 2.0%, two wheeler segment up by 35% and significantly heavy commercial vehicle exports also grew by 43%. & light commercial vehicle exports also grew by 91%.

Your company showed significant growth in the domestic OE market at 33% and export segment grew by 12% during 2010-11.

Your company also introduced a wider range of Disc pads for Passenger car market in the aftermarket segment and was able to have a wider range to cater to the disc brake pad business.

Your company changed over to 100 % ASBESTOS-FREE by converting the last of the five manufacturing units into 100% ASBESTOS-FREE, effective from 1st April 2011.

Opportunities and threats:

Your company has geared up to meet the requirement of new generation commercial vehicles slated to touch Indian roads by this year with the development of new generation asbestos free brake linings.

Your Company is looking at opportunity to become an OE supplier for a major overseas axle manufacturer.

In view of the changing trends in the world market, from drum brake linings to disc brakes for commercial vehicles, your company is giving special focus on Commercial Vehicle disc pad business.

Threats are expected from various competitors, both in organized and unorganized sectors, by offering low priced non-asbestos linings for Medium & Heavy Commercial vehicles.

Risk and concerns:

Rising input raw material costs like those of phenolic resin, steel, brass, rubber and increase in power/diesel cost would continue to be a major threat for your company to deal with during 2011-12. The high volatility & rising Resin Prices, causes impact on the profits of the Company.

Human Resources / Industrial Relations:

The Industrial Relations in all five plants of the Company continued to be cordial. As a part of HR initiatives, training and people development are being given the necessary impetus. The total number of employees on roll as on 31st March 2011 in different Plants was 1,545.

Quality and Quality Management Systems:

Your Company continues to focus on improvements to the quality systems at all levels through Total Employee Involvement with a view to provide higher customer satisfaction. It is also closely monitoring and focusing various cost reduction and cost control initiatives in various areas of operations to achieve planned targets during the year.

Internal control system:

The company maintains a system of internal control including adequate monitoring procedures. The internal auditors ensure operational controls 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 the Chairman and Managing Director of the Company and countermeasures are taken for complying with the system.

Financial and Operational performance:

Rs. in lacs

Particulars	Year 2010-11	Year 2009-10
Sales:		
Domestic	15,446.65	12,426.86
Export	8,126.00	7,506.30
Total	23,572.65	19,933.16
Other income	174.06	113.30
TOTAL INCOME	23,746.71	20,046.46
Raw Materials consumed	12,320.71	9,678.85
Employee cost	2,800.23	2,355.71
Stores, Spares & Tools consumed	632.25	538.56
Power and Fuel	2,773.10	2,267.65
Repairs and Maintenance	397.18	347.76
Other expenses	2,391.97	2,521.85
Interest	270.59	219.44
Depreciation	632.57	593.52
Total expenditure	22,218.60	18,523.34
Profit before tax before extraordinary item	1,528.11	1,523.12
Extraordinary item - amounts paid to a bank	700.00	756.00
Profit before tax after extraordinary item	828.11	767.12
Provision for tax:		
Current tax	178.00	117.00
Deferred tax	20.00	33.00
Profit after tax	630.11	617.12

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.

AUDITORS' REPORT

To

THE MEMBERS OF SUNDARAM BRAKE LININGS LIMITED

We have audited the Balance Sheet of M/s Sundaram Brake Linings Limited as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- (a) As required by the Companies (Auditor's Report) Order 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and as amended, we enclose in the annexure a statement on the matters specified in paragraphs (4) and (5) of the said Order, to the extent applicable to the Company.
- (b) Further to our comments in the annexure referred to in paragraph (a) above, we report that :
- 1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
 - 2 In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books
 - 3 The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account
 - 4 In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956
 - 5 On the basis of written representations received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as at 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956
 - 6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and taking into account Note No. I (15) of schedule 16, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for SUNDARAM & SRINIVASAN
Chartered Accountants (FRN 004207 S)

Kodaikanal
May 09, 2011

MPADHMANABHAN
Partner
(Membership No.13291)

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH (A) OF OUR REPORT OF EVEN DATE

- 1 The nature of the Company's business/activities during the year is such that, to the best of our knowledge and the information and explanations given to us, clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
 - 2 In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified by the management during the year in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on verification.
 - (c) During the year, the Company has not disposed of any substantial/major part of fixed assets.
 - 3 In respect of its inventories:
 - (a) The stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of the inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
 - 4 The Company has not granted / taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - 5 In our opinion and according to the information and explanations given to us there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and there is no continuing failure to correct major weaknesses in internal control system.
 - 6 In respect of transactions entered in the register maintained in pursuance to section 301 of the Companies Act, 1956:
 - (a) to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section and
 - (b) according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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SUNDARAM BRAKE LININGS LIMITED

- 7 In our opinion and according to the information and explanations given to us, in respect of the deposits accepted by the Company from public, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under, wherever applicable.
- 8 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 9 On the basis of the records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under Section 209(1)(d) of the Companies Act have been made and maintained by the Company.
- 10 According to information and explanations given to us in respect of statutory dues:
 - (a) the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales tax, wealth tax, Service Tax, customs duty, excise duty, cess and any other statutory dues, wherever applicable.
 - (b) the Company has unpaid dues of Rs.15.44 lakhs in respect of disputed demands of sales tax of which appeals involving Rs. 14.61 lakhs are pending before Appellate Assistant Commissioner of Sales Tax and appeals involving Rs. 0.83 lakh are pending before the Sales Tax Appellate Tribunal.
 - (c) In respect of Income Tax the company has gone on appeal against the demand of Rs.91.38 lakhs to the Commissioner of Income Tax(Appeals).
- 11 The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediate preceding financial year.
- 12 Based on our audit procedures and the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to banks or financial institutions.
- 13 The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 14 The Company has not given any guarantee for loans taken by others from banks or financial institutions
- 15 To the best of our knowledge and belief and according to the information and the explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- 16 According to the Cash Flow Statement and other records examined by us and the information and the explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- 17 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

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- 18 According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
 - 19 The Company has not raised any money by public issue.
 - 20 Based on our audit, information and representations received from the management, we have no reason/evidence that lead us to believe that any fraud on or by the Company has been noticed or reported during the year.

for SUNDARAM & SRINIVASAN
Chartered Accountants (FRN 004207 S)

MPADHMANABHAN
Partner
(Membership No.13291)

Kodaikanal
May 09, 2011

SUNDARAM BRAKE LININGS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

		Sch. No.	As at 31.03.2011	Rs. in lacs As at 31.03.2010
I SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital		1	393.46	393.46
b) Reserves & Surplus		2	<u>9,308.88</u>	<u>8,861.68</u>
			9,702.34	9,255.14
2. Loan Funds				
Secured Loans		3	<u>3,689.09</u>	2,970.13
			3,689.09	2,970.13
3. Deferred Tax Liability				
		4	<u>1,344.76</u>	<u>1,324.76</u>
	Total		<u>14,736.19</u>	<u>13,550.03</u>
II APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block		5	<u>15,148.67</u>	13,082.63
b) Less Depreciation			<u>6,626.53</u>	<u>5,996.16</u>
c) Net Block			<u>8,522.14</u>	7,086.47
d) Capital Work-in-progress			<u>—</u>	<u>94.43</u>
			8,522.14	7,180.90
2. Investments				
			52.51	52.51
3. Current Assets, Loans & Advances				
a) Inventories		6	<u>1,303.16</u>	1,139.46
b) Sundry Debtors		7	<u>4,869.64</u>	4,301.37
c) Cash & Bank balances		8	<u>1,238.73</u>	1,704.41
d) Loans & Advances		9	<u>1,562.56</u>	<u>1,941.31</u>
	(A)		<u>8,974.09</u>	<u>9,086.55</u>
Less : Current Liabilities & Provisions				
a) Liabilities		10	<u>2,542.11</u>	2,693.68
b) Provisions		11	<u>270.44</u>	<u>76.25</u>
	(B)		<u>2,812.55</u>	<u>2,769.93</u>
Net Current Assets (A) - (B)			<u>6,161.54</u>	6,316.62
	Total		<u>14,736.19</u>	<u>13,550.03</u>
Notes on Accounts		16		

K MAHESH
Chairman & Managing Director

T KANNAN
Director

ASHOK V CHOWGULE
Director

K S RANGANATHAN
Director

K S D SAMBASIVAM
Director

As per our Report Annexed
for SUNDARAM & SRINIVASAN
Chartered Accountants
(FRN 004207 S)

Place : Kodaikanal
Date : May 9, 2011

S RAMABADRAN
Financial Controller &
Secretary

M PADHMANABHAN
Partner
Membership No.13291

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Sch. No.	Year ended 31.03.2011	Rs. in lacs Year ended 31.03.2010
INCOME			
Sales (excludes Excise Duty – Rs. 1,838.29 lacs (PY - Rs. 1,259.17 lacs))		23,572.65	19,933.16
Other Income	12	174.06	113.30
Total		<u>23,746.71</u>	<u>20,046.46</u>
EXPENDITURE			
Raw Materials & Components consumed, Increase / (decrease) in Work-in-Progress and Finished Goods	13	12,320.71	9,678.85
Stores consumed, Salaries & Wages and other Expenses	14	8,994.73	8,031.53
Interest	15	270.59	219.44
Depreciation		632.57	593.52
Profit for the year		1,528.11	1,523.12
Total		<u>23,746.71</u>	<u>20,046.46</u>
Profit from Ordinary Activities Before Tax		1,528.11	1,523.12
Less: Extraordinary items: Amounts paid to a bank (Refer Note No. 15 on Schedule 16(I))		700.00	756.00
Profit before tax		828.11	767.12
Less: Provision for taxation - Current Tax		178.00	117.00
- Deferred Tax		20.00	33.00
Profit After Tax		630.11	617.12
Add: Surplus brought forward		666.72	695.44
Transfer to P & L Appropriation		<u>1,296.83</u>	<u>1,312.56</u>
APPROPRIATIONS			
Proposed Dividend		157.38	0.00
Interim Dividend		0.00	157.38
Tax on Dividends (including Surcharge & Cess)		25.53	26.75
Transfer to General Reserve I		63.01	61.71
Transfer to General Reserve II		400.00	400.00
Surplus Carried Over		650.91	666.72
Total		<u>1,296.83</u>	<u>1,312.56</u>
Earnings per share (basic and diluted) (Rs.)		16.01	16.49
Face value of shares Rs.10/- each			
(Refer Note No. 16 on Schedule 16(I))			
Notes on Accounts	16		

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Partner
Membership No.13291

SUNDARAM BRAKE LININGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended 31.03.2011	Rs. in lacs For the year ended 31.03.2010
A Cash flow from operating activities:		
Net Profit Before Tax	828.11	767.12
Add: Extraordinary items:		
Amounts paid to a bank	700.00	756.00
Compensation paid to employees under Early Retirement Scheme	1.89	0.00
Net Profit Before Tax and Extraordinary items	1,530.00	1,523.12
Adjustments for :		
Interest (net)	137.44	138.64
Unrealised Foreign Exchange Loss/(Gain)	(77.28)	13.85
(Profit) / Loss on sale of assets (net)	(0.01)	3.27
Depreciation	632.57	593.52
Operating Profit before Extra ordinary items & Working Capital changes	2,222.71	2,272.40
Amount paid to a bank	(700.00)	(756.00)
Compensation paid to employees under Early Retirement Scheme	(1.89)	0.00
Adjustments for :		
Trade & other receivables	(568.27)	(518.84)
Inventories	(163.70)	(151.30)
Loans & Advances	68.34	(1,012.95)
Trade Payables	(138.02)	818.06
Cash generation from operations	719.17	651.37
Income Tax (Paid) / Refund	(316.37)	(112.80)
Net cash from operating activities - "A"	402.80	538.57
B Cash flow from investing activities		
Purchase of fixed assets	(2,069.38)	(574.55)
Capital Work-in-Progress	94.43	(94.43)
Interest Received	133.15	80.80
Sale / deletion of fixed assets	3.34	15.69
Net Cash used in investing activities - "B"	(1,838.46)	(572.49)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended 31.03.2011	Rs. in lacs For the year ended 31.03.2010
C Cash flow from financing activities		
Proceeds from Rights Issue	–	1,489.71
Proceeds from / (reduction in) short term borrowings	305.87	954.92
Proceeds from long term borrowings	954.23	291.24
Repayment of long term borrowings	(541.14)	(548.00)
Interest paid	270.59	(219.44)
Dividend paid	(157.38)	(265.92)
Tax on Dividend paid	(26.75)	(45.20)
Net cash used in financing activities - "C"	805.42	1,657.31
Net increase in Cash and Cash Equivalents - A+B+C	(630.24)	1,623.40
Cash and Cash Equivalents as at the beginning (Note 1)	1,777.84	154.44
Cash and Cash Equivalents as at the end (Note 1)	1,147.60	1,777.84
Notes:		
1 Cash & Cash Equivalents as per Balance Sheet	1,238.73	1,704.41
Unrealised Foreign Exchange Loss/(Gain)	(77.28)	13.85
	1,161.45	1,718.26
Unrealised Foreign Exchange Loss/(Gain) as on 1 st April	(13.85)	59.58
Cash & Cash Equivalents as per Cash Flow Statement	1,147.60	1,777.84

2 The above statements have been prepared in indirect method except in case of interest, dividend and direct taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities

3 Cash and Cash Equivalent represent Cash and Bank balances only

4 Additions to Fixed Assets are stated exclusive of Capital Work-in-Progress between the beginning and end of the year and treated as part of investing activities

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As per our Report Annexed
for SUNDARAM & SRINIVASAN
Chartered Accountants
(FRN 004207 S)

Place: Kodaikanal
Date : May 9, 2011

S RAMABADRAN
Financial Controller &
Secretary

M PADHMANABHAN
Partner
Membership No.13291

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES

	As at 31.03.2011	Rs. in lacs As at 31.03.2010
1 CAPITAL		
Authorised		
50,00,000 equity shares of Rs.10/- each	500.00	500.00
Issued, Subscribed and Paid-up		
39,34,575 (Previous Year - 39,34,575) equity shares of Rs.10/- each	<u>393.46</u>	<u>393.46</u>
2 RESERVES AND SURPLUS:		
a) Capital Reserve	0.03	0.03
b) Share Premium Account		
As per last Balance Sheet	1,700.43	332.83
Addition during the year	0.00	1,367.60
	<u>1,700.46</u>	<u>1,700.43</u>
c) General Reserve - I		
As per last Balance Sheet	1,156.31	1,094.60
Add: Transfer from P & L Appropriation Account	63.01	61.71
	<u>1,219.32</u>	<u>1,156.31</u>
d) General Reserve - II		
As per last Balance Sheet	5,338.19	4,938.19
Add: Transfer from P & L Appropriation Account	400.00	400.00
	<u>5,738.19</u>	<u>5,338.19</u>
	<u>8,657.97</u>	<u>8,194.96</u>
Add: Surplus carried over	650.91	666.72
	<u>9,308.88</u>	<u>8,861.68</u>
3 SECURED LOANS		
a) Term Loans (See Note No. 1 of Sch. 16(e))	1,357.30	944.21
b) Cash Credit from bank (See Note No. 2 of Sch. 16(e))	2,331.79	2,025.92
	<u>3,689.09</u>	<u>2,970.13</u>
4 DEFERRED TAX LIABILITY:		
Balance brought forward	1,324.76	1,291.76
Add / (Less): Provision for current year	20.00	33.00
	<u>1,344.76</u>	<u>1,324.76</u>

SCHEDULES (Contd.)

5 FIXED ASSETS

Rs. in lacs

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions for the year	Deletions during the year	As at 31.03.2011	As at 01.04.2010	For the year	On Deletion of assets	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land - Freehold	133.66	-	-	133.66	-	-	-	-	133.66	133.66
- Leasehold	322.94	-	-	322.94	13.05	3.35	-	16.40	306.54	309.89
Buildings	1,651.28	441.99	-	2,093.27	554.01	53.62	-	607.63	1,485.64	1,097.27
Plant & Machinery	10,455.82	1,598.89	-	12,054.71	5,053.23	554.74	-	5,607.97	6,446.74	5,402.59
Furniture & Fixtures	123.16	0.22	-	123.38	78.93	7.29	-	86.22	37.16	44.23
Office Equipments	99.36	10.13	-	109.49	52.15	4.90	-	57.05	52.44	47.21
Computers	192.34	10.90	-	203.24	172.95	0.68	-	173.63	29.61	19.39
Vehicles	83.05	7.25	3.34	86.96	52.82	5.99	2.20	56.61	30.34	30.23
Intangible asset	21.02	-	-	21.02	19.02	2.00	-	21.02	0.00	2.00
Capital Work-in-Progress	13,082.63	2,069.38	3.34	15,148.67	5,996.16	632.57	2.20	6,626.53	8,522.13	7,086.47
Total	13,082.63	2,069.38	3.34	15,148.67	5,996.16	632.57	2.20	6,626.53	8,522.13	7,180.90
Previous Year	12,523.77	574.55	15.69	13,082.63	5,410.35	593.52	7.72	5,996.15		

6 INVENTORIES

- Stores & Spares
- Loose Tools
- Raw Materials
- Goods in Transit
- Finished Goods
- Work-in-Progress

See Note No. 2 of Schedule 16 (a)

7 SUNDRY DEBTORS

(Unsecured)

- Debts outstanding for a period exceeding six months - considered good
- Other debts - considered good

	As at 31.03.2011	As at 31.03.2010
	171.28	119.97
	57.25	56.80
	689.60	471.16
	48.39	162.01
	109.98	185.34
	226.66	144.18
	1,303.16	1,139.46
	86.85	44.19
	4,782.79	4,257.18
	4,869.64	4,301.37

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES (Contd.)

	As at 31.03.2011	Rs. in lacs As at 31.03.2010
8 CASH AND BANK BALANCES		
a) Cash on hand & imprest	7.56	6.64
b) With scheduled banks:		
on Current accounts	209.12	263.45
on Fixed Deposits	<u>1,000.00</u>	<u>1,410.00</u>
	1,209.12	1,673.45
c) Unclaimed Dividend	22.05	24.32
	<u>1,238.73</u>	<u>1,704.41</u>
9 LOANS AND ADVANCES		
a) Advances recoverable in cash or in kind or for value to be received (unsecured considered good)	1,052.75	1,191.62
b) Prepaid expenses	54.56	48.12
c) Deposits	223.56	192.93
d) Balance in Central Excise Account	97.96	69.51
e) Advance Tax (net of tax provision)	122.39	432.80
f) Balance in TN VAT Account	11.34	6.32
	<u>1,562.56</u>	<u>1,941.31</u>
10 CURRENT LIABILITIES		
a) Sundry Creditors *	2,516.40	2,666.93
b) Unpaid dividend **	22.05	24.32
c) Unpaid matured fixed deposits **	0.06	0.06
d) Warrants issued but not encashed **		
Fixed deposit interest	0.00	1.71
Debenture interest	0.00	0.66
e) Interest accrued but not due on Term Loan	3.60	0.00
	<u>2,542.11</u>	<u>2,693.68</u>
* See note No. (f) of Schedule 16		
** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund		
11 PROVISIONS		
a) Provision for leave encashment	87.53	76.25
b) Provision for dividend	157.38	0.00
c) Provision for Tax on Dividend	25.53	0.00
	<u>270.44</u>	<u>76.25</u>

SCHEDULES (Contd.)

	Year ended 31.03.2011	Rs. in lacs	
		Year ended 31.03.2010	
12 OTHER INCOME			
a) Interest Receipts (Gross) on deposits (Tax deducted at Source - Rs. 15.60 lacs - Previous Year Rs.4.30 lacs)	133.15		80.80
b) Profit on sale of asset	0.01		-
c) Miscellaneous Income	40.90		32.50
	<u>174.06</u>		<u>113.30</u>
13 RAW MATERIALS & COMPONENTS CONSUMED, INCREASE / (DECREASE) IN WORK IN PROGRESS AND FINISHED GOODS			
Opening Stock :			
Raw materials	471.16		447.69
Work in progress	144.18		144.79
Finished goods	185.34	800.68	179.36 771.84
Add: Purchase of Raw Materials & Components		<u>12,546.27</u>	<u>9,707.69</u>
		13,346.95	10,479.53
Less : Closing Stock :			
Raw materials	689.60		471.16
Work in progress	226.66		144.18
Finished goods	109.98	1,026.24	185.34 800.68
		<u>12,320.71</u>	<u>9,678.85</u>

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES (Contd.)

	Year ended 31.03.2011		Rs. in lacs Year ended 31.03.2010	
14 STORES CONSUMED, SALARIES, WAGES & OTHER EXPENSES				
Stores consumed : Stores and spares	415.46		359.48	
Loose Tools	216.79	632.25	179.08	538.56
Salaries, Wages & Bonus (includes extra-ordinary expenditure of Rs. 1.89 lac being compensation paid to employees under Early Retirement Scheme) (last year - Rs. Nil)	2,195.79		1,834.39	
Contribution to Provident Fund and other Funds	107.89		117.84	
Staff and Workmen welfare expenses	496.55	2,800.23	403.48	2,355.71
Power and Fuel		2,773.10		2,267.65
Rent	-		4.95	
Rates & Taxes	76.93	76.93	41.59	46.54
Insurance		51.46		38.42
Repairs & Maintenance				
Building	130.21		103.07	
Machinery	220.72		193.55	
Others	46.25	397.18	51.14	347.76
Travelling expenses		168.01		153.49
Packing & Forwarding		1,231.08		1,137.99
Advertisement & Publicity		53.27		63.71
Managerial Remuneration & Sitting fee		45.70		37.35
Audit Fee : As Auditors	6.07		4.96	
For certification / taxation matters	5.21		3.04	
Out of pocket expenses	0.07	11.35	0.40	8.40
Postage & Telephones		47.45		57.00
Loss on sale of assets (net)		-		3.27
Provision for bad & doubtful debts - write-back		-		(105.06)
Bad debts written off		-		96.89
Research & Development expenses - refer Note No. 8 of Schedule 16 (I)		270.46		242.60
Miscellaneous expenses		436.26		741.25
		8,994.73		8,031.53
15 INTEREST				
a) On term loans		85.00		136.29
b) Others		185.59		83.15
		270.59		219.44

SCHEDULES (Contd.)

16 NOTES ON ACCOUNTS

a) Accounting Policies

1. Basis of accounting:

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

2. Valuation of Inventories:

Inventories are valued at lower of cost or net realisable value and in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India in Accounting Standard 2 at weighted average rates. Work-in-progress and Finished Goods are valued at raw material cost plus cost of conversion excluding interest.

3. Cash Flow Statement:

Cash Flow Statement has been prepared under "Indirect Method".

4. Depreciation:

Depreciation has been charged on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act 1956.

5. Revenue recognition:

The sales include sale of products manufactured and bought out components but are net of trade discounts and exclusive of excise duty and sales tax / VAT where applicable. Interest income is recognised on a time proportion basis. Insurance claims are recognised on certainty of realisation.

6. Fixed assets:

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

7. Foreign currency transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Transactions in foreign exchange, which are covered by forward contracts, are accounted at the contracted rate, the difference between the forward rate and the exchange rate at the date of transaction being recognized in the profit and loss account. Foreign exchange transactions, which are outstanding as at the year-end and not covered by the forward contracts, are translated at the year-end exchange rate. Gains and losses arising on account of such revisions are reflected in the profit and loss account.

8. Derivatives :

The Company deals in derivative instruments, viz., forward contracts, to hedge its exposures against movements in parity rates of the currencies. The use of these forward contracts to some extent reduces the impact arising out of the adverse movement of currencies. The losses / gains, if any, arising under the contracts which are not closed as of the year-end, are recognized in the accounts based on Accounting Standards AS-1, AS-11 and AS-30 as well as the press note issued by the Institute of Chartered Accountants of India.

9. Investments:

Investments are accounted at cost.

10. Retirement benefits:

Company's contribution to provident fund, superannuation fund and gratuity fund are made to the respective Trusts and charged to the profit and loss account. Provision for leave salary in respect of encashable leave has been provided for according to the service rules of the Company based on actuarial valuation. The necessary disclosures as per Revised AS 15 have been made as part of Notes on Accounts.

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

11. Borrowing cost:

The borrowing cost has been treated in accordance with the Accounting Standard on Borrowing Cost (AS - 16) issued by the Institute of Chartered Accountants of India.

12. Excise Duty:

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

13. Segment Reporting:

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

14. Related party transactions:

The information on related party transactions furnished in this report was compiled based on the guidelines issued by The Institute of Chartered Accountants of India under Accounting Standard on Related Party Transactions (AS -18).

15. Leases:

The Company has entered into a lease agreement for acquiring land which is exempt from the coverage of Accounting Standard 19 on Lease.

16. Taxes on Income:

Provision for income tax is made on the basis of estimated taxable income for the year. Deferred tax resulting from timing differences between the book and the tax profits is accounted, at the current rate of tax, to the extent that the time differences are expected to crystallise.

	As at/ Year ended 31.03.2011	Rs. in lacs As at/ Year ended 31.03.2010
b) Subscribed Capital includes Rs.22.50 lacs (2,25,000 equity shares of Rs.10/= each) allotted as fully paid-up, pursuant to a contract, without payment being received in cash		
c) Contingent Liabilities not provided for :		
Estimated value of contracts remaining to be executed on Capital Account (net)	146.92	443.15
Income Tax / Sales Tax liability contested / being contested in appeal. In case of a favourable decision in the appeal, the liability may not arise	106.82	15.44
Liability towards Labour cases	6.66	5.46
d) Other Contingent Liabilities :		
Bank Guarantees for import of capital goods / domestic sales & others	79.32	28.89
See also Note No. I (15)		

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31.03.2011	Rs. in lacs As at/ Year ended 31.03.2010
e) Secured Loans:		
(1) Term Loans :		
a. Loans from State Bank of India, Chennai, Secured by first charge on the fixed assets acquired out of the loan and extension of charge on fixed assets - present and future	263.30	804.21
b. Loan from Export-Import Bank of India, Mumbai, secured by exclusive charge on the moveable and immoveable fixed assets financed out of the Term Loan and a <i>pari passu</i> first charge on the land situated at Mahindra World City, SEZ, Kancheepuram District, near Chennai with State Bank of India for its Term Loan of Rs. 12 Crores.	1,094.00	140.00
	<u>1,357.30</u>	<u>944.21</u>
(2) Cash Credit from SBI :		
Secured by first charge on present and future current assets and extension by way of second charge on the fixed assets, present and future	2,331.79	2,025.92
f) Included in Sundry Creditors is an amount of Rs. 26.43 lakhs (PY – Rs. 22.35 lakhs) due to micro enterprises and small enterprises (based on information available with the Company).		
a. Principal amount remaining unpaid	26.43	22.35
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	–	–
g) Miscellaneous Expenses include commission paid on sales	284.66	338.22
h) Gratuity :		
Contribution to Gratuity Fund included in Contribution to Provident & Other Funds	1.88	34.87
i) Provision for Excise duty payable on finished goods in stock as at the year end and also included in the value of such stock	9.31	5.42

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31.03.2011		Rs. in lacs As at/ Year ended 31.03.2010	
j) Provision for taxation represents :				
i) Income tax	177.75		116.50	
ii) Wealth tax	0.25	178.00	0.50	117.00
k) Investments represent long term trade investments as under :				
500 shares (Previous Year 500 shares) of Re.1/- each fully paid up of TVS Co-operative Stores Limited (cost Rs.500/-) - unquoted	0.01		0.01	
5,25,000 shares (Previous Year 5,25,000 shares) of Rs.10/- each fully paid up of M/s Arkay Energy (Rameswaram) Limited - unquoted	52.50	52.51	52.50	52.51
l) Information pursuant to Part II of Schedule VI of the Companies Act, 1956				
(1) Licensed capacity :				
Information is not furnished in view of the abolition of the Industrial Licensing requirements				
(2) Installed capacity (Metric Tonne):		24,884 MT		22,151 MT
(3) Production :				
Organic automotive, non-automotive and industrial friction materials - in sets (in lacs) (including non-asbestos products)		198.19		173.41
(4) Turnover :				
(i) Organic automotive, non-automotive and industrial friction materials				
- Quantity in sets (in lacs)		198.83		173.58
- Value	23,397.92		19,690.64	
(ii) Others	174.73	23,572.65	242.52	19,933.16
Turnover includes Export sales		8,126.28		7,506.30
(5) Stock of Goods produced :				
Opening Stock - in sets (in lacs)		1.60		1.78
Closing Stock - in sets (in lacs)		0.96		1.60
(6) Imports on CIF basis :				
(i) Raw Materials		1,859.76		1,709.38
(ii) Components, Spare Parts etc.,		-		17.03
(iii) Capital Goods		-		149.22
(7) Expenditure in Foreign Currency :				
(i) Royalty, Consultancy & Retainer Fee		36.99		39.50
(ii) Others		124.06		136.59

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31.03.2011	Rs. in lacs As at/ Year ended 31.03.2010
(8) Research & Development Expenditure #		
(i) Capital expenditure	30.75	166.91
(ii) Revenue expenditure:		
a) Raw Material & Components consumed	7.86	11.77
b) Salaries, Wages & Bonus	178.96	155.52
c) Stores & Tools consumed	14.09	16.08
d) Power cost	33.67	17.93
e) Travelling expenses	3.65	0.13
f) Product development expenses	23.31	23.92
g) Other expenses	8.92	17.25
Total Revenue expenditure	<u>270.46</u>	<u>242.60</u>

On the in-house R & D facility approved by Department of Scientific & Industrial Research, New Delhi

(9) Value of imported and indigenous raw-materials, spares and components consumed during the year and their percentages to total consumption

	As at / Year ended 31.03.2011			As at / Year ended 31.03.2010		
	Qty in M.T.	Value Rs. in lacs	%	Qty M.T.	Value Rs. in lacs	%
(i) Raw Materials						
Imported - Asbestos & other materials	1,414	1,044.79	8.5%	1,845	1,240.83	12.8%
Imported - Chemicals	796	961.50	7.8%	470	700.29	7.2%
Indigenous	18,777	8,399.03	68.1%	16,629	6,325.88	65.3%
(ii) Other components (indigenous) which do not individually account for more than 10 % of the total consumption		1,922.50	15.6%		1,417.22	14.7%
		<u>12,327.82</u>	<u>100.0%</u>		<u>9,684.22</u>	<u>100.0%</u>
(iii) Spares :						
Imported		5.49	2.9%		7.74	4.6%
Indigenous		186.06	97.1%		159.79	95.4%
		<u>191.55</u>	<u>100.0%</u>		<u>167.53</u>	<u>100.0%</u>

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31.03.2011	Rs. in lacs As at/ Year ended 31.03.2010
(10) Earnings in Foreign Exchange :		
(i) FOB value of goods exported	8,085.04	7,221.26
(ii) Exchange fluctuation on Foreign Currency A/c (Net)	107.35	(106.73)
(11) Computation of Managerial Remuneration u/s 309 (5) read with sections 198 & 349 of the Companies Act 1956		
Profit Before Tax as per P & L A/c	828.11	767.12
Add: Book Depreciation	632.57	593.52
Loss on sale of fixed assets as per books (net)	—	3.27
Provision for bad & doubtful debts	—	(105.06)
Remuneration paid to Directors	43.50	35.00
Directors' Sitting Fee	2.20	2.35
	678.26	529.08
	1,506.37	1,296.20
Less: Depreciation u/s 350	632.57	593.52
Profit on sale of fixed assets as per Sec.349	0.01	—
	632.58	593.52
Net Profit for the purpose of Sec.349	873.79	702.68
Maximum Remuneration	43.69	35.13
Amount provided in the accounts	43.50	35.00

(12) Deferred Tax Liability: The Company has estimated the deferred tax charge (credit) using the applicable rate of income tax based on the impact of timing differences for the current year.

The movement of provision for deferred tax is as follows:

	As at / Year ended 31.03.2011			As at / Year ended 31.03.2010		
	Opening As at 01.04.2010	Charge (credit) during the year	Closing As at 31.03.2011	Opening As at 01.04.2009	Charge (credit) during the year	Closing As at 31.03.2010
Provision for Deferred Tax:						
Liability (Depreciation)	1,391.91	24.28	1,416.18	1,393.78	(1.87)	1,391.91
Others	(67.15)	(4.28)	(71.42)	(102.02)	34.87	(67.15)
Deferred Tax Liability (net)	1,324.76	20.00	1,344.76	1,291.76	33.00	1,324.76

(13) Intangible assets:

Licence Fees for Windows software application of Rs. 10 lacs has been recognised as an intangible asset in 2006-07 & an amortisation policy of 5 years period has been adopted. For the current year, a sum of Rs. 2 lacs has been included as amortisation cost.

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

(14) Disclosure of Related Party Transactions:

Names of related parties and description of relationship	
1 Subsidiaries	None
2 Associates	T V Sundram Iyengar & Sons Limited
3 Key Management Personnel	Mr. K Mahesh (Chairman & Managing Director)
4 Enterprise with common Key Management Personnel	–
5 Relatives of Key Management Personnel	Mrs. Shrimathi Mahesh, Ms. Shripriya Mahesh, Mr Krishna Mahesh and Ms. Shrikirti Mahesh
6 Enterprises in which relatives of Key Management Personnel have significant interest	Alagar Farms Private Limited Alagar Resins Private Limited

Rs. in Lacs

Sl. No.	Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which relatives of Key Management Personnel have significant interest
	Transactions for the year ended 31.3.2011 / (P.Y. – 31.03.2010)				
1	Purchases	2.31 (6.54)			3,897.30 (2,494.97)
2	Sales	2,090.08 (2,233.03)			
3	Interest received				
4	Interest paid		– –	– –	
5	Services rendered				– –
6	Services received	– –	43.95 (35.50)	– –	
7	Rent paid		– (4.50)	– (0.45)	
8	Rent received	0.72 (0.72)			0.12 (0.12)
9	Outstanding as on 31.3.2011 / (P.Y. – 31.3.2010)				
	a) Debtors	244.93 (221.64)			– –
	b) Creditors	– (0.25)	43.50 (35.00)		645.23 (595.24)

SUNDARAM BRAKE LININGS LIMITED

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

- (15) Extraordinary items: Amounts paid to a bank:

As reported in earlier publications and Annual Accounts, there were certain disputes arising out of certain derivative transactions entered into on behalf of the Company with some banks and the disputes relating to such transactions with all banks have been settled. The net amount paid by the Company relating to the period has been shown as Extraordinary Expenditure. If the Company defaults in case of its financial commitments under the said settlement, the entire amount claimed by the Bank (net of payments made) equivalent to Rs. 80.62 Crores would become payable.

- (16) Earnings per share:

Earnings per share is calculated by dividing the profit attributable to shareholders by the number of equity shares outstanding during the year. Earnings per Share has been calculated as follows:

Particulars			As at/ Year ended 31.3.2011	As at/ Year ended 31.3.2010
Profit After Tax	A	Rs. Lacs	630.11	617.12
Number of Equity Shares	B	Nos.	3,934,575	3,741,442
Face Value per share		Rs.	10.00	10.00
Earnings per share (EPS) #		Rs.	16.01	16.49

Figures are not comparable as EPS for current year is based on the expanded Share Capital and EPS for the previous year was based on the weighted average number of Equity Shares as per AS 20.

- (17) Borrowing cost:

During the year an amount of Rs. 55.84 lacs was capitalised in accordance with the accounting policy of the Company (Previous Year Rs. 12.51 lacs).

- (18) Disclosures required under Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006:

Defined Contribution Plan:

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

	As at/ Year ended 31.3.2011	As at/ Year ended 31.3.2010
Employer's Contribution to Provident Fund	94.50	87.67
Employer's Contribution to Superannuation Fund	23.81	5.49
	118.31	93.16

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

Defined Benefit Plan:

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

NOTES ON ACCOUNTS (Contd.)

Rs. in lacs

	As at / Year ended 31.03.2011		As at / Year ended 31.03.2010	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
a. Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation as at beginning of the year	357.17	76.25	331.69	68.86
Current Service cost	22.54	14.26	18.79	8.83
Interest cost	28.57	5.14	26.53	4.72
Actuarial (gain) / loss	(15.98)	15.95	15.13	5.84
Benefits paid	(25.37)	(24.07)	(34.96)	(12.00)
Defined Benefit obligation as at end of the year	366.94	87.53	357.17	76.25
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets at beginning of the year	388.04		358.96	
Expected return of plan assets	35.12		30.87	
Actuarial gain / (loss)	–		–	
Employer's contribution	–	24.07	33.18	12.00
Benefits paid	(15.98)	(24.07)	(34.96)	(12.00)
Fair value of plan assets at the end of the year	407.18		388.04	
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at 31 st March	407.18	–	388.04	–
Present value of obligation as at 31 st March	366.94	87.53	357.17	76.25
Amount not recognised / recognised in Balance Sheet	40.24	87.53	30.87	76.25
d. Expenses recognised during the year				
Current Service cost	22.54	14.26	18.79	8.83
Interest cost	28.57	5.14	26.53	4.72
Expected return on plan assets	(35.12)	–	(30.87)	–
Actuarial (gain) / loss	(25.37)	15.95	15.13	5.84
Net cost	(9.37)	35.35	29.58	19.39
e. Investment details				
	% invested		% invested	
	as at 31st March 2011		as at 31st March 2010	
LIC Group Gratuity (Cash Accumulation) Policy	100		100	
f. Actuarial assumptions				
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.00%	8.00%	8.00%	7.50%
Expected rate of return on plan assets (per annum)	8.00%	–	8.00%	–
Rate of escalation in salary (per annum)	1 - 3%	5.00%	5.00%	5.00%

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

SUNDARAM BRAKE LININGS LIMITED

NOTES ON ACCOUNTS (Contd.)

m) Balance Sheet Abstract and Company's General Business Profile as per part IV to Schedule VI to the Companies Act, 1956

I Registration details

Company Identification No. L34300TN1974PLC006703 State Code 18
Balance Sheet Date 31.03.2011

II Capital raised during the year (amount in Rs. thousands)

Public issue Nil Rights issue Nil
Bonus issue Nil Private placement Nil

III Position of mobilisation and deployment of funds : (amount in Rs. thousands)

Total Liabilities		Total Assets	
<i>Sources of funds</i>		<i>Application of funds</i>	
Paid up capital	39,346	Net Fixed Assets	852,214
Reserves & Surplus	930,888	Investments	5,251
Secured Loans	368,909	Net Current Assets	616,154
Unsecured Loans	0		
Deferred Tax Liability	134,476		

IV Performance of Company (amount in Rs. thousands)

Turnover (incl. Other income) 2,374,671 Profit(+)/Loss (-) After Tax 63,011
Total Expenditure 2,221,860 Earnings Per Share - in Rs. 16.01
Profit(+)/Loss (-) Before Tax 152,811 Dividend (%) 40%

V Generic names of four principal products / services of Company (as per monetary terms)

Item code No. (ITC Code)	Product description
68132010	Brake Linings and Pads (containing asbestos)
68138100	Brake Linings and Pads (not containing asbestos)
87083000	Disc Brake Pads (Mounted Brake Linings)
87089300	Clutches and Parts thereof (ClutchFacings)

Figures in respect of previous year have been regrouped wherever necessary to conform to this year's classification.

(Signatures to Schedule 1 to 16)

K MAHESH
Chairman & Managing Director

T KANNAN
Director

ASHOK V CHOWGULE
Director

K S RANGANATHAN
Director

K S D SAMBASIVAM
Director

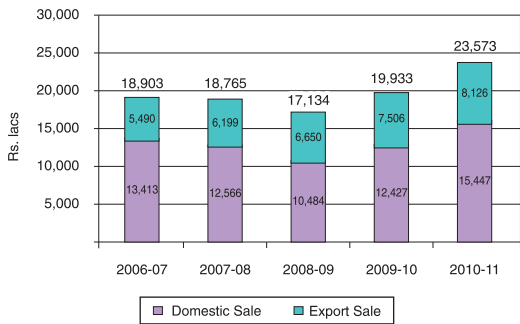
As per our Report Annexed
for SUNDARAM & SRINIVASAN
Chartered Accountants
(FRN 004207 S)

Place : Kodaikanal
Date : May 9, 2011

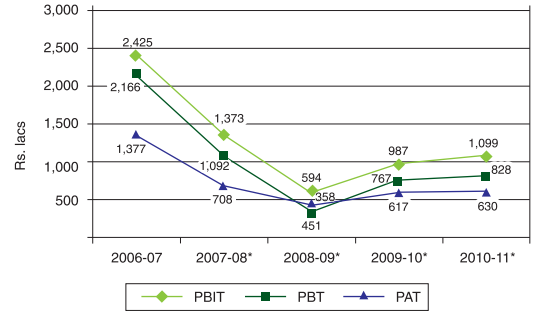
S RAMABADRAN
Financial Controller &
Secretary

M PADHMANABHAN
Partner
Membership No.13291

Net Sales

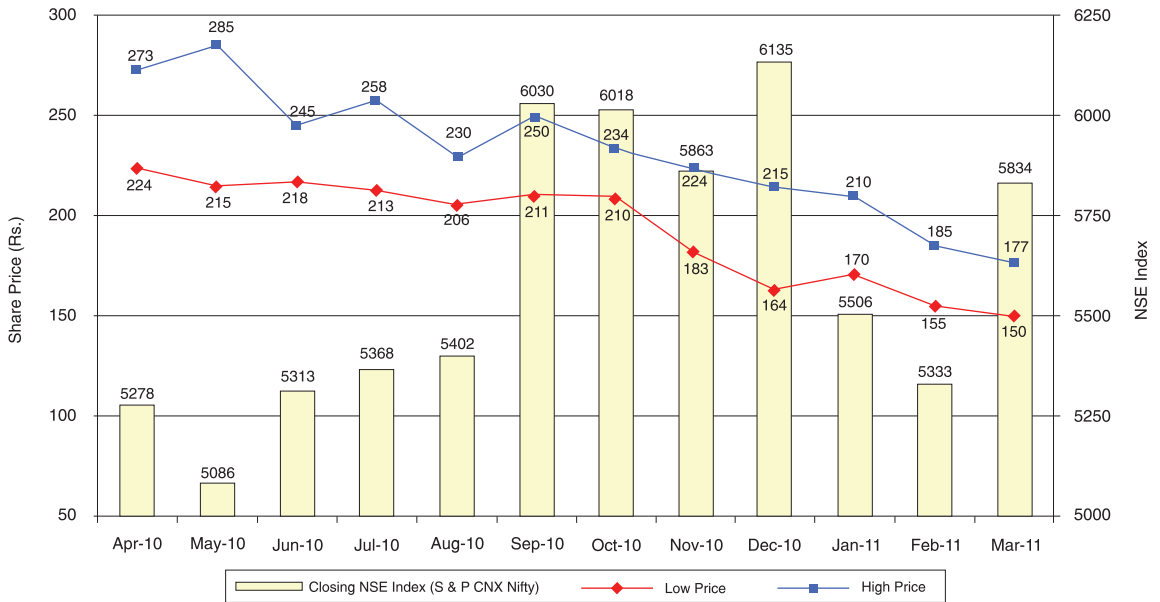


Profit Trend

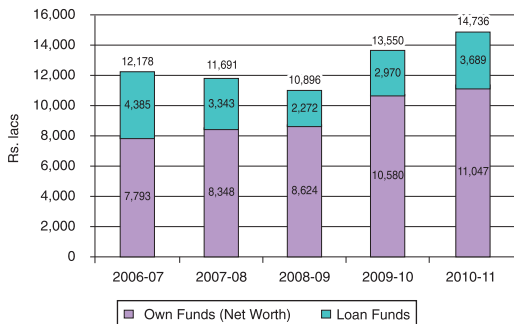


*after extraordinary item

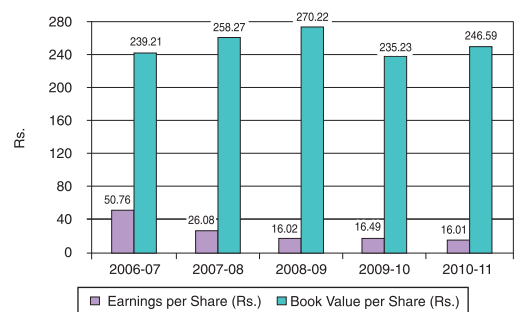
Share Price Movement & NSE Index



Capital Employed



Earnings per share & Book Value



*Adjusted for Rights Issue during 2009-10

