



# **28<sup>th</sup> ANNUAL REPORT**

## **2010-2011**





## BOARD OF DIRECTORS

<b>Sri P Veerananarayana</b>	Vice Chairman and MD
<b>Sri P.Madhuprathap</b>	Technical Director
<b>Sri.K.Subbaiah</b>	Director
<b>Sri K Eshwaraiah</b>	Nominee Director (APIDC)
<b>Sri Ramachandra Chowdary Amineni</b>	Director

### 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 & Company,  
Chartered Accountants,  
Plot No. 34B, 1st Floor,  
HUDA Heights, Near Lotus Pond,  
Road No. 12, Banjara Hills,  
Hyderabad - 500 034.

### FINANCIAL INSTITUTIONS/BANKS

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

### COMPANY LAW SECRETARY

A.J. Sharma & Associates  
#5-9-796,103,Pavani Kamal Complex  
Gunfoundry, Abids, Hyderabad – 500 001

### REGISTRAR & SHARE TRANSFER AGENTS

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

### LISTING

The Stock Exchange, Mumbai

M/s Big Share Services (P) Ltd. (B.O.)  
G-10, Left wing, Amrutha Ville,  
Somajiguda, Raj Bhavan Road,  
Hyderabad - 500082

### 28<sup>TH</sup> ANNUAL GENERAL MEETING

Date: Saturday, July 30, 2011

Time: 11:00 A.M.

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

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**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 28<sup>th</sup> Annual General Meeting of the Company will be held at its Registered Office: D4 & D5, Industrial Estate, Renigunta Road, Tirupati - 517506 (AP) at 11:00 am on Saturday, July 30, 2011 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance sheet as at March 31, 2011 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 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, Hyderabad 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"

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell the surplus land registered in the name of the Company situated at Kothapalem Village, Renigunta Mandal, Chittoor Dt SV No70,71 & 75 admeasuring 11.97 acres and 0.48 acres for discharging within 12 months the OTS obligation of the Lending Banks to the extent of ₹ 5.00 corers

Resolved further that the Board be and is hereby authorized to negotiate and finalize the consideration in the best interest of the Company and do all such acts, deeds and things that may be necessary to carry the resolution into effect without recourse to any further approvals of the shareholders in this regard

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Amineni Ramachandra Choudary, who was appointed as Additional Director of the company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 to hold office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the company."

By Order of Board of Directors,

**P. Veerananarayana**  
(Vice Chairman & Managing Director)

**P. Madhupratap**  
(Technical Director)

Date: June 25, 2011

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, 25<sup>th</sup> July, 2011 to Saturday, 30<sup>th</sup> July, 2011 (both days inclusive).
- 3) Shareholders are requested to notify change in address if any, immediately to the Company's Registered Office.
- 4) 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.
- 5) Shareholders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting hall.
- 6) 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.
- 7) 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.

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

**ITEM NO. 5**

The company has been granted One Time Settlement (OTS) by Assets Recovery Branch of Central Bank of India

The company needs to pay ₹. 500.00 lakhs in full and final settlement of the Bank dues. As part of this, 25% of the OTS amount i.e. ₹125.00 lakhs was paid immediately while the balance of ₹ 375.00 lakhs is to be paid within 12 months from the date of conveying sanction of OTS in four quarterly installments.

For this purpose, the company seeks to sell the land property owned by it.

Therefore, in view of the above, the Board of Directors recommends the resolution for your approval.

None of the Directors are interested or concerned in the resolution.

**ITEM NO. 6**

The Board of Directors have appointed Mr. Amineni Ramachandra Choudary as an Additional Director of the company in the Board meeting held on 29<sup>th</sup> April, 2011. Pursuant to the provisions of Section 260, the additional director shall hold the office only upto the ensuing Annual General Meeting and in order to continue as a director, he needs to be appointed as a Director of the company in the Annual General Meeting of the company.

Being eligible for appointment as Director of the company, he has given his consent to act as a director of the company. The company has received notice in writing from a member along with deposit of ₹500/- proposing the candidature of Mr. Amineni Ramachandra Choudary for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Therefore, in view of the above, the Board of Directors recommends the resolution for your approval.

None of the Directors are interested or concerned in the resolution.

By Order of the Board of Directors,

**P. Veerananarayana**

(Vice Chairman & Managing Director)

Date: June 25, 2011

Place: Tirupati



## DIRECTORS' REPORT

The Directors herewith submit the 28<sup>th</sup> Annual Report of the company together with the Audited Statements of the accounts for the year ended March 31, 2011.

### 1. FINANCIAL RESULTS:

The brief financial results of the company for the year ended March 31, 2011 are given hereunder

PARTICULARS	(₹ in lakhs)	
	2010-11	2009-10
i) Total Sales	1159.82	1040.47
ii) Profit before Depreciation, Interest and Tax	32.02	67.92
iii) Interest	0.02	0.15
iv) Depreciation	10.65	71.82
v) Other Income	4.69	3.2
vi) Profit before Tax	26.06	(0.86)
vii) Provision for Tax	1.04	--
viii) Net Profit for the Year	25.01	(0.86)

### 2. OPERATIONS:

The Company continued to see strong growth in the financial year 2010-11 driven by good performance in existing and new areas of business.

During the year under review, the turnover of your company has increased to ₹1159.82 lakhs from ₹ 1040.47 lakhs thereby registering a growth of 11.47% over the previous year. The directors are hopeful of better results in the coming years.

### 3. DIVIDEND:

The Board has not recommended any Dividend for the year 2010-11.

### 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 2010-11, 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. 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.

Mr. Amineni Ramachandra Choudary, who was appointed as Additional Director shall hold the office up to the ensuing Annual General Meeting. Being eligible for appointment as Director of the company, he has given his consent to act as a director of the company.

### 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:

The Report on Corporate Governance, Management Discussion and Analysis forming part of this report is enclosed.



**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 steps 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, 1956 read with the companies (particulars of Employees) rules, 1975 and forming part of the Directors Report for the year ended March 31, 2011.

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, Hyderabad 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.

**P. Veerananarayana**

(Vice Chairman & Managing Director)

Date: June 25, 2011

Place: Tirupati

**P. Madhupratap**

(Technical Director)

## ANNEXURE TO THE DIRECTORS' REPORT

**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 power and fuel consumption or as follows :**

Particulars	Units	Amount in ₹
Diesel	9,700 Ltrs	3,93,210
Furnace Oil	2,90,000 Ltrs	1,69,67,957
Electricity	12,76,544 KWH	56,97,435
Coal	18,493 Kgs	2,14,550

## **B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

The Company continuous to use latest technology 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:**

	<b>2010-11</b>	<b>2009-10</b>
	(₹ in lakhs)	(₹ in lakhs)
A) Value of Imports (F.O.B.Value)	-Nil-	-Nil-
B) Value of Exports	-Nil-	-Nil-



## **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 which is being concentrated.

Previous year 2009-10 we manufactured electrical components 220 kv and 420 kv products. This year the company had developed new products for 765 kv in electrical components. In future we expect better growth in electrical components.

We have also taken up and successfully manufacturing and delivered electrical component for MNC Company.

The job work turnover of electrical components has increased to ₹51.98 lakhs from ₹30.82 lakhs.

### **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-2010-11**

Total melting for the year : 947 tons out of which Job work : 607 tons and sales : 340 tons against total melting : 893 tons in the year 2009 - 2010

## **OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR**

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

### **SOME RISKS & CONCERNS**

- \* The man power cost per ton of finished product still remains high.
- \* Old depreciated plants, requires high maintenance cost and some are obsolete.
- \* 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 company is certified ISO 9001-2008 company 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 ₹.1159.82 lakhs against ₹. 1040.47 lakhs thereby registering a growth of 11.47% over the previous year. There was an Operating Profit before interest and depreciation of ₹.32.02 lakhs against the Operating Profit of ₹.67.92 lakhs for the previous year. The company had not provided interest portion for the loans for the current year.

The major component in the decrease of profit is mainly due to furnace oil, which was ₹.79,31,812 for 2,80,000 ltrs in 2009-10 and ₹.1,69,67,957 for 2,90,000 ltrs in 2010-11, this is mainly due to increase in the cost of the furnace oil, hence the profit margin drastically reduced. The company had approached its clients for the revision of price, which was not considered by the clients till 31.03.2011. However there is a commitment from clients that they shall give the price amendment from 01.04.2011 onwards. Various other inputs also increased which affected the profit margin.

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**

**P. Veerananarayana**  
(Vice Chairman & Managing Director)

**P. Madhupratap**  
(Technical Director)

Date: June 25, 2011

Place: Tirupati



## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of listing agreement with stock exchanges)

### 1. A brief statement on Company's Philosophy on Code of Corporate Governance

Corporate Governance for the company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operation. Our workforce is committed towards the protection of the interest of the stake holder's viz. shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal of maximization of value of all the stakeholders.

The goal is achieved through:

- Infusion of best expertise in the Board.
- Consistent monitoring and improvement of the human and physical resources.
- Introducing regular checks and audits and continuous improvements in already well-defined systems and procedures.
- Board / Committee meetings at short intervals to keep the Board informed of the recent happenings.

### 2. Board of Directors

#### 2.1 Composition of the Board

The company meets the requirement as is stipulated under clause 49 of the listing agreement, as the Chairman of the Board is an executive chairman and the number of independent directors is half of the total number of directors. The number of non- executive directors is more than 50% of the total number of directors.

Sri P. Madhu Pratap, Promoter and executive director of the company is son of Sri P. Veernarayana, Chairman and Executive director of the company.

None of the directors on the board is a member of more than 10 committees and chairman of more than 5 committees across all the companies in which he is a director.

The composition of the Board is as under:

The Board of Sibar Auto parts limited is headed by **Sri P. Veernarayana**, aged 59 years, who is the Vice Chairman & Managing Director.

**Sri P. Madhu Pratap** aged 36 years, is a promoter and Technical director of M/s Sibar Auto Parts limited. He has a rich experience in management and administration. He is a Post-graduate in Master of Engineering and has a good exposure in the area of castings

**Sri K. Subbaiah** aged 55 years, is an Independent & non-executive director of M/s Sibar Auto Parts Limited. He has acquired an expertise in management and promotion of business.

**Sri K. Eswaraiah** aged about 56 years, is an Independent & non-executive director and also a nominee director from APDIC. He is a post – graduate in Master of Commerce. He is holding the post DGM in APIDC, Hyderabad.

Other information regarding the Board is given below:

No. of other Directorships and Committee Memberships /Chairmanships				
Name of the director	Category	Other director ships	Committee member-ships	Committee chairman-ships
Sri P. Veernarayana	Promoter & executive chairman	Nil	Nil	Nil
Sri P. Madhu Pratap	Promoter & executive director	Nil	2	Nil
Sri K. Subbaiah	Independent & non-executive	1	2	1
Sri K. Eswaraiah	Independent & non-executive	Nil	2	1