

ANNUAL REPORT 2010 - 2011



NINETEEN ANNUAL REPORT 2010 - 2011

ANNUAL REPORT 2010 - 2011**BOARD OF DIRECTORS****EXECUTIVE CHAIRMAN**

SHRI SURENDRA JAIN

MANAGING DIRECTOR

SHRI DEVENDRA JAIN

WHOLE TIME DIRECTOR

SHRI MUKESH JAIN

NON - EXECUTIVE INDEPENDENT DIRECTOR

SHRI NITIN DAFRIA

SHRI SURAJMAL KUCHERIA

SHRI ASHISH SABOO

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 19th Annual General Meeting of the Members of the PORWAL AUTO COMPONENTS LIMITED will be held on Friday, the 30th day of September, 2011 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 31st March 2011 and Profit and Loss Accounts for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Surendra Jain, who retires by rotation and is eligible for re-appointment.
3. To appointment Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Devendra Jain as the Managing Director of the Company for a further period of Three years commencing from the 1st August, 2011 on the Remuneration of Rs.80,000/-PM which shall be inclusive of perquisites and which may be increased on time to time as may be decided by the Board of Directors with in the Prescribed limits As the Companies Act, 1956.
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Mukesh Jain as the Whole-Time Director of the Company for a further period of Three years commencing from the 1st August, 2011 on the Remuneration of Rs.75,000/-PM which shall be inclusive of perquisites and which may be increased on time to time as may be decided by the Board of Directors with in the Prescribed limits As the Companies Act, 1956.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Surendra Kumar Jain as the Whole-Time Director of the Company also liable to retire by rotation to comply with the provisions of Section 256 of the Act, for a further period of Three years commencing from the 1st August, 2011 on the Remuneration of Rs.75,000/-PM which shall be inclusive of perquisites and which may be increased on time to time as may be decided by the Board of Directors with in the Prescribed limits As the Companies Act, 1956.
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 314 and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Shailesh Jain as the Chief Executive Officer of the Company for a further period of Three years commencing from the 1st August, 2011 on the Remuneration of Rs.70,000/-PM which shall be inclusive of perquisites and which may be increased on time to time as may be decided by the Board of Directors with in the Prescribed limits As the Companies Act, 1956.”

by order of the board of
Porwal Auto Components Limited

PLACE : Pithampur
DATE : 30.07.2011

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.
 - e. Send their E-Mail address to us for prompt communication and update the same with their DP to receive Soft Copy of the Annual Report of the Company
3. The Register of Members and Share Transfer Books of the company will all be closed from 29th September, 2011 and 30th September, 2011 (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. Explanatory Statement is attached to the Notice as per Section 173 of the Companies Act, 1956.
7. 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 & 6.**

Shri Devendra Jain, Shri Mukesh Jain and Shri Surendra Kumar Jain are the Managing Director and Whole Time Directors respectively of the Company. Their experience, commitment and capabilities are playing a crucial role in the growth of the Company. Thus the Board of Directors feel that there is a need for a continuation of suitable plans and program and therefore, it is imminent that these persons continue in the capacity of Managing Director and Whole Time Directors respectively with the handsome remuneration as approved by the Board of Directors and Remuneration Committee for the period of three years w.e.f. 1st August 2011.

The resolution is recommend due to aforesaid commercial reasons read with the legal provisions of the Companies Act which requires the consent of the members in the General Meeting; hence your directors recommend this resolution. However, none of the directors except Shri Devendra Jain, Shri Mukesh Jain and Shri Surendra Kumar Jain, may be deemed as concerned or interested in the resolutions.

Item no 7

Shri Shailesh Jain, a relative of Shri Surendra Jain, Shri Devendra Jain and Shri Mukesh Jain has been appointed as Chief Key Managerial Personnel and his performance has been substantially beneficial to the Company and therefore your Directors proposes to re-appoint him as Chief Executive Officer of the Company to hold office for a further period of three years w.e.f. 1st August 2011 on the remuneration as approved by the Board of Directors and Remuneration Committee. In terms of the provisions of Section 314 of the Companies Act, 1956 his re-appointment requires approval of the members of the company in a General Meeting.

In view of the above reasons, your Directors recommend this resolution for your approval. None of the directors may be deemed as concerned or interested in the resolution except Shri Devendra Jain, Shri Mukesh Jain and Shri Surendra Jain who are relatives of Shri Shailesh Jain to the extent of financial and other benefits to be derived by Shri Shailesh Jain from the Company.

by order of the board of
Porwal Auto Components Limited

PLACE : Pithampur
DATE : 30.07.2011

Raina Ajmera
Company Secretary

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

Name of Directors	Mr. Devendra Jain	Mr. Mukesh Jain	Mr. Surendra Jain
Date of Birth	23.06.1954	02.10.1956	19.10.1952
Date of Appointment	03.02.1992	31.03.1998	07.06.2005
Expertise / Experience in specific functional areas	31 Years Technical Expertise in Auto Component Industry	30 Years experience and looking financial operations of the Company	33 yrs.of Business & Industry
Qualification	B.E. (Mech)	B. Com	B.E. (Mech.)
No. of Equity Shares held	328600	258200	439500
List of outside Company directorship held	Pithampur Auto Cluster Limited		Triveni Conductors Limited
Chairman / Member of the Committees of the Board of Directors of the Company	Nil	Shareholders Grievances Committee	Nil
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	Nil	Nil	NIL

DIRECTORS' REPORT

To

The Members of

Porwal Auto Components Ltd.,

Your directors have pleasure in presenting 19th Annual Report of your company together with the audited accounts for the year ended on 31st March 2011.

1. State of Company's Affairs :**(Rs. in lakhs)**

Financial Results	As on 31.03.2011	As on 31.03.2010
Sales & Other Income	7838.82	4582.63
Interest & Depreciation	464.96	469.65
Profit before Tax	107.19	(56.96)
Provisions for Tax	46.70	91.73
Profit after Tax	60.49	(148.69)
Income Tax adjusted for earlier year	0.00	(0.36)
Profit (Loss) brought forward	(48.78)	99.55
Balance carried to Balance Sheet	11.71	(48.78)

2. Dividend:

In view of the Strengthening position of the Company the Director of the Company are decide to not to pay dividend for the year.

3. Operating Results and Outlook:

After a good year 2009-10 during which economies across the world showed signs of recovery, the economic conditions globally continued to be strong and positive in 2010-11, resulting in a strong growth for the automotive sector. The automotive sector recorded a growth of over 26% in India on the back of a robust economy. Though, the company could have achieved higher turnover in comparison to the previous year and also able to earn profit after satisfying the losses in the current year

During the year under review, the turnover of the Company was Rs.7728.06 lacs as against the previous year turnover of Rs.4417.08 lacs. The Profit after Tax of the Company for the year stands at Rs. 60.49 lacs as against the previous year figure of loss Rs. 148.69 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 from favorable 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 Surendra Jain would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. Mr. Devendra Jain has been re-appointed as Managing Director of the Company for a period of Three years commencing from 1st August 2011. Mr. Mukesh Jain and Mr. Surendra Kumar Jain have been re-appointed as Whole Time Directors of the Company and Mr. Shailesh Jain has been re-appointed as Chief Executive Officer of the Company w.e.f 1st August 2011 for a term of Three years, hence approval of the members is being sought for the 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 31st March, 2011 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: 30.07.2011

Surendra Jain

Chairman

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 2011.

I. CONSERVATION OF ENERGY

Power and Fuel Consumption

1. Electricity

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
a. Purchased		
Total Units	12285600	10211080
Total Amount (Rs.)	60140264	46367861
Cost/Unit (Rs.)	4.90	4.54
b. Own Generation (Diesel Generator)		
Total Units	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
c. Consumption per unit of production (in units)	1054	1304

Note : Quantity of Diesel and LDO consumed during the year is 56,148 litres (21,685 litres), was consumed in Sand Dryers, Laddle Heating and Heat Treatment furnace.

2. COAL	NIL	NIL
3. FURNACE OIL	NIL	NIL
4. DIESEL		
Quantity (Ltrs)	56148	21685
Value (Rs.)	2326985	810823
5. RLNG GAS (MMBTU)		
Quantity (Ltrs)	37349,140	8148.200
Value (Rs.)	17712267	3197295

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. 1.24 Lacs against last years Rs. 1.25 Lacs.

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 29th May 2010, 31st July 2010, 30th October, 2010, 29th January, 2011, 31st March 2011.

5. Directors Attendance :

Name of the Director	Category	Attendance at Board meeting	Attendance at AGM/EGM
1. Shri Devendra Kumar Jain	Managing Director	4	Yes
2. Shri Mukesh Kumar Jain	Whole time Director	5	Yes
3. Shri Surendra Jain	Executive Chairman	5	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, 2011, four Audit Committee Meetings were held on 29th May, 2010, 31st July, 2010, 30th October, 2010 and 29th January, 2011.

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 proposed remuneration of Shri Devendra Kumar Jain, Managing Director is Rs.80,000/- , Shri Mukesh Kumar Jain, Whole Time Director is Rs.75,000/- and Shri Surendra Jain, Executive Chairman is Rs.75,000/-, Shri Shialesh Jain, CEO is Rs.70,000/- .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.

As of March 31, 2011, all requests, complaints, grievances, if any, have been replied to/resolved within the stipulated period and no such matter was pending.