

**ANNUAL REPORT 2009 - 2010**



**EIGHTEENTH ANNUAL REPORT 2009 - 2010**

**ANNUAL REPORT 2009 - 2010****BOARD OF DIRECTORS**

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

CHIEF EXECUTIVE OFFICE : SHRI SHAILESH JAIN

COMPANY SECRETARY : MS RAINA AJMERA

AUDITORS : ASSG & ASSOCIATES  
Chartered Accountants  
"Kanti Mansion" 6, Murai Mohalla,  
INDORE - (M. P.)

BANKERS : 1. STATE BANK OF INDIA  
SME Branch,  
INDORE - (M. P.)  
: 2. STATE BANK OF INDORE  
Palsikar Colony Branch,  
INDORE (M. P.)

REGISTERED OFFICE & WORKS : Plot No. 209, Sector No. 1  
Industrial Area,  
Pithampur, Distt. DHAR (M. P.) - 454775  
Tel : 07292-405101  
Fax : 07292 - 405120  
admin@porwalauto.com  
www.porwalauto.com

REGISTRAR AND SHARE TRANSFER AGENTS : Link Intime India Pvt. Ltd.  
C-13, Pannalala Silk Mills  
Compound, LBS Marg, Bhandup, MUMBAI  
Tel : 022-25963838  
Fax : 022-25946969  
E Mail : vishal.punjabi@linkintime.co.in

**N O T I C E**

**NOTICE** is hereby given that 18<sup>th</sup> Annual General Meeting of the Members of the PORWAL AUTO COMPONENTS LIMITED will be held on Thursday, the 30<sup>th</sup> day of September, 2010 at 1:30 PM at the registered office of the company at Plot No. 209, Sector No.1, Industrial Area, Pithampur, Distt Dhar to transact the following business: -

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010 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 Ashish Saboo, 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. **"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 of directors of the company for disposal of present and future immovable and movable assets of the company whether by way of mortgage, hypothecation or otherwise, where-ever situated in compliance of the terms of their loan agreement entered into and/or to be entered into by and between any of the Bank or financial institution etc. and the company

**RESOLVED FURTHER THAT** any director of the company along with Shri Devendra Jain the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the company including affixation of common seal of the company on documents aforesaid for giving effect to this resolution."

**RESOLVED FURTHER THAT** any one director along with Shri Devendra Jain the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the company including affixation of the common seal of the company on the documents aforesaid for giving effect to this resolution."

5. **"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 is hereby also accorded to the board of the company 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.3000.00 Lacs over and above the aggregate of the existing paid up capital of the company and its free reserves.

**RESOLVED FURTHER THAT** any one director along with Shri Devendra Jain the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the company including affixation of the common seal of the company on the documents aforesaid for giving effect to this resolution."

**RESOLVED FURTHER THAT** any director of the company along with Shri Devendra Jain the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the company including affixation of common seal of the company on documents aforesaid for giving effect to this resolution."

by order of the board of  
**Porwal Auto Components Limited**

PLACE : Pithampur  
DATE : 31.07.2010

**Raina Ajmera**  
Company Secretary

**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 29<sup>th</sup> September, 2010 and 30<sup>th</sup> September, 2010 (both days inclusive).
4. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors.
5. 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.
6. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

**EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956.****Item no. 4 & 5**

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public Company shall not, without consent of such Public Company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since the mortgage and/or charge to be created as aforesaid may be considered to be a disposal of the Company's undertaking, approval of the member is required under section 293(1)(a) and other applicable provisions of the Companies Act, 1956.

Section 293(1)(d) of the Companies Act, 1956, requires the consent of the members in General Meeting for authorising the Board of Directors to borrow moneys in excess of the aggregate of the paid up capital of the company and its free reserves. In view of renewal of the limits from time to time it is required to pass the fresh resolution with the same borrowing limit upto **Rs. 3000.00** Lacs, under section 293(1)(d) of the Companies Act, 1956.

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: PITHAMPUR**

**DATE: 31.07.2010**

**Raina Ajmera**  
Company Secretary

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE  
ENSUING ANNUAL GENERAL MEETING**

<b>Name of Directors</b>	<b>Mr. Ashish Saboo</b>
Date of Birth	14.01.1974
Date of Appointment	21.05.2007
Expertise / Experience in specific functional areas	Practising Chartered Accountant
Qualification	F.C.A.
No. of Equity Shares held	NIL
List of outside Company directorship held	NIL
Chairman / Member of the Committees of the Board of Directors of the Company	<b>Member</b> 1. Audit Committee 2. Investor Grievance Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL

## DIRECTORS' REPORT

To

The Members of

Porwal Auto Components Ltd.,

Your directors have pleasure in presenting 18<sup>th</sup> Annual Report of your company together with the audited accounts for the year ended on 31<sup>st</sup> March 2010.

### 1. State of Company's Affairs :

	(Rs. in lakhs)	
Financial Results	As on 31.03.2010	As on 31.03.2009
Sales & Other Income	4582.63	3526.48
Interest & Depreciation	469.65	485.45
Profit before Tax	(56.96)	(285.27)
Provisions for Tax	91.73	2.25
Profit after Tax	(148.69)	(287.52)
Income Tax yearlier	(0.36)	(0.43)
Profit (Loss) brought forward	99.55	386.64
Balance carried to Balance Sheet	(48.78)	99.55

#### Dividend:

Your directors do not recommend any dividend for the year due to losses in the Company.

### 2. Operating Results and Outlook:

During the year under review the Company has experienced a rare global financial turmoil resulting in a sudden slow down in the economic activity around the globe including the Indian economy. It affected almost every sector and every industry especially the auto industry as vehicle demand is directly related to the financial wellbeing of the society and furthermore the slowdown in other sectors leads to fall in the demand of commercial vehicles. Accordingly auto components businesses have been adversely affected. Though, the company could have achieved higher turnover in comparison to the previous year and also able to minimize the losses in the current year.

During the year under review, the turnover of the Company was Rs. 4417.08 lacs as against the previous year turnover of Rs.3313.82 lacs. The Loss after Tax of the Company for the year stands at Rs. 148.69 lacs as against the previous year figure of Rs. 287.52 lacs.

However your directors are pleased to inform that the economic conditions of your Company started improving. The management of your Company initiated a number of steps for cost cutting and profitability enhancement and is confident to take the Company through the adverse economic conditions. We are quite optimistic to achieve better results during current year.

### 4. Director:

In terms of the provisions of the Companies Act, 1956 Shri Ashish Saboo would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. There is no other change in the Board.

### 5. Directors Responsibility Statement:

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, we confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that have been reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;

3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities ;
4. the directors had prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2010 on a "going concern" basis;

**6. Corporate Governance:**

A report on corporate governance in terms of clause 49 of listing agreement is attached forming part of this report.

**7. Auditors:**

M/s ASSG & Associates, Chartered Accountants, Indore, statutory auditors of the Company, retire at the end of ensuing Annual General Meeting and are eligible for re-appointment as statutory auditors of the Company. The Auditors' Report read with notes to accounts are self-explanatory and in particular note no. 4 of the notes to accounts read with para 4 of the Auditors Report, specifically the Company is following the same method of depreciation in the earlier year also and the depreciation has been provided on specific plant and machinery as per its useful life.

**8. Public Deposits:**

Your company has not accepted or invited any deposits from public within the meaning of Section 58 A of the Companies Act, 1956, during the year under review.

**9. Particulars of Employees etc.**

Your company did not have any person in employment that, if employed throughout the financial year or part thereof, was in receipt of remuneration, particulars of which are required to be included in this report as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

**10. Energy Conservation and other Reporting u/s 217(1)(e):**

The details of Energy Conservation in terms of section 217 (1)(e) of the Companies Act, 1956, are enclosed forming part of this report as Annexure – 1.

Your directors place on record their sincere appreciation for the co-operation extended to the company by the lending institution and banks and for the devoted performance by company's entire staff & associates.

*For and on behalf of the board of*  
**Porwal Auto Components Limited**

PLACE : PITHAMPUR  
DATE : 31.07.2010

**Surendra Jain**  
Chairman

## Annexure - 1

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2010.

**I. CONSERVATION OF ENERGY**

Power and Fuel Consumption

1. **Electricity**

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>a. Purchased</b>		
Total Units	10211080	6360553
Total Amount (Rs.)	46367861	31499806
Cost/Unit (Rs.)	4.54	4.95
<b>b. Own Generation (Diesel Generator)</b>		
Total Units	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
<b>c. Consumption per unit of production (in units)</b>	1304	1255/MT

**Note :** Quantity of Diesel and LDO consumed during the year is 21.685 litres (12.340 litres), was consumed in Sand Dryers, Laddle Heating and Heat Treatment furnace.

2. <b>COAL</b>	NIL	NIL
3. <b>FURNACE OIL</b>	NIL	NIL
4. <b>DIESEL</b>		
Quantity (Ltrs)	21685	12340
Value (Rs.)	810823	476046
5. <b>RLNG GAS (MMBTU)</b>		
Quantity (Ltrs)	8148.200	4117.660
Value (Rs.)	3197295	1800285

**II TECHNOLOGY ABSORPTION**

The company is using manufacturing technology which is entirely indigenous

**III FOREIGN EXCHANGE EARNINGS & OUTGO**

The company did not have any foreign exchange earnings during the year under review. However the company did incur a foreign currency expenditure of Rs. 1.25 lakhs and there is no import of capital goods.



**CORPORATE GOVERNANCE REPORT**  
**(Forming part of the Directors' Report)**

The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business, management accountability, transparency and equity with stakeholders. In terms of Clause 49 of Listing Agreement for the continuing good governance and transparency a report in this regard is submitted hereunder:

**1. Company's Philosophy on code**

The company has outlined the procedures and practices as per the requirements of the corporate governance and certain steps have been taken to ensure transparency and accountability. Your company shall continue to follow the same with a desire for further development on continuous basis.

**2. CEO / MD Certification**

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director on the financial statements and internal controls relating to financial reporting has been obtained.

**3. Board of Directors**

The Board of Directors of the company consists of eminent persons with considerable professional expertise and experience of trade, commerce, profession and industry. The present composition is three directors in the whole time employment of the company and three independent professional directors. The particular of the Board with their interest in other concern is presented before you in the following table;

Name of the Director	Interested in	Nature of interest
1. Shri Devendra Kumar Jain	Pithampur Auto Cluster Ltd	Director
2. Shri Mukesh Kumar Jain	Porwal Udyog (India)	Proprietor
3. Shri Surendra Jain	Triveni Conductors Ltd	Director
4. Shri Surajmal Kucheria	Prestige Foods Ltd	Director
5. Shri Nitin Dafria	Nil	Nil
6. Shri Ashish Saboo	Nil	Nil

**4. Board Procedure**

The Board meets at least once in a quarter to review the overall business operations including to consider the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met five times during the year under review on 30th April, 2009, 06th June 2009, 30th June, 2009, 31st July, 2009, 31st October, 2009, 30th January, 2010 and 31st March, 2010.

**5. Directors Attendance :**

Name of the Director	Category	Attendance at Board meeting	Attendance at AGM/EGM
1. Shri Devendra Kumar Jain	Managing Director	6	Yes
2. Shri Mukesh Kumar Jain	Whole time Director	7	Yes
3. Shri Surendra Jain	Executive Chairman	7	Yes
4. Shri Surajmal Kucheria	Independent Non-Executive	5	Yes
5. Shri Nitin Dafria	Independent Non-Executive	5	Yes
6. Shri Ashish Saboo	Independent Non-Executive	5	Yes

## **6. Audit Committee**

The Audit Committee of the company provides assurance to the Board on the adequacy of the internal financial control systems and financial disclosures.

### Composition

The Audit Committee comprised of three Directors, majority of whom were Independent Directors. All these directors possess knowledge of corporate finance, accounts and company law. Statutory Auditors are permanent invitees of the meetings of the Committee. The Minutes of the Audit Committee Meetings are noted by the Board of the Directors at the subsequent Board Meeting.

The constitution of the Audit Committee has so far been as follows:

- |                      |  |
|----------------------|--|
| 1. Mr. Nitin Dafria  | Chairman Independent, Non – Executive. |
| 2. Mr. S.B. Kucheria | Member Independent, Non – Executive.   |
| 3. Mr. Ashish Saboo  | Member Independent, Non – Executive    |

### Meetings and Attendance

During the financial year ended 31st March, 2009, four Audit Committee Meetings were held on 30th June, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010.

## **7. Managerial Remuneration and Remuneration Committee**

Your company has formed a remuneration committee to consider and approve the remuneration payable to the directors. During the financial year, there were only three directors who are in the whole time employment of the company and drawing remuneration. The company has a policy of remuneration payable to the directors according to which the necessity of the director in such a capacity and his performance capacity and capability become the determining factor for remuneration. The present remuneration of Shri Devendra Kumar Jain, Managing Director is Rs.75,000/- , Shri Mukesh Kumar Jain, Whole Time Director is Rs.65,000/- and Shri Surendra Jain, Executive Chairman is Rs.50,000/-, Shri Shialesh Jain, CEO is Rs.40,000/- .The committee so far comprised of the Non-Executive Director Shri S.B. Kucheria as Chairman and two independent professional directors Shri Ashish Saboo and Shri Nitin Dafria as members of the committee.

## **8. Shareholders' Grievances**

With view to review all matters connected with security transfers and transmission, redressal of shareholders/investor complaints like non-transfer of shares, non-receipt of balance-sheet, non-receipt of dividend, etc., a Share Transfer and Investor Grievance Committee has been constituted. This committee oversees the performance of the Registrar & Transfer Agents and Secretary who have been authorised to deal with all these matters, also recommends measures for overall improvement of the quality of investor services.

The Committee comprises three members, viz., Mr. Mukesh Jain, Mr. S. B. Kucheria and Mr. Nitin Dafria and Ms. Raina Ajmera, as the Secretary who also acts as the Compliance Officer of the Company. During the financial year 2009-2010, the Committee had four meetings which were attended by all the members.

As of March 31, 2010, all requests, complaints, grievances, if any, have been replied to/resolved within the stipulated period and no such matter was pending.