

ANNUAL REPORT 2011 - 2012



TWENTIETH ANNUAL REPORT 2011 - 2012

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<u>EXECUTIVE CHAIRMAN</u>	: SHRI SURENDRA JAIN
<u>MANAGING DIRECTOR</u>	: SHRI DEVENDRA JAIN
<u>WHOLE TIME DIRECTOR</u>	: SHRI MUKESH JAIN
<u>NON EXECUTIVE INDEPENDENT DIRECTORS</u>	: SHRI NITIN DAFRIA SHRI SURAJMAL KUCHERIA SHRI ASHISH SABOO
<u>CHIEF EXECUTIVE OFFICER</u>	: SHRI SHAILESH JAIN
<u>COMPANY SECRETARY</u>	: MS RAINA AJMERA
<u>STATUTORY AUDITORS</u>	: M/s ASSG & ASSOCIATES Chartered Accountants "Kanti Mansion" 6, Murai Mohalla, INDORE – (M.P.)
<u>BANKERS</u>	: STATE BANK OF INDIA SSI Branch, INDORE – (M.P.) AXIS BANK Y.N. ROAD, INDORE – (M.P.)
<u>REGISTERED OFFICE & WORKS</u>	: Plot No. 209, Sector No. 1, Industrial Area, Pithampur, Tel: 07292-405101 Fax: 07292-405120 admin@porwalauto.com www.porwalauto.com
<u>REGISTRAR AND SHARE TRANSFER AGENT</u>	: 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

NOTICE

Notice is hereby given that Twentieth Annual General Meeting of the members of the **PORWAL AUTO COMPONENTS LIMITED** will be held on Saturday, the 29th day of September, 2012 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 March 31, 2012, the Profit & Loss Account and the Cash Flow Statement for the financial year ended March 31, 2012 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nitin Dafria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Surajmal Kucheria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appointment Auditors and fix their remuneration.

By order of the board of Directors
Porwal Auto Components Limited

PLACE: Pithampur
DATE: 30.07.2012

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 COMMENCEMENT OF 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 28th September, 2012 to 29th September, 2012 (both days inclusive).
4. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors as Annex-II.
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. Members who are holding physical shares in more then one folio are requested to intimate to the Company/ Registrar and Share Transfer Agent the details of all their folio numbers for consolidation into single folio.
7. Link Intime India Limited is the Shares transfer Agent of the Company, Members are requested to Update their E-mail ID and Address with their Depository Participant for prompt communication.
8. 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

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

Name of Directors	Mr. Nitin Dafria	Mr. Surajmal kucheria
Date of Birth	26.12.1964	17.02.1940
Date of Appointment	30.09.2002	23.04.2007
Expertise / Experience in specific functional areas	Practicing Chartered Accountant	Ex-MD State Bank of Saurashtra
Qualification	FCA, MBA	B.Com, CAIIB
No. of Equity Shares held	NIL	NIL
List of outside Company directorship held	NIL	PRESTIGE FOODS LIMITED
Directorship held in other Public Companies (excluding foreign companies and section 25 Companies)	NIL	NIL
Chairman / Member of the Committees of the Board of Directors of the Company	Chairman: <ul style="list-style-type: none">· Audit CommitteeMember:<ul style="list-style-type: none">· Investor Grievance· Remuneration Committee	Chairman: Remuneration Committee Member: <ul style="list-style-type: none">· Investor Grievance· Remuneration Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL	NIL

DIRECTOR S' REPORT

To
The Members of
Porwal Auto Components Ltd.

The Directors submit the Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2012.

1. Financial Results:

Particulars	(Rs. in lacs)	
	As on 31.03.2012	As on 31.03.2011
Revenue from operations	8711.71	6997.95
Other Income	74.75	107.84
Operating Expenditure	8313.49	6651.04
Interest & Depreciation	377.64	347.56
Profit before Tax	95.33	107.19
Provisions for Tax	26.06	46.70
Profit after Tax	69.27	60.49

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. Company's Performance & Future Outlook:

The company has been making good progress in the strategic initiatives to drive its non-linear growth the analysis of historical revenue trends of auto component manufacturers suggests that component suppliers whose business has been concentrated on customers, geographies or automotive segments have been able to maintain a rather healthy financial profile, while the performance of their more diversified peers has experienced stress. However this situation the company has achieved higher turnover and profit in comparison to the previous year.

In the financial year 2011-12, the company continued its strong growth momentum across major markets, as the Automotive sector's revenue is generated primarily by sales of vehicles, parts and accessories, the turnover in the current year remained high with Rs. 8712 lacs as against the previous year turnover of Rs. 6998 lacs. The Profit after Tax of the Company for the year stands at Rs. 69.27 lacs as against the previous year figure of Profit Rs. 60.49 lacs showing a growth of 24.48% as compared to previous year.

Your directors are pleased to inform that the economic condition of your Company is improving and we are able to create value with continuous increase in profitability and operating margins year after year. Ambitious expansion plans are under way which will enable your company to continue its journey on the growth path.

4. Director:

In terms of the provisions of the Companies Act, 1956, Mr. Nitin Dafria and Mr. Surajmal Kucheria would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment, hence approval of the members is being sought for the Re-appointment and there is no other change in the composition of Board.

5. Directors Responsibility Statement:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, and based on the representation received from the operating management, the Directors hereby confirm that:

- I. in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures;

- II. they have 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;
 - III. They have taken proper and sufficient care to the best of their Knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions 6of this Act. They confirm that there are adequate systems and controls for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities ;
 - IV. they have prepared the annual accounts for the financial year ended 31st March, 2012 on a going concern basis;
- 6. Corporate Governance Report and Management Discussion and Analysis Statement:**
Corporate Governance Report in terms of clause 49 of listing agreement and Management Discussion and Analysis statement are attached to this report as Annexure – II and III respectively.
- 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 of assets.
- 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. Cost Auditor:**
Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s Vijay P. Joshi & Associates, Cost Accountant, Indore were appointed as the cost auditor(s) of the company to conduct audit of cost accounting records maintained by the Company for product(s)/Services covered under MCA Cost Audit Order(s) for the year ended on 31st March 2012
- 10. 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.
- 11. 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.
- 12. Acknowledgements**
Your Directors thank the Company's employees, Customers, Vendors and Inventories for their support to the Company and 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

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 2012.

I. CONSERVATION OF ENERGY
Power and Fuel Consumption
1. Electricity

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
a. Purchased		
Total Units	13264600	12285600
Total Amount (Rs.)	65772853	60140264
Cost/Unit (Rs.)	4.96	4.90
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)	1044	1054

Note: Quantity of Diesel and LDO consumed during the year is 72600 liters (56148 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)	72600	56148
Value (Rs)	3229452	2326985
5. RLNG Gas (MMBTU)		
Quantity (MMBTU)	37960.340	37349.140
Value (Rs.)	24363892	17712267

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.3.12 Lacs against last years Rs. 1.24 Lacs.

Annexure – II

CORPORATE GOVERNANCE REPORT 2011-12

(Forming part of the Directors' Report of Porwal Auto Components Limited)

Effective corporate governance practices constitute the foundations on which successful commercial enterprises are built to last. These practices are categorized through principle based standards and not just through a framework enforced by regulation. It develops through adoption of ethical practices in all of its dealings with a wide group of stakeholders encompassing regulators, employees, shareholders, customers and vendors.

1. Company's Philosophy on code

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchange with regard to Corporate Governance and also has taken certain steps 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 and the Dates on which the Said meetings were held are as follows:

May 30, 2011; July 30, 2011; October 31, 2011; January 30, 2012 and March 30, 2012.

5. Directors Attendance:

Name of the Director	Category	Attendance at Board meeting	Attendance at AGM/EGM
1. Shri Devendra Kumar Jain	Managing Director	5	Yes
2. Shri Mukesh Kumar Jain	Whole time Director	5	Yes
3. Shri Surendra Jain	Whole time Director	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. Committees of the Board

A. **Audit Committee**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the stock Exchange read with Section 292 A of the Companies Act, 1956.

Composition

The Audit Committee comprised of three Directors, majority of who are 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 composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Mr. Nitin Dafria	Chairman Independent, Non – Executive	4	4
Mr. S.B. Kucheria	Independent, Non –Executive.	4	4
Mr. Ashish Saboo	Independent, Non –Executive.	4	4

Meetings

During the financial year ended 31st March, 2012, Four Audit Committee Meetings were held the Dates on which the Said meetings were held are as follow:

May 30, 2011; July 30, 2011; October 31, 2011 and January 30, 2012.

B. **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 Shailesh 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.

The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Mr. S.B. Kucheria	Chairman Independent, Non – Executive	1	1
Mr. Nitin Dafria	Independent, Non –Executive.	1	1
Mr. Ashish Saboo	Independent, Non –Executive.	1	1

Meetings

During the financial year ended 31st March, 2012, One Remuneration Committee Meeting was held on ***July, 30th 2012***

C. 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, 2012, all requests, complaints, grievances, if any, have been replied to/resolved within the stipulated period and no such matter was pending.

7. Compliance Officer

Ms Raina Ajmera, is the general compliance officer of the company except specifically provided otherwise for specific purposes.

8. General Meeting

Details of the General Meetings held during last three years:

AGM/EGM	Date	Venue	Time
EGM - 2009	30 th April. 2009	Reg. Off of the Company at Indore	11.00 am
AGM -2009	25 th Sept. 2009	Reg. Off of the Company at Pithampur	11.30 am
AGM -2010	30 th Sept. 2010	Reg. Off of the Company at Pithampur	1.30 pm
AGM - 2011	30 th Sept. 2011	Reg. Off of the Company at Pithampur	1.30 pm

Details of Special Businesses Transacted in last three years General Meetings are as under:

AGM/EGM	Date	Special Business Transacted
EGM	30 th April. 2009	<ul style="list-style-type: none"> Change of registered office outside local limits of state, town, or village in which it is situated Section 146(2). Re-appointment of Devendra Jain Section 269 read with 198,309 and 310. Re-appointment of Mukesh Jain Section 269 read with 198,309 and 310. Re-appointment of Surendra Jain Section 269 read with 198,309 and 310. Appointment of Shailesh Jain Section 314. De-list the Equity Share of the Company from (OTCEI).
AGM	30 th Sept. 2010	<ul style="list-style-type: none"> Disposal of present and future immovable and movable assets of the company Section 293(1) (a). Moneys to be borrowed including moneys already borrowed exceed sum of paid up capital and free reserves Section 293(1) (d)
AGM	30 th Sept. 2011	<ul style="list-style-type: none"> Re-appointment of Devendra Jain Section 269 read with 198,309 and 310. Re-appointment of Mukesh Jain Section 269 read with 198,309 and 310. Re-appointment of Surendra Jain Section 269 read with 198,309 and 310. Re-appointment of Shailesh Jain Section 314.

9. Note on Directors Appointment/ Re-appointment

In terms of the provisions of the Companies Act, 1956 Shri Nitin Dafria would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment., hence approval of the members is being sought for the Re-appointment.