

## **SAR AUTO PRODUCTS LIMITED**

### **BOARD OF DIRECTORS**

Shri Rameshbhai D. Virani  
Shri Shreyas Virani  
Shri Amit Jayantilal Gosaliya (From 07-07-2008)  
Smt. Annie Ajith Chacko(From 07-07-2008)

### **AUDITORS**

Arun M. Kothari  
Chartered Accountant  
4, Jaygujarat society,  
Opp. Police Commissioner Office,  
Shahibaugh,  
Ahmedabad-380 004

### **BANKERS**

Industrial Development Bank of India  
Amrish, Near K K V Circle,  
Kalawad Road,  
Rajkot (Gujarat) – 360 005.

### **REGISTERED OFFICE**

50-E, Bhaktinagar Industrial Estate,  
Rajkot – 360 002.

### **REGISTRARS & SHARE TRANSFER AGENTS**

Link Intime India Private Limited.  
211, Sudarshan Complex, Nr. Mithakhali Under Bridge,  
Navarangpura, Ahmedabad – 380 009.

## **DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting their **ANNUAL REPORT** together with the Audited Statement of Accounts of your Company for the year ended **31<sup>st</sup> March, 2009**.

(Rupees in Lac)

| <b>Financial Results</b>   | <b>2008-09</b> | <b>2007-08</b> |
|--|----------------|----------------|
| Income from operations   | 263.38         | 252.69         |
| Add : Other Income   | 1746.58        | 38.62          |
| <b>Total Income</b>  | <b>2009.96</b> | <b>291.33</b>  |
| Less : Total Expenditure   | 524.00         | 217.48         |
| <b>Profit/(Loss) before Depreciation write off and Interest</b>      | <b>1485.96</b> | <b>73.85</b>   |
| Less: Interest   | 55.14          | 28.70          |
| Less: Depreciation & Miscellaneous Expenses Written Off              | 98.57          | 52.73          |
| <b>Profit / (Loss) before tax</b>                                    | <b>1332.25</b> | <b>(7.58)</b>  |
| Less: Provision for tax:   | -              | -              |
| Current Tax  | 256.00         | -              |
| Deferred Tax Assets  | 34.60          | (2.41)         |
| Fringe Benefit tax   | 0.60           | 0.39           |
| <b>Profit/(Loss) after tax</b>                                       | <b>1041.05</b> | <b>(5.56)</b>  |
| Add. : Balance Brought Forward from Previous Year                    | 27.97          | 33.53          |
| <b>Balance of Profit &amp; Loss Account Carried to BALANCE SHEET</b> | <b>1069.02</b> | <b>27.97</b>   |

### **Dividend**

Your Directors do not recommend any dividend.

### **Directors**

Shri Amit Jayantilal Gosaliya and Shri Annie Ajith Chacko was appointed as an additional director of the company on 07-07-2008 at the meeting of Board of Directors and his term expires on ensuing Annual General Meeting. His candidature as Appointment as regular Director has been received by the company and his appointment will be decided at the ensuing Annual General Meeting. Shri, Shreyas R. Virani Director will retire by rotation and being eligible offers himself for re-appointment. Shri Dhanjibhai Ranchhodbhai Bhimani And Sakaria Kolasseril Chacko has tendered his resignation form the directorship form 07-07-2008.

### **Review of Operations**

The company is continue to increase the production of Auto parts during the year and achieved the turnover in Domestic as well as in foreign market and increase profitability by way of improvement in sales

**Responsibility Statement**

Your directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have 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 year ended **31<sup>st</sup> March, 2009** and of the **Profit** of the company for that year;
- (iii) that the Directors 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 fraud and other irregularities;
- (iv) that the Directors have prepared the accounts on a going concern basis.

**Corporate Governance:**

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is attached as a part of the Annual Report.

**Audit Committee:**

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchanges, the Audit Committee comprises of the following Directors:

Mr. Shreyas R. Virani  
Mr. Amit Jayantilal Gosaliya (From 07-07-2008)  
Smt. Annie Ajith Chacko (From 07-07-2008)

The Audit Committee reviews, acts and reports to the Board with respect to various auditing and accounting matters.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings And Outgo**

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, the required information relating to the same is annexed.

**Particulars of Employees**

There are no employees whose details are required to be mentioned as per Section 217(2A) of the Companies Act, 1956.

**Auditors**

**ARUN M. KOTHARI**, Chartered Accountant the Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting. They have consented to continue and act as Auditors of the Company for the current year, if re-appointed.

**Acknowledgement**

The Directors takes this opportunity to thank the Bank and the members for their continued confidence in the company.

**For and on behalf of the Board**

**RAMESHBHAI D. VIRANI**  
Managing Director

Rajkot,

## **ANNEXURE TO DIRECTORS' REPORT**

### **FORM – A**

#### **Conservation of Energy**

Annexure 1 to Directors' Report – Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and Forming part of Director's Report.

|   |                          |     | <b>2008-2009</b> | <b>2007-2008</b> |
|---|--------------------------|-----|------------------|------------------|
| I | Power & Fuel Consumption |     |                  |                  |
|   | Electricity              |     |                  |                  |
|   | a) Purchased             |     | Nil              | Nil              |
|   | Units                    |     | 370656           | 1,87,170         |
|   | Total Amount             | Rs. | 22,96,944        | 12,53,865        |
|   | Rate/Unit                | Rs. | 6.20             | 6.70             |

### **FORM – B**

#### **Form for disclosure of particulars with respect to Technology Absorption**

|    |                      |                 |
|----|----------------------|-----------------|
| 1. | Expenditure on R & D |                 |
|    | a) Capital           | Rs. 1,04,56,500 |
|    | b) Recurring         | Rs. 3,95,124    |
|    | c) Deferred          | Rs. NIL         |
|    | d) Total             | Rs. 1,08,51,624 |

#### **Foreign Exchange Earnings and Outgo**

|    |                                 |                |
|----|---------------------------------|----------------|
| 1. | Earning in Foreign Exchange     | Rs. 37.58 lacs |
| 2. | Expenditure in Foreign Exchange | Rs. 3.64 lacs  |

#### **For and on behalf of the Board**

**RAMESHBHAI D. VIRANI**  
Managing Director

**Rajkot, 5<sup>th</sup> June, 2009**

# K. P. Rachchh & Co.

317, Krishna Con-Arch-2, 3<sup>rd</sup> Floor, Tagor Road, Rajkot.  
E-mail : rachhkalpesh@gmail.com Cell : 98242 90889,  
Ph : 0281 3013899

----- Company Secretaries

CIN L34100GJ1987PLC010088

Auth. Cap. Rs. 10,00,00,000/-

## **COMPLIANCE CERTIFICATE**

To,  
The members of  
SAR AUTO PRODUCTS LIMITEED  
50-E BHAKTINAGAR INDSUSTRIAL ESTATE  
RAJKOT.

We have examined the registers, records, books and papers of SAR AUTO PRODUCTS LIMITEED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, We certify that in respect of the aforesaid financial year :

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries have been duly recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder, However Company has annual filing forms with additional Fees.
3. The company being Public limited company this clause is not applicable.
4. The Board of Directors duly met 09 times on 07.04.2008, 04.06.2008, 07.07.2008, 30.07.2008, 01.10.2008, 30.10.2008, 18.11.2008, 29.11.2008 and 31.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members from 30<sup>th</sup> June, 2008 to 3<sup>rd</sup> July, 2008 for the purpose of AGM.
6. The Annual General Meeting for the financial year ended on 31-03-2008 was held on 03-07-2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The company has not Advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act
9. The company has not entered into any contract during the financial year under scrutiny which attracts the provisions of section 297 of the Act.

# K. P. Rachchh & Co.

317, Krishna Con-Arch-2, 3<sup>rd</sup> Floor, Tagor Road, Rajkot.  
E-mail : rachhkalpesh@gmail.com Cell : 98242 90889,  
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----- Company Secretaries

10. The company has made necessary entry in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under scrutiny.
13. The company has :
  - a. Delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - b. not deposited any amount in separate Bank account as no dividend was declared during the financial year.
  - c. not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - d. no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
  - e. Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted.
15. The company has appointed managing director/whole time director/Manager under section 269 of the Act During the year.
16. No sole selling agent was appointed during the financial year under scrutiny.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the year.
21. The company has not redeemed any preference shares/debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.

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----- Company Secretaries

24. The amount borrowed by the Company from Directors, public Financial Institution, Banks and others during the financial year ending 31<sup>st</sup> March, 2009 is within the borrowing limits of the Company.
25. The company has not made any loans or advances or given guarantees or provided Securities to other bodies corporate and consequently no entries have been made in the Registers kept for the Purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the registered office of the Company during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under review.
30. The Company has not altered its Articles of Association during the year.
31. There was no prosecution initiated against or show cause notice received by the company during the financial year, for offences under the Act.
32. The Company has not received any security whatsoever from its employees during the year.
33. The company was not required to deposit both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Companies Act, 1956.

For: K. P. RACHCHH & CO.  
Company Secretaries,

Signature:

Place: Rajkot  
Date : 5<sup>th</sup> June, 2009

(CS KALPESH RACHCHH)  
Proprietor  
C.P. No.: 3974

# K. P. Rachchh & Co.

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----- Company Secretaries

## **Annexure A**

Registers as maintained by the Company

1. Register of Charges u/s 143/ Copies of instruments creating charges u/s 136
2. Register of Members u/s 150
3. Register of Transfer
4. Register of directors, managing director, manager and secretary u/s 303
5. Register of directors' shareholding u/s 307
6. Register of Contracts, companies and firms in which Directors of the Company are interested u/s 297, 299, 301 and 301(3) of the Act.
7. Minutes of the General Meeting & Board Meeting u/s 193 of the Act.

## **Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2009.

| Sr. no. | Forms                           | Purpose                          | Filed on   |
|---------|---------------------------------|----------------------------------|------------|
| 1       | Form 23AC & 23ACA dt 31-03-2008 | Under Section 220 of the Act.    | 31-07-2008 |
| 2       | Form 20B dt 03-07-2008          | Under Section 159 of the Act.    | 02-09-2008 |
| 3       | Form 32 dt 01-12-2008           | Under Section 303 of the Act     | 09-01-2009 |
| 4.      | Form 25C                        | Under Section 269(2) of the Act. | 07-02-2009 |
| 5.      | Form 17 dt. 02-12-2008          | Under Section 138 of the Act.    | 23-12-2008 |
| 6.      | Form 32 dt 07-07-2008           | Under Section 303 of the Act     | 07-10-2008 |

The company has not filed any forms or returns with Regional Director, Central Government or other Authorities during the financial year ending on 31st March, 2009.

For: K. P. RACHCHH & CO.  
Company Secretaries,

Signature:

Place: Rajkot  
Date : 5<sup>th</sup> June, 2009

(CS KALPESH RACHCHH)  
Proprietor  
C.P. No.: 3974



## **SAR AUTO PRODUCTS LIMITED**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Clause 49 of Listing Agreement, a Management Discussion & Analysis report is given below:-

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

This year the Company has continued increase its production of auto part. This Year Company has produced 48633 auto parts as comparing to last year production of 31616 auto parts components. In terms of Turnover the company has achieved the turnover of Rs. 26,338,423/-.

#### **OUTLOOK ON OPPORTUNITIES, THREATS, RISK AND CONCERNS**

The Company has deployed its surplus funds in various Portfolio Management Schemes and fixed deposits. Now, the Company has carrying on the business of machining of auto components. In today's parlance Auto component industry has growth potential as the population is increasing, demand of vehicle in all segment is increasing. However government policy and increasing inflation ratio are the major risk to all the industries.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company is committed to maintaining high standards of internal controls designed to provide accuracy of information, efficiency of operations, and security of assets. The company has adequate internal controls commensurate with the size and nature of its operations to ensure orderly and efficient conduct of business.

These controls ensure the safeguarding of assets, prevention and detection of fraud and error, Irregularities. The accuracy and completeness of the accounting records, timely preparation of reliable financial information and adherence to companies' policies, procedures and legal obligations. The audit committee of the Board of Directors meets periodically to review the performance as reported by the auditors.

#### **FINANCIAL PERFORMANCE**

As stated earlier, the Company has started its commercial production and achieved the turnover of Rs.26,338,423/- in the Financial year 2008-2009. The income Increased by Low cost of manufacturing expenses, administrative expenses, depreciation and financial charges during the current Financial. The Company has incurred Profit of Rs.133.23 lacs during the year compare to the loss of Rs. 7.59 lacs during the previous year.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT.**

There has been no material development on the Human Resource/ Industrial Relations Front during the year.

**CAUTIONARY STATEMENT**

Management Discussion and Analysis Report are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed or implied. Important factors that could make a deference to the Company's operation include global and Indian market conditions, changes in the Government Regulations, Tax regimes, WTO Regulations and such other factor. The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis, of any subsequent developments, information or events.

## SAR AUTO PRODUCTS LIMITED

### REPORT ON CORPORATE GOVERNANCE:

As required under clause 49 of the Listing Agreement, a Separate Report on Corporate Governance is given below for the financial year ended 31st March, 2009 along with certificate of auditors of the Company.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is very important to built confidence and trust which leads to strong, stable and long term partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below.

### 2. BOARD OF DIRECTORS:

#### (I) Composition of Board:

The Board consists of 4 Directors showing the fair combination of Executive, Non-Executive and Independent Directors. The directors are different in respect of the knowledge and expertise in the field. Some of the directors are professionals from different field; some are having the vast knowledge and experience of marketing/Production

(II) Attendance of each Director at the Board Meetings and Annual General Meeting:-  
9 (Nine) Board Meetings were held during the financial year 2008-2009.

| No. | Name of Director             | Category | No. Of Board Meeting Attended | Attendance at Last AGM |
|-----|------------------------------|----------|-------------------------------|------------------------|
| 1   | Shri Rameshbhai Virani       | NI- E    | 9                             | Yes                    |
| 2.  | Shri Shreyas Virani          | NI-NE    | 9                             | Yes                    |
| 3.  | *Shri Amit J. Gosaliya       | IND-NE   | 7                             | No                     |
| 4   | *Smt. Annie A. Chacko        | IND-NE   | 5                             | No                     |
| 5   | **Shri Dhanjibhai R. Bhimani | IND-NE   | 2                             | Yes                    |
| 6   | **Smt. Skaria K. Chacko      | IND-NE   | 2                             | Yes                    |

NI- non independent, NE- non executive, IND- independent, E- executive

\*Appointed as Director W.e. f. 07-07-2008

\*\* Resigned from Directorship due to Resignation w.e.f 07-07-2008

(III) No. of other Companies or Committees The Director is Director/Chairman

| No. | Name of Director      | No. of other Directorship | No. of Committees in which Member |
|-----|-----------------------|---------------------------|-----------------------------------|
| 1   | Shri Ramesh Virani    | Nil                       | 2                                 |
| 2   | Shri Skaria K. Chacko | Nil                       | 1                                 |

|    |                       |     |   |
|----|-----------------------|-----|---|
| 3  | Shri Amit J. Gosaliya | Nil | 2 |
| 4  | Smt. Annie A Chacko   | Nil | 1 |
| 5. | Shri Shreyash Virani  | Nil | 2 |

(III) Details Of Director Appointment/Reappointment in Forthcoming Annual General Meeting

|   |   |   |                     |
|---|---|---|---------------------|
| Name Of Director  | Shri Shreyas Virani   | Shri Amit J Gosaliya                            | Smt. Annie A Chako  |
| Date of Birth   | 01-03-1970  | 05-10-1979                                      | 20-05-1973          |
| Date of Appointment   | 14-04-2007  | 07-07-2008                                      | 07-07-2008          |
| Expertise is Specific functional Area                             | Finance and Administration                                      | Accounts  | Legal matter        |
| List of Public Limited Companies in which Directorship held       | Nil   | Nil   | Nil                 |
| Chairman/Member of the committees                                 | 1. Remuneration Committee<br>2.Shareholder Grievance Committee. | 1. Audit Committee<br>2. Remuneration Committee | 1. Audit Committee. |
| Chairman/Member of the committees of Directors of other companies | Nil   | Nil   | Nil                 |
|   |   |   |                     |

**(IV) NUMBER OF BOARD MEETINGS HELD AND THE DATES OF BOARD MEETING**

9 (Nine) Board Meetings were held during the financial year 2008-2009 on following dates:

07.04.2008, 04.06.2008, 07.07.2008, 30.07.2008, 01.10.2008, 30.10.2008, 18.11.2008, 29.11.2008 and 31.01.2009.

**3. AUDIT COMMITTEE:**

**(I) COMPOSITION OF COMMITTEE:**

As a measure of good corporate governance and to provide assistance to the Board of Directors in overseeing the Boards responsibilities your company had constituted an Audit Committee. The Committee covers matters specified as per Clause 49 of the Listing Agreements.

At present consist following members of the Committee:

1. Shri Rameshbhai D. Virani (Chairman of the Committee)
2. \* Skaria Kolasseril Chacko (Member of the Committee)
3. \*\* Smt. Annie A Chacko (Member of the Committee)

4. \*\*Shri Amit J. Gosaliya (Member Of the Committee)

\* Upto 07-07-2008, \*\* From 07-07-2008

The terms of reference of the Audit Committee mandated by your Board of Directors which is also in line with the statutory and regulatory requirement are:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board.
- d. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with internal auditors on any significant findings and follow-up thereon.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audits commences, nature and scope of audit as well as has post-audit discussions to ascertain any area of concern.
- i. Reviewing the company's financial and risk management policies.

**Whistle Blower Policy**

The Audit Committee has approved framing of a Whistle Blower Policy and reviews the same from time to time which provides a formal mechanism for all employees of the Company to approach the Ethics Counsellor/Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of the exiting Code of Conduct of the company, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. Under the Policy, each employee.

**(II) MEETINGS AND ATTENDANCE DURING THE YEAR :**

Four Meetings of Audit Committee were held during financial year 2008 - 2009, and all members were present at the meetings.

**4. REMUNERATION COMMITTEE:**

Company has appointed remuneration committee on 18-11-2008, The Board of Directors of the Company decide remuneration policy of the Company. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees

The Committee comprises the following Directors as members

1. Shri Ramesh D. Virani - Chairman
2. Shri Shreyas R. Virani - Director

3. Amit J. Gosaliya - Director

Details of remuneration paid:

1. \*Shri Shreyas R. Virani, Whole-Time Director was paid Rs. 5,27,982/- as managerial remuneration during the year 2008-09.
2. Shri Rameshbhai D. Virani Director was paid Rs. 11,61,552/- as managerial remuneration during the year 2008-09.

\* Shri Shreyash R. Virani W.e.f. 01-12-2009

**One** meeting of the Remuneration Committee was held during the financial year all the members were present.

#### **5. SHAREHOLDERS/INVESTOR'S GRIEVANCE COMMITTEE:**

Your Company had constituted Shareholders/Investor's Grievance Committee as required under clause 49 of the Listing Agreement.

The Committee consist three Members. Shri Shreyas Virani is a Chairman of the Committee. The Committee resolves Complaints like transfer of shares, non-receipt of Annual Reports etc. as received from the Investors and provide information to the Board of Directors of the Company.

#### **6. GENERAL BODY MEETING:**

##### **(I) DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS :**

| <b>Year</b> | <b>Location</b>                                       | <b>Date</b>                      | <b>Day</b> | <b>Time</b> | <b>No. of Special Resolution</b> |
|-------------|---|----------------------------------|------------|-------------|----------------------------------|
| 2005-2006   | 50 E, Bhaktinagar Industrial Estate, Rajkot – 360 002 | 30 <sup>th</sup> September, 2006 | Saturday   | 11.00 A. M. | Nil                              |
| 2006-2007   | 50 E, Bhaktinagar Industrial Estate, Rajkot – 360 002 | 14 <sup>th</sup> July, 2007      | Saturday   | 11.00 A. M. | Nil                              |
| 2007-2008   | 50 E, Bhaktinagar Industrial Estate, Rajkot – 360 002 | 3 <sup>RD</sup> July, 2008       | Thursday   | 11.00 A. M. | Nil                              |

Whether Special Resolution :

(a) Were put through postal ballot last year : No

(b) Are proposed to be conducted through postal ballot this year : No

#### **7. DISCLOSURES:**

- (I) No transaction of material nature has been enter into by the Company with its promoters, directors, relatives or management of the Company that may have potential conflict with the interests of Company.

- (II) The company has complied with the requirement of statutory/ regulatory authorities on capital market and no penalties/strictures have been imposed on the Company by SEBI or Stock Exchanges during the last three financial year.

## **8. GENERAL SHAREHOLDERS INFORMATION:**

### **I. ANNUAL GENERAL MEETING:**

Date : 07<sup>th</sup> September, 2009

Time : 11.00 A. M.

Day : Monday

Venue : 50/ E, Bhaktinagar Industrial Estate,  
Rajkot - 360 002.

### **II. FINANCIAL CALENDAR 2009-2010 :**

Results for Quarter:(Tentative)

Audited accouts for 2008-09 : Before 30<sup>th</sup> June, 2009  
Ending on 30th September, 2009 : Last Week of October, 2009  
Ending on 31st December, 2009 : Last Week of January, 2010  
Ending on 31st March, 2010 : Before 30<sup>th</sup> June, 2010

**III. DATE OF BOOK CLOSURE** : 3<sup>rd</sup> September, 2009 to 7<sup>rd</sup> September, 2009  
(Both Days Inclusive)

### **IV. LISTING ON STOCK EXCHANGES:**

- |  |   |
|--|---|
| 1. Ahmedabad Stock Exchange Ltd.<br>Kamdheni Complex, Opp: Sahjanand<br>College, Panjarapole,<br>Ahmedabad- 380 015. | 2. Vadodara Stock Exchange Ltd.<br>Fortune Tower, 3rd Floor,<br>Sayajigunj,<br>Vadodara - 390 005 |
| 3. Pune Stock Exchange Ltd.<br>"Shivleela Chambers"<br>752, Sadashiv Peth,<br>R. B. Kumbhar Marg,<br>Pune - 411 030. | 4. Saurashtra Kutch Stock Exchange Ltd.<br>Popatbhai Sorathia Bhavan,<br>Sadar Bazar, Rajkot.     |

### **V. LISTING FEES:**

The Company has paid the Annual Listing fees to each of the above Stock Exchanges for the financial year 2009-2010.

**VI. DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) IN NSDL AND CDSL FOR EQUITY SHARES: INE002E01010**

**VII. DEMATERIALISATION OF SECURITIES:**

92.93 % of the Company's Equity Share Capital is dematerialised as on 31st March, 2009, by the members of the Company through CDSL and NSDL.

**VIII. SHARE TRANSFER SYSTEM:**

Trading in equity share of the Company is permitted in physical and dematerialized form. Share transfer in physical form received by the Registrar and Transfer agent are registered and returned within the period of 30 days from the date of receipt of the documents, provided all documents are valid and complete in all respects. As per SEBI Guidelines upon completion of the transfers the Registrar and Transfer Agent send an offer letter to the transferee with an option to receive credit of transferred shares in electronic form under the transfer cum demat facility. In case option is not exercised or if offer is not submitted within stipulated time the share certificates are sent to the transferee.

**IX. REGISTRAR & TRANSFER AGENT:**

Intime Spectrum Registry Limited  
211, Sudarshan Complex,  
Nr. Mithakhali Under Bridge,  
Navrangpura, Ahmedabad - 380 009.  
Phone /Fax No.: 079 - 26465179.  
Email : ahmedabad@intimespectrum.com

**X. ADDRESS FOR COMMUNICATION:**

Sar Auto Products Ltd.  
50 E Bhaktinagar Industrial Estate,  
Rajkot - 360 002.

**XI. PLANT LOCATIONS:**

Plot No. 1, 31 - 34,  
Galaxy Indus. Estate,  
Vill : Shapar, Tal : Kotda Sangani,  
Dist : Rajkot.

**XII. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2009.**

| <b>SR. NO.</b> | <b>CATEGORY</b>      | <b>NO. OF SHARES HELD</b> | <b>PERCENTAGE OF SHAREHOLDING</b> |
|----------------|----------------------|---------------------------|-----------------------------------|
| 1              | Indian Public        | 1060700                   | 22.26                             |
| 2              | NRI/ OCBs            | -                         | -                                 |
| 3              | Mutual Funds and UTI | -                         | -                                 |



|    |  |                |               |
|----|--|----------------|---------------|
| 4  | Bank, Financial Institutions,<br>Insurance Companies, (Central/<br>Institutions) | -              | -             |
| 5. | Private Corporate Bodies   | 335200         | 07.02         |
| 6. | Indian Promoters   | 3368840        | 70.72         |
|    | <b>TOTAL</b>   | <b>4764740</b> | <b>100.00</b> |

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY :**

We, Shri Shreyash Rameshbhai Virani, Managing Director and Chief Executive Officer and Chief Financial Officer, Shri Rameshbhai Virani of Sar Auto Products Limited (the Company), hereby certify to the Board that:

(a) We have reviewed the financial statements and the cash Flow Statement for the year and that to the best of our knowledge and belief :

- (i) these statement do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading:
- (ii) these statement together present a true and fair view of the Company 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 volatile of the Company's Code of Conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting. 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 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 controls over financial reporting during the year.
- (ii) Significant changes in accounting polices during the year and the same have been disclosed in the notes to the financial statements and
- (iii) Instance of Significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company internal control system.

(e) We affirm that we have not denied any personal access to the Audit committee of the Company (in respect of matters involving alleged misconduct, if any,)

(f) We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

Shri Rameshbhai Virani  
Managing Director & Chief Executive Officer

Shri Shreyash R. Virani  
Chief Financial Officer

Place : Rajkot

Date : **05-06-2009**

## **CERTIFICATE**

To  
The Members of  
**SAR AUTO PRODUCTS LIMITED**  
Rajkot.

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by the Sar Auto Products Limited for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We State that no investors complaints are pending for a period exceeding for 30 days against the Company as per the records maintained by the Share Transfer and Investors Grievance Committee.

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

PLACE: AHMEDABAD  
DATE : **05-06-2009**

FOR ARUN M. KOTHARI  
CHARTERED ACCOUNTANTS

(Arun M. Kothari)  
Proprietor

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**Auditor's Report**

To,  
The Members,  
**SAR AUTO PRODUCTS LIMITED**

We have audited the attached Balance Sheet of **SAR AUTO PRODUCTS LIMITED**, as at **31<sup>st</sup> MARCH 2009**, the Profit & Loss Account and Cash Flow Statement for the year ended on that day. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on records by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) 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 give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31<sup>st</sup> March, 2009** ;
  - (b) in the case of the Profit & Loss Account, of the **Profit** for the year ended on that date.
  - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.



For ARUN M. KOTHARI,  
Chartered Accountant

*Arun Kothari*

Arun M. Kothari  
Proprietor

Ahmedabad, 5<sup>th</sup> June, 2009

**Statement on the Companies (Auditor's Report) Order, 2003**

To,  
The Members,  
**Sar Auto Products Limited**

Referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, the fixed assets of the Company were physically verified by the management in a phased & periodical manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of fixed assets and the going concern status of the Company is not affected.
- (ii) (a) According to the information and explanation given to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories 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 inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (iii) (a) The Company has not granted loans to the party covered in the Register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has accepted unsecured loans from two parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

| Sr. No. | Name of Related Party | Maximum amount due at any time during the year<br>Amount (Rs.) | Balance due as at the end of the financial year<br>Amount (Rs.) |
|---------|-----------------------|--|---|
| 1.      | Mr. Ramesh D. Virani  | 62,87,294  | 7,12,294  |
| 2.      | Mr. Shreyas R. Virani | 70,42,833  | 33,42,833   |

- (c) In our opinion and according to the information and explanations given to us, as the loans are interest free, the same is prima facie, not prejudicial to the interest of the Company.
- (d) There is no stipulation for repayment of the said loan.



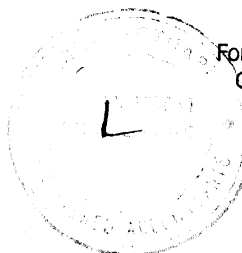
[[ 2 ]]

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956;
  - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, these contracts or arrangements represent loans and deposit for lease of premises which appear reasonable.
- (vi) The Company has not accepted any deposits from the Public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of goods manufactured by the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) In respect of statutory dues;
  - (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, wealth tax, sales tax, value added tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it except delay in few instances of TDS.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, wealth tax, sales tax, value added tax, service tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues in respect of provident fund, income tax, wealth tax, sales tax, value added tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute:
- (x) In our opinion, the Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit as well as in the immediately preceding year.



[[ 3 ]]

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions and banks.
- (xii) In our opinion and according to the information & explanations given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, Clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* mutual benefit fund/ society. Accordingly, Clause 4 (xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name except as permissible under Section 49 of the Companies Act, 1956.
- (xv) In our opinion, and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination, no term loan was raised during the year under review.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.



For ARUN M. KOTHARI,  
Chartered Accountant

*Arun Kothari*

Arun M. Kothari  
Proprietor

Ahmedabad, 5<sup>th</sup> June, 2009

# SAR AUTO PRODUCTS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

| PARTICULARS                               | SCHEDULE | AS AT<br>31.03.2009 | AS AT<br>31.03.2008 |
|---|----------|---------------------|---------------------|
| <b>I. SOURCES OF FUNDS :</b>              |          |                     |                     |
| 1. Shareholder's Funds :                  |          |                     |                     |
| a) Share Capital                          | 1        | 47,647,400          | 47,647,400          |
| b) Reserves & Surplus                     | 2        | 122,631,065         | 18,525,640          |
| 2. Loan Funds :                           |          |                     |                     |
| a) Secured Loans                          | 3        | -                   | 40,951,950          |
| b) Unsecured Loans                        | 4        | 5,955,127           | 17,369,500          |
| 3. Deferred Tax Liabilities               |          | 4,181,963           | 721,650             |
|   |          | <b>180,415,555</b>  | <b>125,216,160</b>  |
| <b>II. APPLICATION OF FUNDS :</b>         |          |                     |                     |
| 4. Fixed Assets :                         | 5        |                     |                     |
| a) Gross Block                            |          | 94,125,810          | 66,483,330          |
| b) Less : Depreciation                    |          | 20,564,465          | 10,785,870          |
| NET BLOCK                                 |          | 73,561,345          | 55,697,460          |
| 5. Investments                            | 6        | 5,699,680           | 36,517,790          |
| 6. Current Assets, Loans & Advances :     |          |                     |                     |
| a) Inventories                            | 7        | 18,459,713          | 5,139,400           |
| b) Sundry Debtors                         | 8        | 1,713,134           | 12,466,900          |
| c) Cash & Bank Balances                   | 9        | 53,518,433          | 16,110,370          |
| d) Loans & Advances                       | 10       | 57,087,315          | 8,876,400           |
|   |          | 130,778,595         | 42,593,080          |
| Less : Current Liabilities & Provisions : | 11       | 29,624,064          | 9,592,174           |
| Net Current Assets                        |          | 101,154,531         | 33,000,910          |
|   |          | <b>180,415,555</b>  | <b>125,216,160</b>  |

### NOTES TO ACCOUNTS

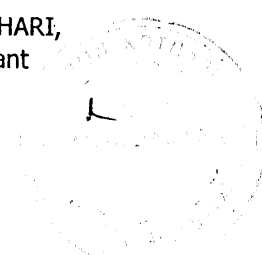
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As per our report of even date

FOR ARUN M. KOTHARI,  
Chartered Accountant

*Arun M. Kothari*

Arun M. Kothari  
Proprietor



FOR & ON BEHALF OF THE BOARD OF DIRECTORS,

*Ramesh D. Virani*  
Ramesh D. Virani  
Managing Director

*Shreyas R. Virani*  
Shreyas R. Virani  
Director

Anmedabad, 5th June, 2009

Annie A. Chacko  
Director



# SAR AUTO PRODUCTS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

| PARTICULARS                                       | SCHEDULE | AS AT<br>31.03.2009 | AS AT<br>31.03.2008 |
|---|----------|---------------------|---------------------|
| <b>COME :</b>                                     |          |                     |                     |
| Income From Operations                            | 12       | 26,338,423          | 25,269,541          |
| Income  | 13       | 164,146,990         | 1,487,562           |
| Variance  | 14       | 10,511,018          | 2,374,776           |
|   |          | <b>200,996,431</b>  | <b>29,131,880</b>   |
| <b>EXPENDITURE :</b>                              |          |                     |                     |
| Material Consumed                                 |          | 10,728,249          | 5,741,256           |
| Spares & Spares Consumed                          |          | 4,778,726           | 1,388,791           |
| Manufacturing Expenses                            | 15       | 13,612,463          | 5,093,395           |
| Employee's Remuneration & Benefits                | 16       | 2,200,349           | 2,279,561           |
| Administrative & Other Expenses                   | 17       | 21,080,553          | 7,244,604           |
| Interest & Financial Charges                      | 18       | 5,513,614           | 2,870,021           |
| Depreciation                                      |          | 9,856,750           | 5,273,490           |
|   |          | <b>67,770,705</b>   | <b>29,891,122</b>   |
| Profit (Loss) for the year before taxation        |          | 133,225,726         | (759,242)           |
| <b>Less : Provision for taxation :</b>            |          |                     |                     |
| Current Tax                                       |          | 25,600,000          | -                   |
| Deferred Tax                                      |          | 3,460,307           | (241,771)           |
| Fringe Benefit Tax                                |          | 60,000              | 39,190              |
| <b>Net Profit/(Loss) after taxation</b>           |          | <b>104,105,419</b>  | <b>(556,661)</b>    |
| Add. : Balance Brought Forward From Previous Year |          | 2,796,860           | 3,353,521           |
| <b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>   |          | <b>106,902,279</b>  | <b>2,796,860</b>    |

### NOTES TO ACCOUNTS

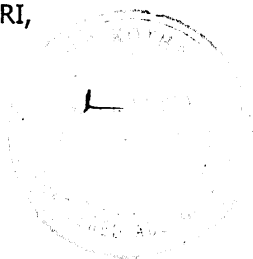
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As per our report of even date

FOR ARUN M. KOTHARI,  
Chartered Accountant

*Arun Kothari*

Arun M. Kothari  
Proprietor



FOR & ON BEHALF OF THE BOARD OF DIRECTORS,

*Ramesh D. Virani*

Ramesh D. Virani  
Managing Director

*Shreyas R. Virani*

Shreyas R. Virani  
Director

Ammedabad, 5th June, 2009

Annie A. Chacko  
Director

# SAR AUTO PRODUCTS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED

|  | [INR]<br>31.03.2009 | [INR]<br>31.03.2008 |
|--|---------------------|---------------------|
| <b>A. Cashflow from Operating Activities</b>                       |                     |                     |
| Net Profit/(loss) before tax and extraordinary items               | 133,225,726         | (759,242)           |
| <b>Adjustments for :</b>   |                     |                     |
| Depreciation   | 9,856,750           | 5,273,490           |
| Profit on sale of investment                                       | 159,968,390         |                     |
| Profit on sale of assets   | 26,158              |                     |
| Interest Paid  | 5,513,614           | 2,729,272           |
| <b>Operating Profit before working capital changes</b>             | <b>(11,398,458)</b> | <b>7,243,520</b>    |
| <b>Adjustments for :</b>   |                     |                     |
| Trade and other receivables  | (12,432,142)        | (20,280,930)        |
| Trade payables   | (5,615,120)         | 4,685,832           |
| Increase in inventories  | (13,320,309)        | -                   |
| Cash generation from operations                                    | <b>(42,766,029)</b> | <b>(8,351,578)</b>  |
| <b>Net Cashflow from operating activities</b>                      | <b>(42,766,029)</b> | <b>(8,351,578)</b>  |
| <b>B. Cashflow from investing activities</b>                       |                     |                     |
| Purchase of fixed assets   | (27,914,478)        | (46,786,160)        |
| Sale of fixed assets   | 220,000             | 21,002              |
| Sale of investment   | 190,786,507         | 2,165,266           |
| <b>Net cash generated/used in investing activities</b>             | <b>163,092,029</b>  | <b>(44,599,892)</b> |
| <b>C. Cashflow from financing activities</b>                       |                     |                     |
| Proceeds from borrowings   |                     | 6,664,462           |
| Secured loan received  |                     | 40,951,958          |
| Income Tax/FTB adjustments   | (25,037,990)        | (39,190)            |
| Repayment of loans (Secured + unsecured)                           | (52,366,340)        | -                   |
| Interest & Finance Charges   | (5,513,614)         | (2,729,272)         |
| <b>Net cash generated/used in financing activities</b>             | <b>(82,917,944)</b> | <b>44,847,958</b>   |
| <b>Net increase in cash and cash equivalent</b>                    | <b>37,408,056</b>   | <b>(8,103,512)</b>  |
| <b>Cash and Cash equivalent as at 31.03.2008 (Opening Balance)</b> | <b>16,110,376</b>   | <b>24,213,888</b>   |
| <b>Cash and Cash equivalent as at 31.03.2009 (Closing Balance)</b> | <b>53,518,433</b>   | <b>16,110,376</b>   |

As per our attached report of even date  
FOR ARUN M. KOTHARI  
Chartered Accountant

*Arun M. Kothari*  
Arun M. Kothari  
Proprietor

FOR AND ON BEHALF OF BOARD OF DIRECTORS

*Rameshbhai D. Virani*  
Rameshbhai D. Virani  
Managing Director

*Shreyas R. Virani*  
Shreyas R. Virani  
Director

Annie A. Chacko  
Director

Ahmedabad, 5th June, 2009

Rajkot, 4th June, 2009

**SAR AUTO PRODUCTS LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED  
31st MARCH, 2009**

**SCHEDULE - 1**

| <b>SHARE CAPITAL</b>                                 | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| <b>AUTHORISED :</b>                                  |                             |                             |
| 1,00,00,000 Equity Shares of Rs.10/-each             | 100,000,000                 | 100,000,000                 |
| <b>ISSUED, SUBSCRIBED &amp; PAID UP :</b>            |                             |                             |
| 47,64,740 Equity Shares of Rs.10/-each fully paid-up | 47,647,400                  | 47,647,400                  |
|  | <b>47,647,400</b>           | <b>47,647,400</b>           |

**SCHEDULE - 2**

| <b>RESERVES &amp; SURPLUS</b> | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|-------------------------------|-----------------------------|-----------------------------|
| General Reserve               | 732,787                     | 732,787                     |
| Share Premium Account         | 14,996,000                  | 14,996,000                  |
| Profit & Loss Account         | 106,902,279                 | 2,796,860                   |
|                               | <b>122,631,065</b>          | <b>18,525,646</b>           |

**SCHEDULE - 3**

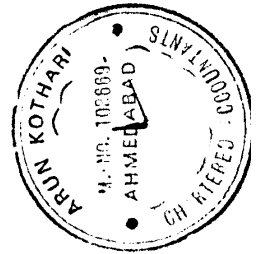
| <b>SECURED LOANS</b>   | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| IDBI Bank Ltd.-Term Loan<br>[Secured by charge on fixed assets of the Company<br>as well as personal guarantee of Directors] | -                           | 38,144,335                  |
| IDBI Bank Ltd.-Cash Credit   | -                           | 2,447,705                   |
| IDBI Bank Ltd.-EPC/PCFC<br>[Secured by hypothecation of current assets of the<br>company]                                    | -                           | 359,919                     |
|  | <b>-</b>                    | <b>40,951,958</b>           |

**SCHEDULE - 4**

| <b>UNSECURED LOANS</b> | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|------------------------|-----------------------------|-----------------------------|
| From Directors         | 4,055,127                   | 13,330,127                  |
| Intercompany Loans     | 1,900,000                   | 4,039,382                   |
|                        | <b>5,955,127</b>            | <b>17,369,509</b>           |

FIXED ASSETS AS AT 31ST MARCH, 2009

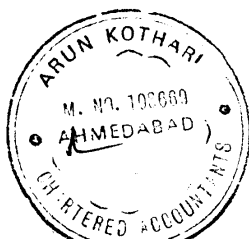
| ASSETS HEAD                      | GROSS BLOCK       |                   |                       | DEPRECIATION      |                   |                        | NET BLOCK         |                                   |
|----------------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|------------------------|-------------------|-----------------------------------|
|                                  | OPENING BALANCE   | ADDI- TIONS       | DEDUC- TIONS/ SUBSIDY | TOTAL             | UP TO 31.03.2008  | DEPRE- CIATION ADJUST. | UP TO 31.03.2009  | AS ON 31.03.2009 AS ON 31.03.2008 |
| <i>Factory Building:</i>         |                   |                   |                       |                   |                   |                        |                   |                                   |
| Factory Shed & Building          | 3,912,358         | 125,138           | -                     | 4,037,496         | 2,030,647         | -                      | 2,220,017         | 1,817,479                         |
|                                  | 3,912,358         | 125,138           | -                     | 4,037,496         | 2,030,647         | -                      | 2,220,017         | 1,817,479                         |
| <i>Plant &amp; Machinery:</i>    |                   |                   |                       |                   |                   |                        |                   |                                   |
| Machinery                        | 56,358,866        | 14,471,345        | -                     | 70,830,211        | 6,674,749         | -                      | 14,403,057        | 56,427,154                        |
| Air Compressor                   | 255,770           | 326,699           | -                     | 582,469           | 22,519            | -                      | 91,799            | 490,670                           |
| Dog Chuck                        | 7,444             | -                 | -                     | 7,444             | 6,005             | -                      | 6,204             | 1,240                             |
| Electric Motor                   | 5,029             | 3,000             | -                     | 8,029             | 4,028             | -                      | 4,270             | 3,759                             |
| Generator                        | 2,403             | -                 | -                     | 2,403             | 1,938             | -                      | 2,002             | 401                               |
| Jigs & Fixtures                  | 576,645           | 164,493           | -                     | 741,138           | 42,575            | -                      | 129,397           | 611,741                           |
| Measuring Tools                  | 733,747           | 137,584           | -                     | 871,331           | 212,689           | -                      | 84,390            | 574,252                           |
| Hand Pallet Truck (Trolley)      | -                 | 13,715            | -                     | 13,715            | -                 | -                      | 1,563             | 12,152                            |
|                                  | 57,939,904        | 15,116,836        | -                     | 73,056,740        | 6,964,503         | -                      | 14,935,371        | 58,121,369                        |
|                                  | -                 | 10,377,000        | -                     | 10,377,000        | -                 | -                      | 769,032           | 9,607,968                         |
|                                  | -                 | 79,500            | -                     | 79,500            | -                 | -                      | 6,597             | 72,903                            |
|                                  | -                 | 10,456,500        | -                     | 10,456,500        | -                 | -                      | 775,629           | 9,680,871                         |
| <i>Furniture &amp; Fixtures</i>  | 866,130           | 43,220            | -                     | 909,350           | 525,518           | -                      | 589,327           | 320,023                           |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
| <i>Office Equipments:</i>        |                   |                   |                       |                   |                   |                        |                   |                                   |
| Air Conditioner                  | 80,750            | -                 | -                     | 80,750            | 13,690            | -                      | 9,328             | 57,732                            |
| Canteen Goods                    | 23,738            | -                 | -                     | 23,738            | 1,732             | -                      | 3,062             | 18,944                            |
| Intercom                         | 31,367            | -                 | -                     | 31,367            | 22,013            | -                      | 1,301             | 8,053                             |
| Punchcard Machine                | 33,990            | 25,500            | -                     | 59,490            | 25,033            | -                      | 4,657             | 29,800                            |
| Refrigerator                     | 81,750            | -                 | -                     | 81,750            | 30,789            | -                      | 7,089             | 8,957                             |
| Typewriter                       | 14,037            | -                 | -                     | 14,037            | 11,323            | -                      | 377               | 43,872                            |
| Telephone EPABX                  | 16,890            | -                 | -                     | 16,890            | 13,328            | -                      | 496               | 2,714                             |
| Water Cooler                     | 83,559            | -                 | -                     | 83,559            | 50,026            | -                      | 4,665             | 3,562                             |
| Water Filter                     | 5,940             | -                 | -                     | 5,940             | 4,390             | -                      | 215               | 3,066                             |
| Xerox Machine                    | 31,300            | -                 | -                     | 31,300            | 6,831             | -                      | 3,404             | 28,868                            |
| CCTV Camera                      | -                 | 126,380           | -                     | 126,380           | -                 | -                      | 13,186            | 1,550                             |
| Gruh Board Stand                 | -                 | 5,320             | -                     | 5,320             | -                 | -                      | 256               | 21,065                            |
| Television (CCTV Camera)         | -                 | 34,608            | -                     | 34,608            | -                 | -                      | 3,771             | 113,194                           |
|                                  | 403,321           | 191,808           | -                     | 595,129           | 179,155           | -                      | 51,807            | 30,837                            |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
| <i>Computers &amp; Softwares</i> | 242,285           | 395,489           | -                     | 637,774           | 51,549            | -                      | 228,781           | 364,167                           |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
| <i>Electric Installation:</i>    |                   |                   |                       |                   |                   |                        |                   |                                   |
| Electric Fittings                | 483,976           | 52,770            | -                     | 536,746           | 161,947           | -                      | 51,270            | 323,529                           |
| Electric Weigh Scale             | 7,313             | -                 | -                     | 7,313             | 542               | -                      | 941               | 5,830                             |
| Electric Stacker (Fork Lift)     | -                 | 100,847           | -                     | 100,847           | -                 | -                      | 11,492            | 89,355                            |
| Electric Charger (Fork Lift)     | -                 | 16,549            | -                     | 16,549            | -                 | -                      | 1,886             | 14,663                            |
|                                  | 491,289           | 170,166           | -                     | 661,455           | 162,489           | -                      | 65,589            | 433,377                           |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
|                                  | -                 | -                 | -                     | -                 | -                 | -                      | -                 | -                                 |
| <i>Vehicles:</i>                 |                   |                   |                       |                   |                   |                        |                   |                                   |
| Motor Car                        | 2,628,045         | 1,415,321         | 272,000               | 3,771,366         | 872,012           | 78,158                 | 562,446           | 2,415,066                         |
|                                  | 2,628,045         | 1,415,321         | 272,000               | 3,771,366         | 872,012           | 78,158                 | 562,446           | 2,415,066                         |
| <b>Total - A</b>                 | <b>66,483,332</b> | <b>27,914,478</b> | <b>272,000</b>        | <b>94,125,810</b> | <b>10,785,873</b> | <b>78,158</b>          | <b>20,564,465</b> | <b>73,561,345</b>                 |
|                                  |                   |                   |                       |                   |                   |                        |                   |                                   |
|                                  |                   |                   |                       |                   |                   |                        |                   |                                   |
|                                  |                   |                   |                       |                   |                   |                        |                   |                                   |
| <b>PREVIOUS YEAR</b>             | <b>19,798,641</b> | <b>51,067,145</b> | <b>4,382,454</b>      | <b>66,483,332</b> | <b>5,592,850</b>  | <b>80,467</b>          | <b>10,785,873</b> | <b>55,697,459</b>                 |
|                                  |                   |                   |                       |                   |                   |                        |                   |                                   |
|                                  |                   |                   |                       |                   |                   |                        |                   |                                   |
|                                  |                   |                   |                       |                   |                   |                        |                   |                                   |



## SAR AUTO PRODUCTS LIMITED

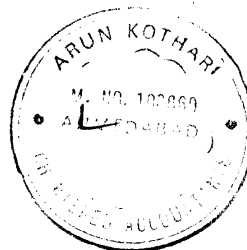
## SCHEDULE - 6

| INVESTMENTS   |  | AS AT<br>31.03.2009 | AS AT<br>31.03.2008 |
|---|--|---------------------|---------------------|
| <b>A. LONG TERM INVESTMENTS:</b>                          | No. of Shares/Bonds/Units<br>fully paid-up |                     |                     |
| In Equity Shares, Unquoted, fully paid-up                 |  |                     |                     |
| Shares of Rajkot Nagarik Sahakari Bank Ltd.               |  | 3,050               | 3,050               |
| Shares of Consortex Karl Deolic Ltd.                      | 1,700                                      | 5,355               | 5,355               |
| Shares of PSL Holding Ltd.                                | 200  | 9,700               | 9,700               |
| Mahindra Sar Transmission Pvt. Ltd.                       | 3,003,161                                  | -                   | 30,031,610          |
| <b>Total Value of Long Term Investments</b>               |  | <b>18,105</b>       | <b>30,049,715</b>   |
| <b>B. CURRENT INVESTMENTS:</b>                            |  |                     |                     |
| <i>Other Investments:</i>                                 |  |                     |                     |
| In Equity Shares, Quoted, fully paid-up                   |  |                     |                     |
| HT Media Ltd.   |  | -                   | 290,665             |
| [1577 Shares sold during the year]                        |  | -                   | 140,009             |
| Mysore Cement Ltd.  |  | -                   | 215                 |
| [3046 Shares sold during the year]                        |  | -                   | 900                 |
| Rasoya Protein Ltd.                                       |  | -                   | 334,885             |
| [2 Shares sold during the year]                           |  | -                   | 662,036             |
| Ashoco Industries Ltd.                                    |  | -                   | 393,999             |
| [19 Shares sold during the year]                          |  | -                   | 75,866              |
| Development Credit Bank                                   |  | -                   | 252,931             |
| [5350 Shares sold during the year]                        |  | -                   | 306,097             |
| Network 18 Fincap Ltd.                                    | 2,120                                      | 144,584             | 284,690             |
| [2120 Shares purchased, 1991 Shares sold during the year] |  | -                   | 75,044              |
| Shobha Developers Ltd.                                    |  | -                   | 432,539             |
| [546 Shares sold during the year]                         |  | -                   | 362,996             |
| United Breweries Ltd.                                     | 320  | 28,624              | 589,915             |
| [32 Shares purchased, 8 Shares sold during the year]      |  | -                   | 243,708             |
| Zee Entertainment Ent.                                    |  | -                   | 305,371             |
| [1109 Shares sold during the year]                        |  | -                   | 266,407             |
| Bharat Petroleum Corp.Ltd.                                |  | -                   | 38,847              |
| [781 Shares sold during the year]                         |  | -                   | 435,966             |
| Cholamandalam DBS Finance Ltd.                            | 2,545                                      | 65,788              | 333,232             |
| [747 Shares purchased during the year]                    |  | -                   | 641,764             |
| Excide Industries Ltd.                                    |  | -                   |                     |
| [1401 Shares sold during the year]                        |  | -                   |                     |
| GTL Ltd.  |  | -                   |                     |
| [2272 Shares sold during the year]                        |  | -                   |                     |
| Hindustan Petroleum Corp.Ltd.                             |  | -                   |                     |
| [1261 Shares sold during the year]                        |  | -                   |                     |
| ICICI Bank Ltd.   | 543  | 148,494             |                     |
| [854 Shares purchased, 866 Shares sold during the year]   |  | -                   |                     |
| Infrastructure Deve.Finance Co.Ltd.                       | 2,627                                      | 134,108             |                     |
| [2627 Shares purchased, 1497 Shares sold during the year] |  | -                   |                     |
| IRB Infrastructure Deve.Ltd.                              | 2,740                                      | 219,611             |                     |
| [1179 Shares purchased during the year]                   |  | -                   |                     |
| MIC Electronics Ltd.                                      | 1,614                                      | 28,810              |                     |
| [2724 Shares purchased, 1791 Shares sold during the year] |  | -                   |                     |
| Onmobile Global Ltd.                                      | 516  | 161,998             |                     |
| [436 Shares purchased during the year]                    |  | -                   |                     |
| Simplex Infrastructure Ltd.                               | 646  | 100,776             |                     |
| [6 Shares sold during the year]                           |  | -                   |                     |
| Suven life Science Ltd.                                   | 8,257                                      | 91,240              |                     |
| [40 Shares sold during the year]                          |  | -                   |                     |
| Tata Tea Ltd.   |  | -                   |                     |



|   |        |                  |                   |
|---|--------|------------------|-------------------|
| [820 Shares sold during the year]                           |        |                  |                   |
| HDFC Bank   | 74     | 59,369           | -                 |
| [74 Shares purchased during the year]                       |        |                  |                   |
| Punj Lloyd Ltd.   | 1,825  | 166,349          | -                 |
| [2176 Shares purchased, 351 Shares sold during the year]    |        |                  |                   |
| Cairn India Ltd.  | 1,063  | 167,678          | -                 |
| [1063 Shares purchased during the year]                     |        |                  |                   |
| GMR Infrastructure Ltd.                                     | 20     | 915              | -                 |
| [20 Shares purchased during the year]                       |        |                  |                   |
| Power Grid Corp.of India Ltd.                               | 170    | 8,973            | -                 |
| [170 Shares purchased during the year]                      |        |                  |                   |
| Bharti Airtel Ltd.  | 108    | 59,935           | -                 |
| [441 Shares purchased, 333 Shares sold during the year]     |        |                  |                   |
| 21st Century Management Services Ltd.                       | 30,000 | 210,000          | -                 |
| [30000 Shares purchased during the year]                    |        |                  |                   |
| Ahmednagar Forgings Ltd.                                    | 2,000  | 50,380           | -                 |
| [9000 Shares purchased, 7000 Shares sold during the year]   |        |                  |                   |
| Ashco Niulab Industries Ltd.                                | 5,000  | 23,350           | -                 |
| [5000 Shares purchased during the year]                     |        |                  |                   |
| Bharat Gears Ltd.   | 1,000  | 16,200           | -                 |
| [1000 Shares purchased during the year]                     |        |                  |                   |
| Company Indage Vintners Ltd.                                | 10,000 | 478,000          | -                 |
| [20000 Shares purchased, 10000 Shares sold during the year] |        |                  |                   |
| Elecon Engineering Co.Ltd.                                  | 1,000  | 31,100           | -                 |
| [35000 Shares purchased, 34000 Shares sold during the year] |        |                  |                   |
| Fairfield Atlas Ltd.  | 4,000  | 60,320           | -                 |
| [4000 Shares purchased during the year]                     |        |                  |                   |
| Gammon India Ltd.   | 71     | 4,118            | -                 |
| [15000 Shares purchased, 14929 Shares sold during the year] |        |                  |                   |
| Ispat Industries Ltd.                                       | 10,000 | 108,500          | -                 |
| [30000 Shares purchased, 20000 Shares sold during the year] |        |                  |                   |
| JMT Auto Ltd.   | 1,000  | 20,350           | -                 |
| [1000 Shares purchased during the year]                     |        |                  |                   |
| PSL Ltd.  | 3,000  | 247,260          | -                 |
| [3000 Shares purchased during the year]                     |        |                  |                   |
| RCVL  | 3,000  | 742,170          | -                 |
| [3000 Shares purchased during the year]                     |        |                  |                   |
| Shreyas Shipping & Logistics Ltd.                           | 1,877  | 36,038           | -                 |
| [1877 Shares purchased during the year]                     |        |                  |                   |
| Kotak Floater Long Term (G)                                 |        | 2,066,537        | -                 |
| <b>Net Value of Current Investments in Equity Shares</b>    |        | <b>5,681,575</b> | <b>6,468,082</b>  |
|   |        | <b>5,699,680</b> | <b>36,517,797</b> |

- 1) Total Market value of Quoted investment Rs.40,58,353/-
- 2) Total Cost of Quoted Investment Rs.60,19,908/-
- 3) Total Cost of Unquoted Investment Rs.18,105/-



**SAR AUTO PRODUCTS LIMITED**

**SCHEDULE - 7**

| <b>INVENTORIES</b>                          | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|---|-----------------------------|-----------------------------|
| [As valued and certified by the Management] |                             |                             |
| Bush  | 196,438                     | 89,242                      |
| Consumable & Tools                          | 2,609,522                   | 2,379,377                   |
| Cutters                                     | 1,277,448                   | 232,102                     |
| Machinery Oil                               | 69,603                      | 49,132                      |
| Packing Materials                           | 78,379                      | 14,775                      |
| Raw Materials                               | 1,139,544                   | -                           |
| Finished Goods                              | 2,666,401                   | -                           |
| Work-in-Process                             | 10,422,378                  | 2,374,776                   |
|   | <b>18,459,713</b>           | <b>5,139,404</b>            |

**SCHEDULE - 8**

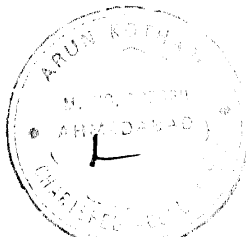
| <b>SUNDRY DEBTORS</b>                              | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| <i>Sundry Debtors:[Unsecured, considered good]</i> |                             |                             |
| Less than six months                               | 1,713,134                   | 12,333,093                  |
| More than six months                               | -                           | 133,813                     |
|  | 1,713,134                   | 12,466,906                  |
|  | <b>1,713,134</b>            | <b>12,466,906</b>           |

**SCHEDULE - 9**

| <b>CASH &amp; BANK BALANCES</b>                        | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| Cash on Hand   | 10,747                      | 446,524                     |
| Balance with Scheduled Banks in Current Accounts       | 2,947,666                   | 19,725                      |
| Balance with Scheduled Banks in Fixed Deposit Accounts | 50,560,019                  | 15,644,127                  |
|  | <b>53,518,433</b>           | <b>16,110,376</b>           |

**SCHEDULE - 10**

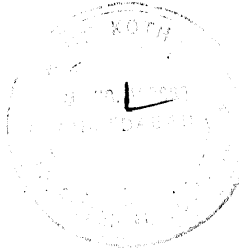
| <b>LOANS &amp; ADVANCES<br/>[Unsecured, Considered Good]</b>                                      | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|---|-----------------------------|-----------------------------|
| Advances recoverable in cash or in kind or<br>for value to be received                            | 245,248                     | 258,050                     |
| Deposits  | 22,097,677                  | 2,042,677                   |
| [Includes Security Deposit of Rs.2.00 Crore with<br>Key Management Personnel and their relatives] |                             |                             |
| Prepaid Expenses  | 127,290                     | 85,651                      |
| VAT   | 3,324,599                   | 1,645,960                   |
| Excise Duty (Edu.Cess & S&H)-Capital Goods  | 393,590                     | 434,272                     |
| Excise Duty (Edu.Cess & S&H)-Input  | 1,146,287                   | 15,253                      |
| Excise Duty (Edu.Cess & S&H)-Receivables  | 532,665                     | 2,078,063                   |
| Excise Duty Receivables on Export Sales   | 1,776,197                   | 420,982                     |
| Service Tax & Cess  | 761,413                     | 644,473                     |
| Special Custom Duty Receivable (SCVD)   | 45,760                      | 36,013                      |
| Income Tax TDS Receivables (A.Y. 2008-09)   | 358,481                     | 358,481                     |
| Income Tax TDS Receivables (A.Y. 2009-10)   | 700,185                     | -                           |
| Income Tax Advance & FBT (A.Y. 2009-10)   | 25,025,000                  | -                           |
| Income Tax Refund Due (A.Y. 2007-08)  | 552,923                     | 552,923                     |
| Income Tax Refund Due (A.Y. 2006-07)  | -                           | 303,602                     |
|   | 57,087,315                  | 8,876,401                   |
|   | <b>57,087,315</b>           | <b>8,876,401</b>            |



**SAR AUTO PRODUCTS LIMITED**

**SCHEDULE - 11**

| <b>CURRENT LIABILITIES &amp; PROVISIONS</b> | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|---|-----------------------------|-----------------------------|
| <i>Current Liabilities :</i>                |                             |                             |
| Sundry Creditors for Goods & Expenses       | 2,494,089                   | 6,894,101                   |
| Other Current Liabilities/TDS Payable       | 79,694                      | 82,141                      |
| Advance from Customers                      | 8,585                       | 2,000,000                   |
|   | <hr/> 2,582,368             | <hr/> 8,976,241             |
| <i>Provisions :</i>                         |                             |                             |
| Provisions for Expenses                     | 1,381,696                   | 602,938                     |
| Provision for Fringe Benefit Tax            | 60,000                      | 12,990                      |
| Provisions for Taxation                     | 25,600,000                  | -                           |
|   | <hr/> <b>29,624,064</b>     | <hr/> <b>9,592,174</b>      |





**SAR AUTO PRODUCTS LIMITED**

**SCHEDULE - 12**

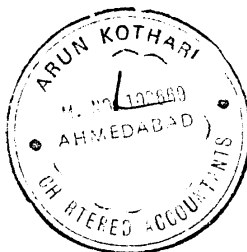
| <b>INCOME FROM OPERATIONS</b>                                  | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| <i>Income from Tractor Parts, Auto Parts &amp; Job Work:</i>   |                             |                             |
| Autoparts Sales  | 356,399                     | 27,876                      |
| Autoparts Sales-Exports  | 33,110,481                  | 15,904,153                  |
| Sales OGS 3%   | 256,043                     | 1,076,743                   |
| Scrap Sales  | 2,000,384                   | 1,234,736                   |
| Forging Sales  | 99,406                      | -                           |
| Sample Sales   | 62,128                      | -                           |
| Gross Sales  | <u>35,884,841</u>           | <u>18,243,508</u>           |
| Less : Excise Duty   | <u>4,162,767</u>            | <u>2,488,888</u>            |
| Net Sales  | <u>31,722,074</u>           | <u>15,754,620</u>           |
| Job Work Income  | 653,995                     | 6,003,744                   |
| <i>Income from Shares &amp; Securites Operations:</i>          |                             |                             |
| Profit/(Loss) on Sale of Shares (Net)                          | (6,068,946)                 | 3,001,916                   |
| Profit on Redemption of Mutual Fund                            | 31,301                      | -                           |
| Derivatives transaction favourable difference from commodities | -                           | 509,262                     |
|  | <u><b>26,338,423</b></u>    | <u><b>25,269,541</b></u>    |

**SCHEDULE - 13**

| <b>OTHER INCOME</b>                    | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| Interest Income                        | 3,681,400                   | 1,054,617                   |
| Dividend Income                        | 127,123                     | 128,781                     |
| Income Tax Refund                      | -                           | 135,447                     |
| Claims/Misc. Receipts                  | 60,613                      | 92,834                      |
| Exchange Rate Fluctuation              | 122,268                     | -                           |
| Profit on Sale of Long Term Investment | 159,968,390                 | -                           |
| Profit on Sale of Assets               | 26,158                      | 298                         |
| DEPB Licence Income                    | 161,038                     | 43,968                      |
| Interest on Income Tax Refund          | -                           | 31,618                      |
|  | <u><b>164,146,990</b></u>   | <u><b>1,487,562</b></u>     |

**SCHEDULE - 14**

| <b>STOCK VARIANCE</b>                                 | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|---|-----------------------------|-----------------------------|
| Closing Stock - Finished Goods, WIP and Scrap         | 13,088,779                  | 2,374,776                   |
| Add: Excise duty on Opening Stock of finished goods   | -                           | -                           |
| Less : Opening Stock - Finished Goods, WIP and Scrap  | 2,374,776                   | -                           |
| Less : Excise duty on Closing Stock of Finished Goods | 202,985                     | -                           |
|   | <u><b>10,511,018</b></u>    | <u><b>2,374,776</b></u>     |



**SAR AUTO PRODUCTS LIMITED**

**SCHEDULE - 15**

| <b>MANUFACTURING EXPENSES</b>   | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Job Work Charges                | 10,525,125                  | 3,154,719                   |
| Machinery Repairs & Maintenance | 303,347                     | 200,586                     |
| Cutter Resharpening Charges     | 121,968                     | 27,534                      |
| Drill Regrinding Charges        | 50,886                      | -                           |
| Calibration Expenses            | 91,015                      | 4,770                       |
| Electric Expenses               | 2,350,940                   | 1,441,399                   |
| Factory Expenses                | 24,138                      | 6,384                       |
| Freight & Octroi-Inward         | 126,137                     | 254,603                     |
| Testing Expenses                | 7,647                       | 3,410                       |
| Labour Charges                  | 11,260                      | -                           |
|                                 | <b>13,612,463</b>           | <b>5,093,399</b>            |

**SCHEDULE - 16**

| <b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>  | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| <i>Salary, Wages &amp; Other Allowances :</i>  |                             |                             |
| Salary & Wages                                 | 1,141,122                   | 1,773,073                   |
| Leave Salary                                   | 128,885                     | 70,153                      |
| Bonus  | 137,921                     | 75,043                      |
| <i>Contribution to P.F. &amp; Other Funds:</i> |                             |                             |
| Provident Fund                                 | 372,316                     | 178,818                     |
| ESIC   | 31,694                      | 40,600                      |
| Staff Welfare Expenses                         | 388,411                     | 141,874                     |
|  | <b>2,200,349</b>            | <b>2,279,561</b>            |



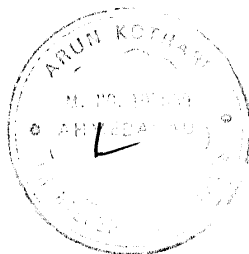
**SAR AUTO PRODUCTS LIMITED**

**SCHEDULE - 17**

| <b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>       | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|--|-----------------------------|-----------------------------|
| Postage, Telegram & Telephone, Internet Expenses | 376,728                     | 133,840                     |
| Accounting Charges                               | -                           | 244,940                     |
| Printing & Stationery Expenses                   | 113,926                     | 106,850                     |
| Travelling Expenses                              | 497,890                     | 402,870                     |
| Vehicle Running & Maintenance                    | 210,886                     | 53,760                      |
| Insurance Charges                                | 328,242                     | 137,690                     |
| Directors' Remuneration & Perks                  | 1,741,394                   | 1,234,800                   |
| Electricity Expenses                             | 90,492                      | 125,360                     |
| Bad Debts  | 9,626,849                   | -                           |
| Auditors Remuneration                            | 15,000                      | 15,000                      |
| Legal & Professional Charges                     | 2,176,795                   | 1,232,800                   |
| Advertisement Expenses                           | 12,450                      | 34,110                      |
| Donations  | -                           | 105,000                     |
| Office Expenses                                  | 94,578                      | 43,730                      |
| Research & Development Expenses                  | 395,124                     | -                           |
| Debit Note Charges                               | 1,090,716                   | -                           |
| Security Expenses                                | 223,000                     | 215,060                     |
| Computer Software & Service Charges              | 33,413                      | 27,120                      |
| Membership & Subscription Expenses               | -                           | 60,170                      |
| Listing & Certification Fees                     | 58,146                      | 70,870                      |
| STT & Demat Charges                              | 280,817                     | 10,414                      |
| Service Tax                                      | 11,459                      | 2,600                       |
| Repairs & Maintenance Charges                    | 297,250                     | 233,660                     |
| Loading & Unloading Charges                      | 4,240                       | -                           |
| NSDL/CDSL Connection Fees                        | 56,180                      | 22,470                      |
| PMS Charges                                      | 71,451                      | 492,850                     |
| Commissioning Expenses                           | 10,000                      | -                           |
| Water Charges                                    | 38,150                      | -                           |
| Income Tax Expenses                              | 250                         | 250                         |
| Sales Tax Assessment Expenses                    | 2,000                       | -                           |
| Exchange Rate Fluctuation                        | -                           | 43,188                      |
| Sample Distributed                               | -                           | 9,595                       |
| Factory Rent                                     | 2,220,000                   | 1,825,330                   |
| Cash Discount/Other Discount                     | 87,691                      | 51,048                      |
| Freight, Octroi-Outward & Cartages Expenses      | 455,618                     | 259,949                     |
| Goods Export Expenses                            | 459,818                     | 49,217                      |
|  | <b>21,080,553</b>           | <b>7,244,604</b>            |

**SCHEDULE - 18**

| <b>INTEREST &amp; FINANCIAL CHARGES</b> | <b>AS AT<br/>31.03.2009</b> | <b>AS AT<br/>31.03.2008</b> |
|---|-----------------------------|-----------------------------|
| Interest & Finance Charges              | 4,853,410                   | 2,729,270                   |
| Bank Commission/Charges                 | 660,204                     | 140,749                     |
|   | <b>5,513,614</b>            | <b>2,870,021</b>            |



## **SAR AUTO PRODUCTS LIMITED**

### **SCHEDULE 19- NOTES TO ACCOUNTS**

#### **01] Significant Accounting Policies:**

##### **A] Accounting Convention:**

The financial statements for the year ended 31<sup>st</sup> March, 2009 are prepared under historical cost convention. Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses.

##### **B] Fixed Assets & Depreciation:**

- (i) Fixed Assets are stated at the Original cost inclusive of incidental expenses related to acquisition.
- (ii) Assets are depreciated on Written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
- (iii) Depreciation on assets disposed off during the year is provided on pro-rata basis.
- (iv) Depreciation on newly added assets is charged as and when the same have been installed and put to use.

##### **C] Inventories:**

The inventories are valued at cost or net realizable value, whichever is lower.

##### **D] Revenue:**

Sales of Auto Parts are accounted at the point of dispatch.

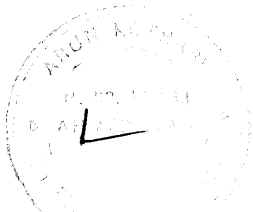
##### **E] Investments:**

Investments are classified into Current and Long-term investments. Current investments are stated at lower of cost or fair market value. Long-term investments are stated at cost. Provision for diminution in the value of Long-term investments is made only if such a decline is other than temporary in the opinion of the management.

##### **F] Income Tax:**

*Current Tax:* Provision is made for income tax on yearly basis, under the tax-payable method, based on tax liability, as computed after taking credit for allowances and exemptions if any.

*Deferred Tax:* Deferred tax charge or credit is recognized using current tax rates. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred Tax assets/ liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to reassess realization/ liabilities.



G] Foreign Currency Transaction:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the balance sheet date.

Exchange differences arising on account of fluctuations in the rate of exchange are recognized in the Profit & Loss Account.

02] **Segment Reporting:**

The Company is engaged in the business of machining of Auto Components. Further, the surplus money available with the company continues to be deployed under the professional guidance in Portfolio Management Scheme, Fixed Deposits and Shares and securities and the same has not been shown as separate segment for the purpose of Segment Reporting under AS-17.

03] **Related party disclosure:**

Disclosure required as per Accounting Standard 18 (AS 18), "Related party disclosure" is as follows:

| Sr. No. | Name of Related Party    | Relationship                         |
|---------|--------------------------|--------------------------------------|
| 1.      | Mr. Ramesh D. Virani     | Key Management Personnel             |
| 2.      | Mr. Shreyas R. Virani    | Key Management Personnel             |
| 3.      | Mr. Skaria Chacko        | Key Management Personnel             |
| 4.      | Mrs. Urvi S. Virani      | Relative of Key Management Personnel |
| 5.      | Mrs. Rajeshree R. Virani | Relative of Key Management Personnel |

**Transactions with Related Parties during the year:**(i) **Directors' Remuneration & Perks**

| Related Party         | (Amount in Rupees)<br>Amount |
|-----------------------|------------------------------|
| Mr. Ramesh D. Virani  | 11,61,552                    |
| Mr. Shreyas R. Virani | 5,27,982                     |
| Mr. Skaria Chacko     | 51,860                       |
| <b>Total</b>          | <b>17,41,394</b>             |

(ii) **Unsecured Loans accepted:**

| Related Party         | Balance as on<br>1 <sup>st</sup> April,08 | Accepted<br>During The<br>Year | Repaid<br>During The<br>Year | (Amount in Rupees)<br>Balance As<br>on<br>31 <sup>st</sup><br>March,09 |
|-----------------------|---|--------------------------------|------------------------------|--|
| Mr. Ramesh D. Virani  | 62,87,294                                 | 10,00,000                      | 65,75,000                    | 7,12,294   |
| Mr. Shreyas R. Virani | 70,42,833                                 | 60,00,000                      | 97,00,000                    | 33,42,833  |
| <b>Total</b>          | <b>1,33,30,127</b>                        | <b>70,00,000</b>               | <b>1,62,75,000</b>           | <b>40,55,127</b>   |