

## 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. The non-executive Directors are independent Directors i.e. independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under listing agreement with Indian Stock Exchanges' Corporate Governance standards. None of the directors are inter se related to each other except 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 57 years, who is the Vice Chairman & Managing Director.

**Sri P. Madhu Pratap** aged 34 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 53 years, is an Independent & non-executive director of M/s Sibar Auto Parts Limited and also a nominee director from APDIC. He is a post – graduate in Master of Commerce. He is holding the post CGM in APIDC, Hyderabad.

**Sri K. Eswaraiah** aged about 54 years, is an Independent & non-executive director and also Nominee director of M/s Sibar Auto Parts limited. He has acquired an expertise in management and promotion of business.

Other information regarding the Board is given below:

No. of other Directorships and Committee Memberships /Chairmanships				
Name of the director	Category	Other directorships	Committee memberships	Committee chairmanships
Sri P. Veerarayana	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

## 2.2 Meetings and attendance

During the year 2009-2010, 4 (Four) Board Meetings were held. Attendance record of the Directors in the meetings is as under:

Name of the director	Board meeting held on	No of board meetings attended	Attended last AGM held on November 21 <sup>st</sup> , 2009
Sri P. Veerananarayana	30.04.2009	4	Yes
Sri P. Madhu Pratap	27.07.2009	4	Yes
Sri K. Subbaiah	30.10.2009	4	Yes
Sri K. Eswaraiiah	30.01.2010	1	NO

## 3. Audit committee

The Audit Committee formed in pursuance of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 is instrumental in overseeing the financial reporting besides reviewing the quarterly, half yearly, annual financial results of the company; it reviews company's financial and risk management policies and the internal control systems, internal audit systems, etc. through discussions with internal and external auditors.

### Powers of Audit Committee

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.



4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Presently the Committee is consisting of Sri. K. Eswaraiah, Sri. P. Madhu Pratap and Sri. K. Subbaiah Sri K. Eswaraiah is the chairman of the committee.

During the year 2009-2010, four meetings of the committee were held. The composition and attendance in the committee is as under:

Name of the director	Position held in the company	Committee meetings held on	No. of committee meetings attended
Sri K. Eshwaraiah	Chairman of the committee	30/04/2009 27/07/2009	1
Sri K. Subbaiah	Member	30/10/2009	4
Sri. P Madhu Pratap	Member	30/01/2010	4

#### 4. Remuneration committee

##### Purpose

The Company has constituted a Remuneration committee on 30<sup>th</sup> April 2003 in terms of schedule XIII of the Companies, act 1956 read with clause 49 of the Listing Agreement. Presently the Remuneration Committee comprises of Sri K. Subbaiah , Sri P. Eswaraiah and Sri P. Madhu Pratap. Sri. K. Subbaiah is the Chairman of the Remuneration Committee. The broad terms of reference of the remuneration committee are to approve/recommend to the Board the salary (including annual increments) perquisites and commission including pension rights & and any compensation payment to be paid to the company's Managing/Whole-Time-Directors. There was no remuneration committee meeting held during the year.

**Details of remuneration/sitting fees paid to the Directors for the year ended 2009-10 are given below.**

Name	Sitting fee Rs.	Salary, Perquisites and allowance (Rs.)	Stock Options Rs.
Sri P. Veerananarayana	Nil	2,52,000	Nil
Sri P. Madhu Pratap	Nil	2,40,000	Nil
Sri K. Subbaiah	1,000	Nil	Nil
Sri K. Eshvaraiah	1,000	Nil	Nil

#### 5. Shareholders/Investors' Grievance committee

During the year 2009-2010, six meetings of the Committee were held.

The composition and the attendance records of the members in the same are as under:

The committee looks into redressal of Shareholders' complaints/requests like transfer of shares, non-

Name of the director	Position held in the committee	No. of committee meetings attended during 2009-10
Sri. P. Madhu Pratap	Chairman	6
Sri. Eswaraiah	Member	1
Sri. Subbaiah	Member	6

receipt of balance sheet, change of address, revalidation of dividend warrants etc. The committee periodically evaluates the performance of the Registrar and Share Transfer agents and recommends measures for improvement in the quality of investor services.

The company did not receive any complaints/requests (other than request for transfer and demat) during the year under review. There were no outstanding complaints as on 31st March 2010. All the valid requests for transfer of shares were considered for transfer. There were no share transfers pending as on 31.03.2010.

#### 6. General Body Meetings

Location & Time of Last 3 Annual General Meetings:



Year	Venue	Date and Time	Special Resolution passed and relevant section of the Companies Act, 1956
2008-2009	D4 & D5, Industrial Estate, Renigunta Road, Tirupathi – 517506 A.P.	21-11-2009 at 03.30 P.M.	NONE
2007-2008	D4 & D5, Industrial Estate, Renigunta Road, Tirupathi – 517506 A.P.	19-09-2008 at 03.30 P.M.	NONE
2006-2007	D4 & D5, Industrial Estate, Renigunta Road, Tirupathi – 517506 A.P.	28-09-2007 at 03.30 P.M.	NONE

**7. Postal Ballot**

No special resolutions were passed through postal ballot at the last Annual General Meeting (AGM).

There is no special or ordinary resolution proposed, which needs to be passed by way of Postal Ballot at the ensuing Annual General Meeting

**8. Disclosures:**

During the year 2009-2010, the company had no materially significant related transactions which are considered to have a potential conflict with the interest of the company at large. The disclosures as regard to related party transactions are disclosed in the notes to accounts. None of the transactions with any of the related parties were in conflict with the interests of the company.

There were no instances of non-compliances, penalties, strictures imposed on the company by the stock exchanges, or any other statutory authority on any matter relating to the capital markets during the last three (3) years.

**9. Means of Communication**

The quarterly, half yearly and annual results are generally published by the company in Business Line (English Edition) and Andhra Prabha (Telugu Edition). The same results are sent to the stock exchanges as per Listing Agreement. The results are not posted on the company's website which is under preparation. The company is unable to upload the results and shareholding pattern and annual report on SEBI's website under EDIFAR due to lack of completion of formalities.

**10. Management Discussion and Analysis Report:**

Information on Management Discussion and Analysis is given in the Directors' report.

**11. Compliance with non-mandatory requirements**

**11.1 Remuneration committee**

The Board has set up a remuneration committee details whereof are furnished at Sr. No. 4 of this report.

**11.2 Shareholder rights**

The quarterly financial results including summary of significant events of relevant period of six months are published in newspapers.

**11.3 Audit qualifications**

Strategic decisions were taken during the year resulting in unqualified financial statements of the company. However, the Company does not have a Whistle Blower policy and a programme for Training of Board members.

**12. General Shareholders Information**

a. 27 <sup>th</sup> annual general meeting	
Date and time	: Thursday, the 09 <sup>th</sup> September, 2010 at 03.30 PM
Venue	: D4 & D5, Industrial estate, Renigunta Raod, Tirupati-517506
	As required under clause 49VI(A) of the listing agreement, particulars of directors seeking appointment and reappointment are given in the notes to the notice of the annual general meeting to be held on 09 <sup>th</sup> September, 2010 .

b. Financial calendar(tentative)	
Financial year	: 1 <sup>st</sup> April,2010 to 31 <sup>st</sup> March,2011
First quarter results	: August 2010
Second quarter results and half yearly results	: November 2010
Third quarter results	: February 2011
Last quarter results/ Audited results	: May 2011/May 2011
c. Dates of books closure	: 16 <sup>th</sup> August 2010 to 20 <sup>th</sup> August 2010



d. Dividend payment date	Not applicable
e. Listing on stock exchanges	
The company's securities are listed on :	Bombay stock exchange limited (stock code-520141) Ahmedabad Stock Exchange Madras Stock Exchange
f. ISIN Numbers in NSDL & CDSL for equity shares :	INE441C01014
g. Listing fee :	The company has not paid its annual listing fees to each of the above stock exchanges for the financial year 2009-10.
h. Market price data :	There is no trading in the Bombay stock exchange, since the company was suspended hence no quotation for the year 2009-10.

**i. Registrars and Transfers Agents (RTA)**

M/s Big Share Services (P) Ltd.

G-10, Left wing, Amrutha Ville,  
Somajiguda, Raj Bhavan Road,  
Hyderabad - 500082

Share transfers and communications regarding share certificates, change of address, etc., must be forwarded to the RTA.

**j. Share Transfer System**

Presently share transfers that are received in physical form are processed within 15 days from the date of receipt, subject to the documents being valid and complete in all respects and are dispatched to the shareholders within 30 days from the date of receipt.

**k. Distribution of shareholding as on 31st March 2010.**

S.No.	Range of shares	No. of Share Holders	No of Shares	% of Share Holding
1.	1 ----- 500	8772	12,69,950	22.94



2.	501	-----	1000	490	4,19,500	7.58
3.	1001	-----	2000	168	2,62,900	4.75
4.	2001	-----	3000	75	1,90,350	3.44
5.	3001	-----	4000	25	92,100	1.66
6.	4001	-----	5000	24	1,15,800	2.09
7.	5001	-----	10000	33	2,60,000	4.70
8.	10001	&	Above	46	29,24,500	52.84
	TOTAL			9633	55,35,100	100

**Shareholding Pattern as on 31st March, 2010 :**

Category	No. of Shares held	%age of Shareholding
<b>Promoters holding</b>		
<b>1. Promoters</b>		
Indian Promoters	1358200	24.54
Foreign Promoters	187000	3.38
<b>2. Persons acting in concert</b>	--	--
<b>Sub Total</b>	<b>1545200</b>	<b>27.92</b>
<b>Non- Promoters Holding</b>		
<b>3. Institutional Investors</b>	--	--
a. Mutual funds and UTI	500000	9.03
b. Banks, Financial Institutions, Insurance Companies(Central/ State Gov. Institutions/Non- Government Institutions)	250000	4.52
c. FI'S	29000	0.52

Sub-Total	779000	14.07
4. Others		
a. Private Corporate Bodies	123401	2.23
b. Indian Public	3087499	55.78
c. NRIs/OCBs	--	--
d. Any other-Trust	--	--
e. Clearing Members	--	--
Sub-Total	3210900	58.01
Grand Total	55,35,100	100.00

**I. De-materialization of shares and liquidity**

Trading in Equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. Dematerialization of shares is done through Big Share Services Pvt. Ltd and on an average the dematerialization process is completed within a period of 10 days from receipt of a valid demat request along with all documents.

**m. Outstanding ADRs/GDRs/**

Not applicable

Warrants or any convertible

Instruments, conversion date and

likely impact on equity

**n. Plant Locations**

The Company's plant's is located at:

Industrial Estate, Renigunta Road,

Tirupati – 517 506

**o. Address for Correspondence**

Sibar Auto Parts Limited

D4 & D5, Industrial Estate,

Renigunta Road, Tirupathi-

517506 A.P.

Ph: 0877-2274765,02271991



**p. Investor Correspondence**

\*For transfer in physical form

M/s Big Share services (P) Ltd.

G-10, Left wing, Amrutha Ville,

Somajiguda, Raj Bhavan Road,

Hyderabad – 500082

\* For Shares in Demat form

To the Depository Participant

**Declaration of Compliance with Code of Conduct**

I hereby Confirm that the Company has obtained from all the members of the Board and Senior management personnel, affirmation that they have complied with the code of conduct for Board members and Senior management personnel in respect of the financial year ended 31<sup>st</sup> March, 2010

For and on behalf of the Board

For **SIBAR AUTO PARTS LIMITED**

Sd/-

Sd/-

Date: 23-07-2010

P. Veerananarayana

P. Madhu Pratap

Place : Tirupat

(Vice Chairman &amp; Managing Director) (Technical Director)

**CEO / CFO Certification****Under Clause 49 of the Listing Agreement with the Stock Exchanges**

In relation to the Audited financial statements and the cash flow statements for the year and that to the best of their knowledge and belief:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- (i) Significant changes in internal control over financial reporting during the year;
- (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which we become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of the Board

For **SIBAR AUTO PARTS LIMITED**

Sd/-

Sd/-

Date: 23-07-2010

**P. Veeranarayana**

**P. Madhu Pratap**

Place: Tirupati

**(Vice Chairman & Managing Director)**

**(Technical Director)**



**Auditors' Certificate on Compliance of Corporate Governance**

To  
The Members of  
Sibar Auto Parts Limited  
Tirupati

We have examined the compliance of condition of Corporate Governance by Sibar Auto Parts Limited, Tirupati, A.P. for the year ended 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For Sesha Prasad & Company**  
CHARTERED ACCOUNTANTS

Sd/-

P Sundari  
Partner

Date: 23-07-2010  
Place: Secunderabad