

27th ANNUAL REPORT

2009 - 2010





27th Annual Report

BOARD OF DIRECTORS

Sri P Veernarayana
Sri P.Madhuprathap
Sri.K.Subbaiah
Sri K Eshwaraiah

Vice Chairman and MD
Technical Director
Director
Nominee Director (APIDC)

REGISTERED OFFICE

D4&D5
Industrial Estate
Renigunta Road
Tirupati-517506

FACTORY

D4, D5, D11 & Shed No.3
Industrial Estate
Renigunta Road
Tirupati-517506

AUDITORS

Sesha Prasad & Co.,
Chartered Accountants
Flat No. 203, Mani Plaza,
6-2-101/7/A&B, New Bhoiguda,
Secunderabad – 500 003.

FINANCIAL INSTITUTIONS/BANKS

Industrial Development Bank of India, Chennai
Central Bank of India, GS Mada St., Tirupati

LISTING

Bombay Stock Exchange Ltd., Mumbai,
Madras Stock Exchange, Chennai
Ahmedabad Stock Exchange, Ahmedabad

REGISTRAR FOR DEMAT

Bigshare Services Pvt. Ltd
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri(E),
Mumbai-400072

27th Annual General Meeting

Date: Thursday, September 09, 2010
Time: 3:00 P.M.

Venue: Registered Office
D4 & D5, Industrial Estate
Renigunta Road
Tirupati-517506

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 27th Annual General Meeting of the Company will be held at its Registered Office: D4 & D5, Industrial Estate, Renigunta Road, Tirupati - 517506 (AP) at 3:00 pm on Thursday, September 09, 2010 to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. Subbaiah who retires by rotation and being eligible, offers himself for re-appointment.
3. To fix the Remuneration of Directors as Rs. 50,000 per month to Mr. P. VeerNarayana and Rs. 45,000 per month to Mr. P. Madhupratap.
4. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution.

“RESOLVED THAT M/S Sesha Prasad & Company, Chartered Accountants, Secunderabad be and are hereby 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 a remuneration as may be decided by the Board of Directors, in addition to payment for other services and out of pocket expenses”

By Order of Board of Directors,

Sd/-
P. VeerNarayana
(Vice Chairman & Managing Director)

Sd/-
P. Madhupratap
(Technical Director)

Date: 23-07-2010
Place: Tirupati

NOTES:

- 1) A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member of the Company. A form of proxy is enclosed. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 2) The Register of Members and Transfer Books of the Company will remain closed from Monday, 16th August 2010 to Friday, 20th August 2010 (both days inclusive).
- 3) The instrument appointing a proxy should however be deposited.
- 4) Shareholders are requested to notify change in address if any, immediately to the Company's Registered Office.
- 5) Shareholders are requested to bring their copies of Annual Reports to the Meeting. Copies of the Annual Report will not be available for distribution to shareholders at the Meeting hall.
- 6) Shareholders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting hall.
- 7) Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the company at least 7-days in advance of the Annual General Meeting.
- 8) Members are requested to note that herein after all shares related transactions i.e., transfer, transmission, transposition, nomination, change of name etc., are being handled by the company/ through share registrars.

DIRECTORS' REPORT

The Directors submit the 27th Annual Report of the company together with the Audited Statements of the accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS:

The brief financial results of the company for the year ended March 31, 2010 are given hereunder

PARTICULARS	(Rs. in lakhs)	
	2009-10	2008-09
i) Total Sales	1040.47	888.80
ii) Profit before Depreciation, Interest and Tax	67.92	74.87
iii) Interest	0.15	0.18
iv) Depreciation	71.82	87.05
v) Other Income	3.20	3.51
vi) Profit before Tax	(0.86)	(8.85)
vii) Provision for Tax	--	--
viii) Net Profit for the Year	(0.86)	(8.85)

2. OPERATIONS:

The Company continued to see strong growth in the financial year 2009-10 driven by good performance in existing and new areas of business.

During the year under review, the turnover of your company has increased to ` 1040.47 lakhs from ` 888.80 lakhs thereby registering a growth of 17.06% over the previous year. The directors are hopeful of better results in the coming years.

3. DIVIDEND:

The Board has not recommended Dividend for the year 2009-10.

4. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, the directors hereby confirm that

- i) In preparing the Annual Accounts for the year 2009-10, the applicable accounting Standards have been followed and no material departure is there.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors had prepared the annual accounts on a going concern basis.

5. DIRECTORS:

Mr. Mr.K. Subbaiah, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. K. Eswaraiah has been nominated as Nominee Director by APIDC.

6. DEPOSITS:

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

7. CORPORATE GOVERNANCE:

As the net worth of the company is less than ` 25 crores, corporate Governance clause is not applicable to the company.

8. REPLY TO AUDITORS COMMENTS:

Regarding the auditors comments on confirmation of balances from Debtors and Creditors, we submit that we have already sent the letters to the Debtors and Creditors to confirm the balances; we have received some of the confirmation letters.

The auditors commented for not updating the fixed assets register. The Company is in the process of updating the same.

The auditors commented for not making provision for gratuity liability. Earlier the Company had LIC Gratuity account and was closed due to non-payment of regular premiums. The Company is taking the necessary to open a new account. The Company is paying gratuity as and when the amount is ascertainable. As the Company has accumulated losses from the past years, it's not able to make provision for gratuity liability.

9. PARTICULARS OF EMPLOYEES:

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 195 read with the companies (particulars of Employees) rules, 1975 and forming part of the Directors Report for the year ended March 31, 2010.

During the year under report, none of the employee of your company were in receipt of remuneration in excess of the limits prescribed for disclosure as per Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended.

10. AUDITORS:

M/s Sesha Prasad & Company, Chartered accountants, Secunderabad retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer them self for reappointment and hence is recommended for reappointment.

11. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION.

The particulars as prescribed under section 217(2A) (1) (e) of the Act,, read with the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in an annexure to this report.

12. ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, investors, business associates, bankers for their support to the company.

The Directors appreciate and value the contributions made by every member of the SIBAR family.

For and on behalf of the Board

Sd/-

P. VeerNarayana
(Vice Chairman & Managing Director)

Sd/-

P. Madhuratap
(Technical Director)

Date: 23-07-2010

Place: Tirupati

ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

A) Conservation of Energy:

As a part of continuing efforts to conserve various resources, following steps were taken to conserve energy:

- Electrical energy saving was achieved by installation of energy efficient motors, the production processes by eliminating high power consuming machines/equipments, optimization of central air conditioning plant, providing for automatic switch off for pump house motors, illumination systems, transparent roof sheets and use of CFL lamps in installation of natural draft air exhaust ventilators.

The Particulars of conservation of energy are as follows:

Particulars	Units	Amount in Rs.
Diesel	14,964 Ltrs	5,25,966
Electricity	12,00,800 KWH	48,04,901
Coal	11,105 KGs	1,03,987

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

The Company continuous to use latest technology is for improving productivity and quality of its product.

a) Research and Development cost NIL

b) Technology absorption and innovation NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
A) Value of Imports (F.O.B.Value)	-Nil-	3.06

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of M/s. Sibar Auto Parts Ltd, D4 & D5, Industrial Estate, Renigunta Road, Tirupati presents its Analysis Report covering the Performance and Outlook of the Company. The Report contains business perspective and prospects based on the current environment and strategic options to steer the Company through unforeseen and uncontrollable external factors. Though company is facing several financial constraints company is able to perform better within available resources.

KEY OPPORTUNITIES INCLUDE

Expansion in the automobile and electrical components manufacturing is concentrated.

KEY THREATS INCLUDE

Increase of price in Furnace oil, Aluminum and other inputs affects profit margin

PRODUCTWISE PERFORMANCE (MAIN PRODUCTS)

Product Cumulative for the year-2009-10

Total melting for the year : 893 tons out of which Job work : 498 tons and sales : 395 tons

OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR

The management is working toward enhanced efficiencies in consumption of raw materials, reduction in input costs.

SOME RISKS & CONCERNS

- * The man power cost per ton of finished product remains high.
- * Old depreciated plants, requires high maintenance cost.
- * Huge investments required for revamp/replacement/modernization of the old plants.

INTERNAL CONTROL SYSTEMS & THE ADEQUACY

Internal controls are supported by Internal Audit and Management Reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels.

With the objective of improving the systems and removing bottlenecks, systems review is carried out and policies and procedure manuals are implemented. We have been certified under ISO-9001:2000 standards through the Direct assessment Services on 16th April 2007 and completed surveillance audit on April 2009 and the company is certified ISO 9001-2008 which is certified by Quest certification pvt ltd on April, 2010.

As part of good Corporate Governance the Audit Committee constituted by the Board periodically reviews the internal controls, Audit Programmes, Financial Results, Recommendations of the Auditors and Management's Replies to those Recommendations.

REVIEW OF FINANCIAL PERFORMANCE:

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles.

The financial performance highlights are as follows:-

The sales turnover was of the order of Rs. 1040.47 lakhs against Rs. 888.80 lakhs thereby registering a growth of 17.06% over the previous year. There was an Operating Profit before interest and depreciation of Rs. 67.92 lakhs against the Operating Profit of Rs 74.87 lakhs for the previous year. The company had not provided interest portion for the loans for the current year.

The outlook for the future appears to be good with the revival of economic growth. The Accumulated losses are likely to go down substantially during the year in view of proposed implementation of several improvement plans.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, manpower cost, exchange rate fluctuations, interest and other costs.

For and on behalf of the Board

For **SIBAR AUTO PARTS LIMITED**

Sd/-

P. VeerNarayana
(Vice Chairman & Managing Director)

Sd/-

P. Madhupratap
(Technical Director)

Date: 23-07-2010

Place: Tirupati