

ANNUAL REPORT 2012 - 2013



TWENTY FIRST ANNUAL REPORT 2012 - 2013

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EXECUTIVE CHAIRMAN	: SHRI SURENDRA JAIN
MANAGING DIRECTOR	: SHRI DEVENDRA JAIN
WHOLE TIME DIRECTOR	: SHRI MUKESH JAIN
NON EXECUTIVE INDEPENDENT DIRECTORS	: SHRI NITIN DAFRIA SHRI SURAJMAL KUCHERIA SHRI RAMESH C KASHYAP
CHIEF EXECUTIVE OFFICER	: SHRI SHAILESH JAIN
COMPANY SECRETARY	: MS RAINA AJMERA
STATUTORY AUDITORS	: M/s ASSG & ASSOCIATES Chartered Accountants "Kanti Mansion" 6, Murai Mohalla, INDORE – (M.P.)
BANKERS	: STATE BANK OF INDIA SME Branch, INDORE – (M.P.) AXIS BANK Y.N. ROAD, INDORE – (M.P.)
REGISTERED OFFICE & WORKS	: Plot No. 209, Sector No. 1, Industrial Area, Pithampur, Tel: 07292-405101 Fax: 07292-405120 admin@porwalauto.com www.porwalauto.com
REGISTRAR AND SHARE TRANSFER AGENT	: 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 Twenty First Annual General Meeting of the members of the **PORWAL AUTO COMPONENTS LIMITED** will be held on Monday, the 30th day of September, 2013 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, 2013, the Statement of Profit & Loss and the Cash Flow Statement for the financial year ended March 31, 2013 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Surendra Jain, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To reappoint M/s ASSG & Associates as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual general Meeting and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 257 of the Companies Act, 1956, and all other applicable provisions, if any, Mr. Ramesh C Kashyap, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 be and is here by appointed as a director of the Company liable to retire by rotation."

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 provision of Section 198, 269 309,310 of the Companies Act, 1956 with Schedule XIII of the said Act and all other applicable provisions, if any, the consent of the members of the Company be and are hereby accorded for the increase in the remuneration of Shri Surendra Jain, Executive Chairman of the Company from Rs.75,000/- (Rs. Seventy Five Thousand Only) per month to Rs.1,25,000/- (Rs. One Lacs Twenty Five Thousand only) per month w.e.f. 3rd May 2013 which shall be inclusive of all perquisites and which may be Increased from time to time as may be decided by the Board.

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 provision of Section 198, 269 309,310 of the Companies Act, 1956 with Schedule XIII of the said Act and all other applicable provisions, if any, the consent of the members of the Company be and are hereby accorded for the increase in the remuneration of Shri Devendra Jain, Managing Director of the Company from Rs.75,000/- (Rs. Seventy Five Thousand Only) per month to Rs.1,25,000/- (Rs. One Lacs Twenty Five Thousand only) per month w.e.f. 3rd May 2013 which shall be inclusive of all perquisites and which may be Increased from time to time as may be decided by the Board.

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 provision of Section 198, 269 309,310 of the Companies Act, 1956 with Schedule XIII of the said Act and all other applicable provisions, if any, the consent of the members of the Company be and are hereby accorded for the increase in the remuneration of Shri Mukesh Jain, Whole-Time Director of the Company from Rs.75,000/- (Rs. Seventy Five Thousand Only) per month to Rs.1,25,000/- (Rs. One Lacs Twenty Five Thousand only) per month w.e.f. 3rd May 2013 which shall be inclusive of all perquisites and which may be Increased from time to time as may be decided by the Board.

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as **Special Resolution**:

"RESOLVED THAT pursuant to the provision of Section 198, 269 309,310 of the Companies Act, 1956 with Schedule XIII of the said Act and all other applicable provisions, if any, the consent of the members of the Company be and are hereby accorded for the increase in the remuneration of Shri Shailesh Jain, Chief Executive Office of the Company from Rs. 70,000/- (Rs. Seventy Thousand Only) per month to Rs. 1,00,000/- (Rs. One Lacs only) per month w.e.f. 3rd May 2013 which shall be inclusive of all perquisites and which may be Increased from time to time as may be decided by the Board.

By order of the board of Directors
Porwal Auto Components Limited

PLACE: Pithampur
DATE: 30.07.2013

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 Email address to us for prompt communication and update the same with their D.P to receive softcopy of the Annual Report of the Company.
3. The company has notified closure of register of members and share transfer books from Friday, September 27, 2013 to Monday, September 30, 2013 (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. Members are requested to notify immediately any change in their address and E – Mail ID to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at M/s Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup, Mumbai (MH).
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.
8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special Business to be transacted at the meeting is annexed hereto.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the company on all working days, except Saturday and Sunday between 11:00 A.M and 1:00 P.M up to the date of the meeting.

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

Item no: 4

Mr. Ramesh C Kashyap was appointed as Additional Directors by the board in terms of section 260 of the Companies Act 1956. Now, the company has received valid notices from members in terms of section 257 of the Companies Act proposing to appoint him as Director of the Company. This appointment requires approval of the members in the general meeting as per the provision of the said Act. Therefore, your directors recommend this resolution. Except Shri Ramesh C Kashyap, no other director is interested or concerned in the above resolution.

Item No : 5, 6, 7 and 8

Considering the inflationary trend and the substantial increase in the business activities of the Company resulting in increase in the work load and responsibilities of Managerial Personnel, the Board of Directors of the Company has deem fit to increase in the respective limits of the monthly remuneration w.e.f. 3rd May, 2013, which was already approved by the remuneration committee of the Board and the Board of Directors of the company. Shri Surendra Jain, Shri Devendra Jain, Shri Mukesh Jain and Shri Shailesh Jain have been the Executive Chairman, Managing Director, Whole time Director and Chief Executive Officer respectively of the Company for a long time and have proved to be an invaluable asset for the Company. Considering their sincerity, commitment, hard work, devotion and concern about the company and its growth, the Board feels it absolutely necessary to increase the remuneration to Rs. 1.25 Lacs and Rs. 1.00 Lac per month respectively subject to the limits prescribed in the Companies Act, 1956 from time to time.

Therefore, your directors recommend these resolutions. Except Shri Surendra Jain, Devendra Jain, Mukesh Jain, being the Directors and brother of Shri Shailesh Jain, CEO of the Company, no other director is interested or concerned in the above resolution.

By order of the board of Directors
Porwal Auto Components Limited

PLACE: Pithampur
DATE: 30.07.2013

Raina Ajmera
Company Secretary

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

Name of Directors	Mr. Surendra Jain	Mr. Ramesh C Kashyap
Date of Birth	19.10.1952	01.09.1942
Date of Appointment	07.06.2005	28.05.2013
Expertise / Experience in specific functional areas	33 Years of Business & Industries	35 Years in Banking Sector
Qualification	B. E. (Mech.)	Commerce Graduate
No. of Equity Shares held	404280	NIL
List of outside Company directorship held	Triveni Conductors Limited	NIL
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	NIL	NIL
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL	NIL

DIRECTORS' 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, 2013.

1. Financial Results:

		(Rs. in lacs)
Particulars	As on 31.03.2013	As on 31.03.2012
Revenue from operations	7693.22	8711.71
Other Income	62.56	74.75
Operating Expenditure	7131.17	8166.07
Interest & Depreciation	505.15	525.06
Profit before Tax	119.46	95.33
Provisions for Tax	42.95	26.06
Profit after Tax	76.51	69.27

2. Dividend

In view of the Strengthening position of the Company the Director of the Company have decided not to pay dividend for the year.

3. Company's Performance & Future Outlook

The Indian automobiles industry witnessed a moderation in demand in 2012-13, after the double-digit growth in sales recorded in the preceding three years. Weak macroeconomic sentiment coupled with subdued consumer confidence pulled down sales, particularly in the latter half of the year. Domestic automobile sales declined by 6.6% in 2012 (Jan-Nov), as compared to growth of 14-31% during 2010-2012. In view of the current macro environment, both domestically and globally, we are cautiously optimistic about the Indian automobile industry's prospects in the near term. As a result, achieving high growth rates is likely to be a major concern for the industry in 2013.

The financial year 2012-13 was a tough year, besides slowing down of economy, factors such as tight liquidity and generally weak sentiments led to reduce consumption. Demand in your Company's product also slowed down in 2012-13 thus limiting top line development. In this challenging environment, the company kept its focus on improving operational efficiencies to remain competitive and also facing the tough competition. Despite the all above facts, the company continued its strong growth 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 is Rs.7693 lacs as against the previous year turnover of Rs. 8712 lacs, which is much lower but the Profit after Tax of the Company for the year increased to Rs.76.51 lacs as against the previous year profit of Rs.69.27 lacs showing a growth of 10.45%.

The uncertainty witnessed in 2012-13 is likely to continue during 2013-14. Global economy showed no signs of recovery during 2012-13 and is expected to be more uncertain. This may result in volatile crude and commodity prices and fluctuations in foreign exchange rates. In domestic economy, continued inflationary pressures, lower private consumption and high interest rates are likely to affect sentiments.

Your Company has undertaken plans to further upgrade & enhance its existing production facilities in order to diversify its product range in line with the changing customer requirements by addition of manufacture of steel and steel alloy Casting Conveyorised paint shop, Cold box machine for core making, on line core backing process. Looking to bright prospects in the Solar industries and high consumption of power. The Director of the Company has decided to setup a Solar power generation unit at village Kadodiya, Tarana Dist. Ujjain M.P. of 1.50 MW. The generation of power will be utilized for Captive Use.

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 256 of the Companies Act, 1956, Mr. Surendra Jain 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. Shri Ashish Saboo has resigned from 1st April 2013 and Shri Ramesh C Kashyap has been appointed as the additional Director from 28th May, 2013 in the capacity of Non-executive Independent Director. The Company has received a valid notice from members in terms of Section 257 of the Companies Act proposing to appoint Mr. Kashyap as Director of the Company. There is no other change in the composition of Board of Director of the Company.

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 provision 60f 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, 2013 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. 3 of the notes to accounts read with Para 5 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.

1. 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 2013

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 Investors 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: 30.07.2013

Surendra Jain
Executive 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 2013.

I. CONSERVATION OF ENERGY
Power and Fuel Consumption

1. Electricity

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
a. Purchased		
Total Units	13522003	13264600
Total Amount (Rs.)	71579265	65772853
Cost/Unit (Rs.)	5.29	4.96
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)	1383	1044

Note: 1 Earlier we were doing primary melting in Cupolas using RLNG and were duplexing in Induction furnace. As the cost of Gas has increased and the Metal requirement has come down due to less production Cupolas are not in use and entire melting is done in Induction Furnace resulting in increase of Consumption per unit of production (in Units)

:2 Quantity of Diesel and LDO consumed during the year is 34150 liters (72600 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)	34150	72600
Value (Rs)	1684884	3229452
5. RLNG Gas (MMBTU)		
Quantity (MMBTU)	2375.048	37960.340
Value (Rs.)	1837851	24363892

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 and also not incur any foreign expenditures during the year under review.

CORPORATE GOVERNANCE REPORT 2012-13

(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 Jain	Pithampur Auto Cluster Ltd	Director
2. Shri Mukesh 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, 2012; June 25, 2012; July 30, 2012; October 30, 2012 and January 30, 2013

5. Directors Attendance:

Name of the Director	Category	Attendance at Board meeting	Attendance at AGM/EGM
1. Shri Devendra Jain	Managing Director	4	Yes
2. Shri Mukesh 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	4	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 2012-13	
		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, 2013, Four Audit Committee Meetings were held and the Dates on which the Said meetings were held are as follows:

May 30, 2012; July 31, 2012; October 30, 2012 and January 30, 2013.

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 Jain, Managing Director is Rs.1,25,000/- , Shri Mukesh Jain, Whole Time Director is Rs.1,25,000/- and Shri Surendra Jain, Executive Chairman is Rs.1,25,000/-, Shri Shailesh Jain, CEO is Rs.1,00,000/- 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.

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, 2013, 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.