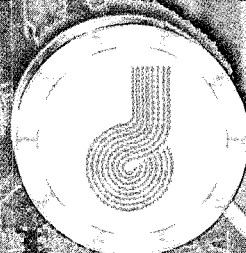



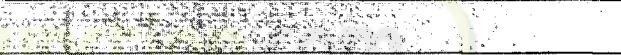
FIFTIETH ANNUAL REPORT 2006-2007

PORWAL AUTO COMPONENTS LIMITED



ANNUAL REPORT 2006 - 2007

MILESTONES

1992	INCORPORATED	
1995	COMMERCIAL PRODUCTION STARTED PLANT CAPACITY – 3600 MT	
2000	EICHER MOTORS LTD. AWARD FOR OUTSTANDING CONTRIBUTION TO PARTS DEVELOPMENT NATIONAL AWARDS TO SMALL SCALE ENTREPRENEURS GIVEN BY THE GOVT. OF INDIA MINISTRY OF SMALL SCALE INDUSTRIES TO OUR MD MR. DEVENDRA JAIN	
2001	PLANT CAPACITY ENHANCED TO 4800 MT P.A.	
2002	SPECTROMETER F20 FOUNDRY ANALYSER ADDED DOL STATUS FOR EICER MOTORS LTD. LCV/MCV COMP. SUPPLIES	
2003	ISO 9001:2000 CERTIFICATION	
2004	PLANT CAPACITY ENHANCED TO 6000 MT P.A.	
2005	DOL STATUS FOR EICHER MOTORS LTD. HCV/MAV COMP. SUPPLIES	
2006	EICHER MOTORS LTD. AWARD FOR OUTSTANDING CONTRIBUTION TO SUPPLY CHAIN MGMT.	
2007	TS 16949 : 2000 CERTIFICATION	



CORPORATE INFORMATION

BOARD OF DIRECTORS

SURENDRA JAIN	: EXECUTIVE CHAIRMAN
DEVENDRA JAIN	: MANAGING DIRECTOR
MUKESH JAIN	: WHOLE TIME DIRECTOR
NITIN DAFARIA	: NON - EXECUTIVE INDEPENDENT DIRECTOR
SURAJMAL KUCHERIA	: NON - EXECUTIVE INDEPENDENT DIRECTOR
ASHISH SABOO	: NON - EXECUTIVE INDEPENDENT DIRECTOR

AUDITORS	: ASSG & ASSOCIATES Chartered Accountants "Kanti Mansion" 6, Murai Mohalla, INDORE.
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BANKERS	: 1. STATE BANK OF INDIA SME Branch, Polo Ground INDORE - 452 015
	: 2. STATE BANK OF INDORE Palsikar Colony Branch, INDORE - 452 004

REGISTERED OFFICE	: KANTI MANSION 6, Murai Mohalla, INDORE - (M.P.) Tel. : 0731 - 4051704 Email : admin@porwalauto.com
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WORKS	: Plot No. 209, Sector No. 1, Industrial Area, Pithampur, Distt. DHAR - 454775 (M.P.) Tel. : 0729-2405101/02/03/04 Fax : 07292-405120
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REGISTRAR AND SHARE TRANSFER AGENTS :	Intime Spectrum Registry Ltd. 307, City Centre, 570, M.G. Road Indore - 452001 Tel. : 0731 - 2544512
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ISIN NO.	: INE386101018
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**NOTICE**

NOTICE is hereby given that 15TH Annual General Meeting of the Members of the PORWAL AUTO COMPONENTS LIMITED will be held on Saturday, the 08th September of 2007 at 11.00 a.m. at the registered office of the company to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2007 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Surendra Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider re-appointment of the Auditors and fixing up of their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions, if any, consent of the members be and are hereby accorded for the appointment of Shri Ashish Saboo as an independent non-executive director of the Company whose office shall be determined by retirement by rotation."
5. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions, if any, consent of the members be and are hereby accorded for the appointment of Shri Surajmal Kucheria as an independent non-executive director of the Company whose office shall be determined by retirement by rotation."
6. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution:
"RESOLVED THAT the articles of Association of the Company be altered, amended, modified in the manner so as to include the following clauses as Clause no.20A to Clause no.20K after article no. 20 of the existing Articles of Associations."

20 (A) FURTHER ISSUE OF SHARES

1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, which ever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then :
 - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
 - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;



- (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
2. notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
 - (a) If a special resolution to that effect is passed by the company in general meeting, or
 - (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by the member who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by Board of Directors in this behalf, that the proposal is most beneficial to the company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed :
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company :
 - (i) To convert such debentures or loans into shares in the company; or
 - (ii) To subscribe for shares in the company

PROVIDED THAT the terms of issue of such debentures or the terms of such loan include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by the Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in general meeting before the issue of the loans.

(B) SHARES AT THE DISPOSAL OF THE DIRECTORS :

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in capital of the company on payment in full or par of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issue as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

**(C) LIMITATION OF TIME FOR ISSUE OF CERTIFICATES :**

Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denominations registered in his name, or if the directors so approved (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

(D) ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED , LOST OR DESTROYED :

If any certificate be worn out, defaced or mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of feed if the director so decide, or on payment of such fees (not exceeding Rs 2/- for each certificate) as a director shall prescribed. Provided that no fee shall be charged for the issue of new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act or rules applicable thereof in this behalf.

The provision of this Article shall mutates mutandis apply to debentures of the company.

(E) DIRECTORS MAY REFUSE TO REGISTER TRANSFER :

Subject to the provisions of Sections 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

(F) INSTRUMENT OF TRANSFER

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(G) NO FEE ON TRANSFER OR TRANSMISSION :

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

(H) PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST :

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much



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thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance have been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of this Articles shall mutates mutandis apply to the calls on debentures of the company.

(I) COMPANY'S LIEN ON SHARES/DEBENTURES :

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

(J) TERM OF ISSUE OF DEBENTURE :

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

(K) UNPAID OR UNCLAIMED DIVIDEND :

Where the Company has declare a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "_____ Unpaid Dividend Account"

The company shall transfer any money transferred to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

The Board shall forfeit no unclaimed or unpaid dividend.

7. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the company be and is hereby accorded to the Board for disposal of present and future immovable and movable assets of the company, as and when required, whether by way of mortgage, hypothecation or otherwise, where-ever situated in compliance with the terms of the loan agreement(s), entered into and/or to be entered into by and between the company and any bank or financial institutions, from time to time.

RESOLVED FURTHER THAT any director of the company along with Shri Devendra Jain the Managing Director be and is hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by such banks or financial institutions on behalf of the company including affixation of common seal of the company on such documents as may be required from time to time to give effect to this resolution."



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8. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the company be and also is hereby accorded to the board for borrowing money for business objectives of the company, from time to time, provided that the moneys so borrowed (apart from temporary loans obtained from time to time by the company from its bankers in the ordinary course of its business) together with the money already borrowed by the company, shall not exceed Rs.50.00 Crores (Rs. Fifty Crores) over and above the aggregate of the extant paid up capital of the company and its free reserves.

RESOLVED FURTHER THAT any director of the company along with Shri Devendra Jain the Managing Director be and is hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by such banks or financial institutions on behalf of the company including affixation of common seal of the company on such documents as may be required from time to time to give effect to this resolution."

by order of the board of

Porwal Auto Components Limited

PLACE : INDORE
DATE : 30.06.2007

Surendra Jain
Chairman

Report Junction.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Members are requested to :
 - a. Intimate changes, if any, in their registered addresses immediately.
 - b. Quote their ledger folio number in all their correspondence.
 - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
 - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 07/09/2007 to 08/09/2007 (both days inclusive).
4. The Explanatory Statement setting out the material facts concerning the special business of the Notice, as per the requirements of Sec. 173 of the Companies Act is annexed herewith.
5. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors.
6. Members seeking any information are requested to write to the company at least 10 days before the date of the AGM to enable the management to reply appropriately at the AGM.

**EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956.**

For Item No 4 & 5

Two of the Professional Independent Directors, Shri Ashok Mehta and Shri Ashok Sodhani have resigned. In order to maintain the proper composition of the executive, non-executive and independent directors, broad basing of the Board of Directors became essential. Accordingly Shri Surajmal Kucheria and Ashish Saboo have been inducted in the Board as Additional Directors in terms of the provisions of Section 260 of the Companies Act, 1956 to replace the two aforesaid outgoing directors. In compliance with the provisions of Section 257 of the Act the Company has received two notices proposing their names for regular appointment by the members in the ensuing Annual General Meeting, hence your directors recommend this resolution. However, none of the directors except Shri Surajmal Kucheria and Shri Ashish Saboo may be deemed as concerned or interested in the resolution. Brief profile and Membership/ chairmanship in various Board Committee and names of Companies in which they hold directorship is given in the Corporate Governance Report.

For Item No 6

As your Company is proposing a public issue, hence to comply with the specific requirements of Bombay Stock Exchange Limited, the Article of Association of the Company is required to be amended subject to the approval of the members. Your Directors have recommended alterations in the existing Articles of Association of the Company. However, none of the directors may be deemed as concerned or interested in the resolution.

For Item No 7 & 8

The provisions of Section 293 of the Companies Act, 1956 provide, inter alia, that the Board of Directors of a public Company shall not, without consent of the members in the General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company and shall not borrow money in excess of the aggregate of the paid up capital of the company and its free reserves.

In view of ensuing capital expenditure and expansion program, the Company may require funds in the shape of loans and provide security against those loans. The Board proposes to have a borrowing limit upto Rs.30.00 Crores (Rs. Thirty Crores).

The Directors of the company recommend the resolution for the consideration and approval of the Members. None of the Directors of the company is in any way concerned or interested in this resolution.

by order of the board of

Porwal Auto Components Limited

PLACE : INDORE
DATE : 30.06.2007

Surendra Jain
Chairman

**DIRECTORS' REPORT**

To
The Members of
Porwal Auto Components Ltd., Indore

Your directors have pleasure in presenting 15th Annual Report of your company together with the audited accounts for the year ended on 31st March 2007.

1. State of Company's Affairs :

	(Rs. in lakhs)	
	As on 31.03.2007	As on 31.03.2006
Financial Results		
Sales & Other Income	3397.02	2579.45
Interest & Depreciation	128.92	99.86
Profit before Tax	148.94	133.46
Provisions for Tax	17.13	14.56
Profit after Tax	131.81	118.90
Profit (Loss) brought forward	121.59	2.69
Balance carried to Balance Sheet	253.40	121.59

2. Operating Results and Outlook :

During the year under review, the overall performance of your company was better than previous year in as much as the Revenue has gone up to Rs. 33.97 crores as against Rs. 25.79 crores in the previous year which has resulted in an increase in Profit before tax of Rs. 1.49 crores as against 1.33 crores in previous year. The company has been able to take advantage of overall economic growth of the country with GDP growth riding above 9%.

Expansion Plans

The company has conceived the expansion project to increase the production capacity from 6600 MT p.a. to 27600 MT p.a. at a total project outlay of Rs. 62 crores including working capital margin of Rs. 4 crores. As a part of the expansion programme the production capacity has already been increased to 9000 MT p.a. (on annualized basis) by March 2007. The said project is expected to be implemented fully by June, 2008.

Raising of Resources

The total cost of the expansion project of Rs. 62 crores is planned to be met partly from Term loan from the bankers and balance from the combination of Internal cash accruals, Unsecured loans and raising of further capital. The company therefore proposes to come out with a follow on Public issue to raise a sum of around Rs. 40 crores during the current year.

Post completion of the said expansion project, the annualised turnover of the company will increase to Rs. 165 crores. Considering the GDP growth of 9% and above achieving the sales target at full capacity is considered to be easily possible.

3. Dividend :

Your directors do not recommend any dividend for the year in order to plough back the funds to cover the cost of ensuing expansion and capital expenditure.