

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 18th Annual General Meeting of the Members of the PORWAL AUTO COMPONENTS LIMITED will be held on Thursday, the 30th 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 31st 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 29th September, 2010 and 30th 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**

Name of Directors	Mr. Ashish Saboo
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	Member 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 18th Annual Report of your company together with the audited accounts for the year ended on 31st 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 Tad 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 31st 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
a. Purchased		
Total Units	10211080	6360553
Total Amount (Rs.)	46367861	31499806
Cost/Unit (Rs.)	4.54	4.95
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)	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. COAL	NIL	NIL
3. FURNACE OIL	NIL	NIL
4. DIESEL		
Quantity (Ltrs)	21685	12340
Value (Rs.)	810823	476046
5. RLNG GAS (MMBTU)		
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.

9. Compliance Officer

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

10. General Meeting

Location and time where last three years General Meetings were held :

AGM/EGM	Date	Location of the Meeting	Time
AGM -2007	08th Sept. 2007	Reg. Off of the Company at Indore	11.00 am
AGM -2008	24th Sept. 2008	Reg. Off of the Company at Indore	11.00 am
EGM -2009	30th April 2009	Reg. Off of the Company at Indore	11.00 am
AGM -2009	25th Sept. 2009	Reg. Off of the Company at Pithampur	11.30 am

11. Note on Directors Appointment/ Re-appointment

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.

12. Means of Communication

- i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the end of the respective period.
- ii. The Quarterly/ Half yearly/ Annual Results of the Company are published in accordance with the Stock Exchange Listing Agreement in newspapers viz. **“Free Press”, (English) and “Chhotha Sansar” (Hindi).**
- iii. Management Discussion and Analysis forms part of this Annual Report.

12. Other Disclosures

Your company does not have any pending litigation with SEBI, Stock Exchange, Shareholders, and ROC etc. and also does not have any other material pending litigation to be reported.

13. Shareholder Information

a) Registered Office

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

b) AGM

At the aforesaid registered office

c) Financial Calendar

Results for the quarter ending 30th June, 2010 : Last week of July. 2010
Results for the quarter ending 30th Sept, 2010 : Last week of Oct. 2010
Results for the quarter ending 31st Dec, 2010 : Last week of Jan. 2011
Results for the quarter ending 31st Mar, 2010 : Last week of May. 2011

d) Book Closure

29th September 2010 to 30th September 2010 (Both days inclusive)

e) Dividend

Not declared for the financial year.

f) Listing

The equity shares of the company are listed at Bombay Stock Exchange and the listing fees has been paid for 2010-2011 and the Company has applied for the delisting of its scrip from OTCEI.

g) Registrars 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

h) ISIN NO

The Company has got the ISIN NO: INE 386 101018 (both CDSL and NSDL)

i) Distribution of shareholding as on 31st March, 2010

SHAREHOLDING OF SHARES			SHARE HOLDERS	%AGE	SHARES ALLOTTED	%AGE
SHARES			SHARES	NUMBER	OF TOTAL	OF TOTAL
1	-	500	9507	81.7740	1780999	11.7950
501	-	1000	1187	10.2100	911855	6.0390
1001	-	2000	642	5.5220	895024	5.9270
2001	-	3000	89	0.7660	231118	1.5310
3001	-	4000	37	0.3180	132167	0.8750
4001	-	5000	24	0.2060	113718	0.7530
5001	-	10000	51	0.4390	380253	2.5180
10001	-	9999999999	89	0.7660	10654866	70.5620
TOTAL :			11626	100.0000	15100000	100.0000

j) SHAREHOLDING PATTERN AS ON 31-03-2010

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters	5499900	36.42
2.	Private Corporate Bodies	5052486	33.46
3.	Indian Public	4476448	29.65
4.	NRIs/OCBs	71166	0.47
		15100000	100.00

Dematerialization of Shares

Total number of Dematted shares with NSDL

8499185

Total number of Dematted shares with CSDL

4722012

k) STOCK MARKET DATA : Quotes of the Company traded at BSE

Table 1 : Monthly highs and lows and volumes traded at the BSE, 2009-10

Year	High	Low	Close	P/E High	P/E Low	P/E Close	Mkt Cap.
Mar 2010	17.60	12.45	14.96	20.64	12.73	16.49	22.59
Feb 2010	14.74	12.10	13.27	16.49	12.89	14.63	20.04
Jan 2010	14.80	11.65	12.75	17.57	11.73	14.05	19.25
Dec 2009	14.26	9.42	12.50	17.27	9.84	13.78	18.88
Nov 2009	10.60	9.00	9.58	12.14	9.92	10.56	14.47
Oct 2009	11.80	9.33	9.70	13.43	9.94	10.69	14.65
Sep 2009	13.56	11.02	11.51	15.82	11.58	12.69	17.38
Aug 2009	12.92	9.42	12.92	14.24	9.83	14.24	19.51
Jul 2009	11.30	8.42	10.54	13.10	8.59	11.62	15.92
Jun 2009	16.40	9.82	10.45	19.93	10.46	11.52	15.78
May 2009	12.44	7.71	12.44	13.71	8.34	13.71	18.78
Apr 2009	9.70	6.75	8.00	11.67	7.14	8.82	12.08

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with Clause 49 (I) (D) of the Listing Agreement, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct applicable to all the Directors and Senior Management, for the year ended March 31, 2010.

Devendra Jain
Managing Director

MD / CEO CERTIFICATION

To,
The Board of Directors,
Porwal Auto Components Ltd.
Pithampur (M.P.)
Dear Sirs

- (a) We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the cash flow statement as at 31st March 2010 and that to the best of their knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further certify that, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there is
- (i) No significant change in internal control over financial reporting during the year
 - (ii) No significant change in accounting policies during the year under review and
 - (iii) No instance of any fraud in the company in which the management has any role.

PLACE : Pithampur
DATE : 31/07/2010

Devendra Jain
Managing Director

Annexure – III

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS**Industry structure and developments**

The product of the company has been automobile ancillary as original equipment in automobile vehicle. Company belongs to an industry where the scope for greater consumption always exists. However, this also involves regular production, capital expenditure on upgrading and development of production usages and technology which also largely depending upon supplies, profitability and liquidity. However India registered a strong come-back in 2009-10 displaying its ability to withstand extreme external adversities, which destabilized major economies. India recorded a GDP growth of 7.2% in 2009-10 against 6.7% in 2008-09. The Auto components industry is predominantly divided into five segments:

- Engine parts
- Drive Transmission & Steering Parts
- Suspension & Brake Parts
- Electrical Parts
- Body and chassis

According to the ACMA (Auto Components Manufacturers Association of India), the sector is set to grow at a CAGR of 15 per cent till fiscal 2012. This sector is now working towards an open market. A large number of joint ventures with leading global manufacturers have already been set up in the auto-components sector. And with India estimated to have the potential to become one of the top five auto component economies by 2025, the pace is expected to pick up even further.

Opportunities and Threats

Porwal recognizes the need to accelerate our ability to connect more deeply with our customers to enable true transformation. Looking to the past growth of the company, the company can see evident good business opportunity in the future. Indian economy has been, more or less, able to withstand tremors of global financial melt down. Even though the rate of GDP growth has slowed down, we prioritize and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken. Work force of auto industry of India is relatively well trained. All these factors indicate that there could be a decent future for Indian auto industry in days to come. As per its estimates, Indian auto industry could become a major center for small car manufacturing in future.

The auto component industry has been exposed to many risks of varying intensity. The global slow down, has worsened economic sentiment across continents, affecting exports. Coupled with steep increase in interest rate, volatility in the prices of raw materials & other inputs, currency fluctuations, stiff competition by the entry of Multinationals and their home country partnership and Just In Time supplies are the major risks and challenges faced by the companies. It is forcing companies to plan operations effectively and produce quality components at lower costs.

In spite of all these risks, overall prospects for the Indian auto component industry appear positive, considering government stimulus packages and the Indian economy recovering faster.

The impact of risks will be reduced through continuous monitoring, timely action and control measures by the company.

Global financial crisis, economic turmoil and cut throat competition of very stiff nature continues to be the main threat to the future growth and development of the company.

Segment - wise or product - wise performance

The company is engaged in automobile ancillary manufacturing only and there are no separate reportable segments.

Outlook

Both global and Indian economies are on the path of recovery. However, persistent high level of inflation in the long run can impact the disposable income and hence the purchasing power. However, the overall market sentiment is positive and it is also expected that, once credit to the sector resumes significantly, demand for passenger vehicles and motor cycles will grow. The component industry is expected to have a modest growth.

Risks and concerns

Whatever is mentioned here-in-above are the material factors affecting the performance of the company and there is no other apparent, significant and material risk involved in this company.

Internal control systems and their adequacy

The company has adequate internal control procedures in commensuration with its size and nature of business at all desired levels.

Discussion on financial performance with respect to operational performance

Share Capital and reserve and surplus – The total paid up share capital during the year was Rs.1510 lacs consisting of 151 lacs shares of Rs. 10 each. During the year the company incurred a loss after deducting tax of Rs.148.69 lacs as compared to loss of Rs. 287.52 lacs previous year.

Secured Loans – The secured Loans, comprising of vehicle loans, reduced to Rs.905.18 lacs as compared to previous year's Rs.1069.64 lacs.

Fixed assets – The capital expenditure during fiscal year 2009-10 amounted to Rs.175.06 lacs excluding additions in vehicle. The total gross block of Land, Building, Plant and Machinery and other fixed assets was Rs.4574.58 lacs.

Net Current assets – Net Current assets comprised primarily of cash and bank balance, Sundry Debtors, Loans and Advances, Inventories, Current Liabilities and Provisions etc. The net current assets amounting to Rs.2719.63 lacs

Turnover - Turnover has gone up by Rs.1103.26 lacs as compared to previous year. The total turnover registered for the fiscal year 2009-10 was Rs. 4417.08 lacs as compared to Rs. 3313.82 lacs of fiscal year 2008-09.

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,
The Members,

We have examined the compliance of conditions of Corporate Governance by Porwal Auto Components Limited for the year ended 31st March, 2010 as stipulated in Clauses 49 of the Listing Agreement with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance applicable as aforesaid.

As required by the Guidance Note issued by the ICAI, on the basis of information and explanations given to us, we have to state that no investor grievances were pending for a period of one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted its affairs.

PLACE : INDORE
DATE : 31.07.2010

For **ASSG & ASSOCIATES**
CHARTERED ACCOUNTANTS

SANJAY GUPTA
PARTNER
M.No. 72073

AUDITOR'S REPORT

To

The Shareholders of

PORWAL AUTO COMPONENTS LIMITED

We have audited the attached Balance Sheet of PORWAL AUTO COMPONENTS LTD., Indore as at 31st March 2010, and also the Profit & Loss Account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section 3 (c) of section 211 of the Companies Act, 1956 except for :

Depreciation for the year on Plant and Machinery is provided on the basis of balance useful life of the assets as determined by approved valuer instead of providing depreciation at the minimum rates specified in Schedule XIV of the Companies Act, 1956 and as required by the Accounting Standard 6 on "Depreciation Accounting". As a result depreciation has been provided on same basis as specified in Schedule XIV of the Companies Act, 1956 as in earlier years, the charge to the Profit and Loss account for the year would have been higher by Rs. 72.41 lacs and net fixed assets would have been lower by Rs. 72.41 lacs (Refer Note No. 4 of Schedule N).

We further report that had observations made by us in above para been considered the loss for the year would have been higher by Rs. 72.41 lacs (as against the reported figure of Rs. 148.69 lacs).

- (v) On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in paragraph (iv) above, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the Loss of the company for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **ASSG & ASSOCIATES**
(F.R.N. 012120C)
CHARTERED ACCOUNTANTS

PLACE : INDORE
DATE : 29.05.2010

SANJAY GUPTA
PARTNER
M.No. 72073

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that –

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Major items of fixed assets have been physically verified by the management during the year in accordance with a programmed of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off substantial part of fixed assets, during the year under review, to affect its going concern.
- (ii) (a) The management, during the year under review, has conducted physical verification of inventory. The frequency of such verification is reasonable in relation to the size of the company, nature of its business and nature of inventory.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of company and nature of its business.
- (c) The Company is maintaining proper records of inventory as required in the normal course of business. No material discrepancies were noticed on verification of stocks as compared to book records.
- (iii) (a) The company has granted unsecured loan of Rs. 370.58 lacs to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The year end balances of such loans aggregates to Rs. 419.35 lacs.
- (b) The rate of interest and other terms and conditions of above loan granted by the Company, are not prima facie prejudicial to the interest of the Company. These are not backed by any agreement and are repayable on demand.
- (c) The company to whom the loans and advances in the nature of loans has been given are regular in payment of interest.
- (d) There is no overdue amount of loan granted to the Company listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company did not take any loans from companies, firms and other parties covered in the register maintained under section 301 of the Act.
- (f) This clause of the Caro order is not applicable.
- (g) This clause of the Caro order is not applicable.
- (iv) There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. We did not observed any major weaknesses in internal control system.
- (v) (a) The particulars of contract/arrangements referred to section 301 of the Act have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of contracts mentioned in Para (v) (a) above, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has complied with the provisions of Sec. 58-A, 58AA and other relevant provisions of the Companies Act, 1956 and rules framed there under. No order under these provisions has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or tribunal.
- (vii) The company has an internal audit system commensurate with its size and nature of business.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the nature of industry in which the Company is doing business.

- (ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess (as applicable) have generally been regularly deposited with the appropriate authorities and there is no unpaid amount outstanding as at 31st March 2010 for a period exceeding six months from the date they became payable.
- (b) No disputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears as at 31st March 2010 except the following:

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount Disputed (Rs. In lacs)
Income Tax	CIT (Appeals)	1995-96	21.80
Sales Tax	Astt. Comm.	2005-06	0.89

- (x) The company has no accumulated losses as at 31st March 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) During the period under review the company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) The Company has not granted any loans or advances against security of pledge of shares, debentures and other securities.
- (xiii) This clause and sub clauses (a) to (d) of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable as the Company has not entered into business of Chit Fund, or related activities.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given any guarantees for loans taken by others from Banks or Financial Institutions. Accordingly, the provisions of clause 4 (xv) of the of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xvi) During the year company did not raise any term loan.
- (xvii) On an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the period under review the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the period under review.
- (xx) The management has disclosed the end use of the money raised by the company by public issue (Refer note no. 3 of schedule O) of the equity shares.
- (xxi) There was no fraud on or by the Company noticed or reported during the course of our audit.

For **ASSG & ASSOCIATES**
(F.R.N. 012120C)
CHARTERED ACCOUNTANTS

SANJAY GUPTA
PARTNER
M.No. 72073

PLACE : INDORE
DATE : 29.05.2010

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE No.	AS AT	
		31.03.2010 (RUPEES)	31.03.2009 (RUPEES)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	151,000,000	151,000,000
Reserves and Surplus	B	324,322,633	339,155,206
		475,322,633	490,155,206
LOAN FUNDS			
Secured Loans	C	90,518,094	106,964,304
Unsecured Loans	D	19,167,959	31,921,271
		109,686,053	138,885,575
Deferred Tax Liability		9,173,000	0
TOTAL FUNDS EMPLOYED		594,181,686	629,040,781
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		457,458,467	440,954,797
Less : Depreciation		155,896,245	124,086,717
Net Block	E	301,562,222	316,868,080
INVESTMENTS	F	125,000	2,625,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	100,380,066	64,650,756
Sundry Debtors		46,622,831	17,739,717
Cash and Bank Balances		77,971,183	116,207,605
Loans and Advances		106,703,637	122,012,482
		331,677,718	320,610,560
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	H	59,714,622	38,514,336
Provisions		0	0
		59,714,623	38,514,336
<i>Net Current Assets</i>		271,963,095	282,096,223
MISCELLANEOUS EXPENDITURE	I	20,531,369	27,451,478
(To the extent not written off or adjusted)			
TOTAL FUNDS APPLIED		594,181,686	629,040,781
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	O		

As per our report of even date

For ASSG & ASSOCIATES

(F.R.N. 012120C)

Chartered Accountants

(SANJAY GUPTA)

Partner

PLACE : INDORE

DATED : 29.05.2010

For and on behalf of Board of Directors

Devendra Jain

Managing Director

Mukesh Jain

Director

Raina Ajmera
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

PARTICULARS	SCHEDULE NO.	Year ended on	
		As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
INCOME			
Sales	J	441,707,794	331,381,878
Interest Income		16,554,758	21,265,707
Increase (Decrease) in Stocks	K	27,767,583	1,210,963
TOTAL		486,030,135	353,858,548
EXPENDITURE			
Operating Expenditure	L	399,705,582	297,436,858
Administrative and Selling Expenses	M	15,664,866	14,137,682
Interest and Bank Charges	N	14,140,128	18,543,288
Commercial tax		22,161,852	15,345,537
Depreciation		32,824,512	30,001,769
Miscellaneous Expenditure W/o		6,920,109	6,920,109
Loss on Sale of Fixed Assets		308,812	749
TOTAL		491,725,860	382,385,992
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		(5,695,726)	(28,527,444)
TAX EXPENSE			
- Current Tax		0	0
- Deferred Tax		9,173,000	0
- Fringe Benefit Tax		0	225,000
Total Tax Expense		9,173,000	225,000
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAX		(14,868,726)	(28,752,444)
Less : Income tax adjustments for earlier years		(36,153)	(43,293)
Brought Forward Balance		9,954,793	38,663,945
Balance Carried to Balance Sheet		(4,877,780)	9,954,793
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	O		

As per our report of even date

For **ASSG & ASSOCIATES**

(F.R.N. 012120C)

Chartered Accountants

(SANJAY GUPTA)

Partner

M. No. 72073

PLACE : INDORE

DATED : 29.05.2010

For and on behalf of Board of Directors

Devendra Jain
Managing Director

Mukesh Jain
Director

Raina Ajmera
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	31.03.2010 Rs.	31.03.2009 Rs.
SCHEDULE - "A" : SHARE CAPITAL		
AUTHORISED:		
200,00,000 (200,00,000) Equity Shares of Rs. 10/-each	200,000,000	200,000,000
ISSUED, SUBSCRIBED, CALLED UP AND PAID UP :		
15100000 (15100000) Equity Shares of Rs. 10 each	151,000,000	151,000,000
T O T A L	151,000,000	151,000,000
SCHEDULE - "B" : RESERVES & SURPLUS:		
Share Premium	326,000,000	326,000,000
General Reserve	3,200,413	3,200,413
Profit & Loss Account	(4,877,780)	9,954,793
T O T A L	324,322,633	339,155,206
SCHEDULE - "C" : SECURED LOANS		
TERM LOANS :		
- From State Bank of Indore, Palsikar Colony Indore All Secured by equitable mortgage on immovable properties and hypothecation of all movable assets except stocks and book debts ranking pari-passu inter se and subject to the prior charges created in favour of company's banker on specified movable assets for securing working capital requirements and guarantee facilities. These loans are further secured by personal guarantee of two directors.	39,927,615	70,216,693
WORKING CAPITAL LOANS :		
- From State Bank of India, SSI	42,610,487	31,494,915
- From State Bank of India, Pithampur Secured by way of hypothecation of inventories and book debts and second charge on fixed assets of the company. These loans are further secured by personal guarantee of two directors.	7,287,837	5,114,738
VEHICLE LOAN :		
ICICI Bank Ltd.	0	9,353
State Bank of India, SSI Branch Indore	679,115	0
HDFC Bank Ltd. (All Secured by hypothecation of specific vehicles)	13,039	128,606
T O T A L	90,518,094	106,964,304
SCHEDULE - "D" : UNSECURED LOANS		
From Body Corporate	0	6,000,000
Sales Tax Deferment Loan	19,167,959	25,921,271
T O T A L	19,167,959	31,921,271
SCHEDULE - "F" INVESTMENTS		
(Long Term. Non Trade, Unquoted at cost)		
Phitampur Auto Cluster P. Ltd.	125,000	125,000
SBI Mutual Fund	0	2,500,000
	12500	2625000

**SCHEDULE - "E" (FIXED ASSETS)
SCHEDULES FORMING PART OF THE BALANCE SHEET
FIXED ASSETS**

Sl. No.	Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 01.04.2009	Addition during the Year	Total As on 31.03.2010	Up to 31.03.2009	Provided For the Year	Written Back	As on 31.03.2010	As on 31.03.2009		
1	Land	12367108	4705300	0	17072408	0	0	0	17072408	12367108	
2	Factory Building	80347955	1740215	0	82088170	11748483	2708751	0	14457234	67630936	68599472
3	Plant and Machinery	49560015	4378834	0	53938849	33897360	5426066	0	39323426	14615423	15662655
4	Material Handling Equipments	45894909	19200	905588	45008521	13942892	5142332	331010	18754214	26254307	31952017
5	Tools and Patterns	42484361	3562640	0	46047001	18187099	5003104	0	23190203	22856798	24297262
6	Electrical Installation	16878646	103688	0	16982334	7266471	1751916	0	9018387	7963947	9612175
7	Testing Equipments	6570542	302814	6873356	6873356	3152012	683017	0	3835029	3038327	3418530
8	Auxiliary Equipments	29622283	2450251	0	32072534	16962698	3167472	0	20130170	11942364	12659585
9	Furniture and Fixtures	989528	35831	0	1025359	363068	64338	0	427406	597953	626460
10	Office Equipments	4948945	54844	0	5003789	1067700	314452	0	1382152	3621637	3881245
11	Vehicles	6655634	1913802	2010878	6558558	1929021	610347	683974	1855394	4703164	4726613
12	Computer	3944533	103967	0	4048500	1934262	645751	0	2580013	1468487	2010271
13	Air Pollution Equipments	5094174	48750	0	5142924	289208	527158	0	816366	4326558	4804966
14	Plant and Machinery	135596165	0	0	135596165	13346443	6779808	20126251		115469914	122249722
	TOTAL	440954798	19420135	2916466	457458467	124086717	32824512	1014984	155896245	301562222	316868081

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	31.03.2010 Rs.	31.03.2009 Rs.
SCHEDULE - "G": CURRENT ASSETS, LOANS & ADVANCES		
A : CURRENT ASSETS :		
<u>INVENTORIES</u>		
Raw Materials	16,920,581	8,723,155
Finished Goods	14,376,207	13,710,003
Stock in process	61,029,710	34,180,171
Stores & Process Materials	5,657,289	5,892,987
Runner & Risers	2,396,280	2,144,440
Sub-total	100,380,066	64,650,756
<u>TRADE DEBTORS (Unsecured, considered good)</u>		
Due Over 6 months	393,408	389,235
Others	46,229,424	17,350,482
Sub-total	46,622,831	17,739,717
<u>CASH & BANK BALANCES**</u>		
Cash In Hand	86,778	136,157
Balances with scheduled banks		
- In current accounts	34,801	59,153
- In Fixed deposit account	77,849,603	116,012,295
Sub-total	77,971,183	116,207,605
TOTAL CURRENT ASSETS	224,974,080	198,598,078
** Includes Rs. 750.00 lacs being balance of unutilized monies out of issue of shares.		
B : LOANS & ADVANCES :		
(Recoverable in cash or in kind or for value to be received)		
Deposits	3,778,857	6,256,257
Balance with Excise Deptt	10,939	10,939
Modvat/Input Credit Receivable	1,218,618	1,460,551
TDS Recievable	3,447,512	3,018,200
Prepaid Expenses	370,571	201,929
Trade Advances (Tooling)	21,029,985	20,692,325
Other Advances	0	2,125,000
Other Loans	58,928,999	61,777,367
Trade Advamces	985,841	259,969
Advances for expenses	131,476	109,913
Advance against fixed assets	15,716,365	15,778,327
Loan to employees	639,414	941,704
Entry Tax Receivable	429,000	429,000
Entry Tax Deposit (Appeal)	16,060	0
Rate difference Receivable	0	8,951,000
TOTAL LOANS AND ADVANCES	106,703,637	122,012,482
GRAND TOTAL (A+B)	331,677,718	320,610,560
SCHEDULE - "H": CURRENT LIABILITIES & PROVISIONS		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors -Trade	15,757,832	2,200,282
Sundry Creditors - Fixed Assets	5,088,231	5,277,905
Sundry Creditors - Exps.	6,739,680	5,406,638
Sundry Creditors -Tooling Advance	18,385,250	19,143,880
Outstanding expenses & other payables	7,051,100	5,957,467
Axis Bank O.D.A/c (Against lien of FDR)	6,574,604	292,454
Tax deducted at source	117,925	235,711
Sub-Total	59,714,622	38,514,336

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
PROVISIONS		
Provision for Income tax	0	--
Sub-Total	<u>0</u>	<u>0</u>
TOTAL	<u>59,714,623</u>	<u>38,514,336</u>
SCHEDULE -"I": MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Public Issue Expenses	27,375,158	34,218,947
Less : Amount written off during the year	<u>6,843,789</u>	<u>6,843,789</u>
	20,531,369	27,375,158
Deferred Revenue Expenditure	76,320	152,640
Less : Amount written off during the year	<u>76,320</u>	<u>76,320</u>
	0	76,320
TOTAL	<u>20,531,369</u>	<u>27,451,478</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE-"J": SALES		
Sales	407,454,002	292,125,086
Job Work Receipt	30,200	16,200
Excise Duty on Sales	<u>34,223,592</u>	<u>39,240,592</u>
TOTAL	<u>441,707,794</u>	<u>331,381,878</u>
SCHEDULE -"K": INCREASE/DECREASE IN STOCKS		
CLOSING STOCKS		
- Finished Goods	14,376,207	13,710,003
- Stock-in-process	61,029,710	34,180,171
- Stock of Runners& Risers	<u>2,396,280</u>	<u>2,144,440</u>
	77,802,197	50,034,614
LESS : OPENING STOCKS		
- Finished Goods	13,710,003	18,353,143
- Stock-in-process	34,180,171	27,678,378
- Stock of Runners& Risers	<u>2,144,440</u>	<u>2,792,130</u>
	50,034,614	48,823,651
INCREASE IN STOCKS	<u>27,767,583</u>	<u>1,210,963</u>
SCHEDULE -"L": OPERATING EXPENDITURE		
RAW MATERIALS CONSUMED		
Opening Stock	8,723,155	36,664,423
Add : Purchases	<u>241,711,166</u>	<u>136,020,369</u>
	250,434,321	172,684,792
Less : Closing Stock	<u>16,920,581</u>	<u>8,723,155</u>
	233,513,741	163,961,637
STORES & CONSUMABLES CONSUMED		
Opening Stock	5,892,987	5,117,932
Add : Purchases	<u>6,074,376</u>	<u>6,617,703</u>
	11,967,363	11,735,635
Less : Closing Stock	<u>5,657,289</u>	<u>5,892,987</u>
	6,310,074	5,842,648

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
Excise Duty	34,554,558	38,140,235
Entry Tax	1,272,440	968,105
Custom Duty	0	116,930
Factory Wages	12,617,114	11,372,417
Contribution to ESI	434,680	388,640
Contribution to PF	442,498	536,956
Power, Electricity & Fuel	50,375,979	33,776,137
REPAIRS & MAINTENANCE		
- to Plant & Machineries	1,537,163	780,933
- to Buildings	470,474	483,696
Freight Inward	13,361,713	6,244,338
Insurance	178,618	222,458
Miscellaneous Factory Overheads	1,003,904	618,478
Job Work Charges	18,042,328	19,358,570
Contract Wages	25,590,298	14,624,680
T O T A L	399,705,582	297,436,858
SCHEDULE-"M": ADMINISTRATIVE & SELLING EXPENDITURE		
Administrative Salary	5,509,776	5,098,442
Directors' Remuneration & Sitting fees	2,287,500	2,295,000
Bonus	542,909	594,277
Stationery & Printing	313,682	224,532
Cash Discount	79,740	0
Postage	89,588	174,270
ISO 9000 & IMS Certificate exp.	430,790	34,300
Telephone	502,904	513,585
Conveyance exp.	5,473	263,740
Office expenses	111,944	94,034
Vehicle Running & Maintenance	751,274	531,965
Repairs to Office Equipments	270,784	395,802
Legal Expenses	281,657	324,416
Auditors remuneration	35,000	30,000
Books & Periodicals	960	16,610
Professional & Consultancy Fees	690,000	395,586
Lease Rent	60,067	135,174
Advertisement	43,116	85,351
Donation	2,100	14,300
Business Promotion	406,749	0
Staff Tea and lunch expenses	16,417	116,815
Medical expensess	77,246	41,768
Selling expenses	38,151	5,420
Traveling Expenses	977,441	1,009,552
Membership & Subscription	97,000	58,523
Entertainment Expenses	129,811	86,836
Freight Outward	1,314,536	936,026
Training & Seminar Expenses	145,318	324,873
Festival Expenses	255,188	160,995
Website Design Exp.	132,475	0
Property Tax	44,197	35,388
Gratuity Insurance Premium	18,621	22,036
Sundry Balance W/o	0	1,624
Recruitment Expenses	2,450	116,442
T O T A L	15,664,866	14,137,682
SCHEDULE-"N": INTEREST & FINANCIAL CHARGES		
Interest Paid/Payable		
- On Term Loans	6,622,656	10,264,681
- On Cash Credit Loans	5,168,447	6,355,789
- To others	39,338	36,523
Bill discounting and bank charges	2,309,687	1,886,295
T O T A L	14,140,128	18,543,288

SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE – “O”

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting:**

The financial statements have been prepared on the historical cost convention and in accordance with normally accepted accounting principles on going concern basis and accounting standards issued by ICAI following mercantile system of accounting. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

(b) Fixed Assets and CENVAT credit on capital goods:

Fixed Assets are stated at cost of acquisition or construction (Net of CENVAT Credit Availed) less accumulated depreciation. Cost comprises the purchase price and other attributable costs. CENVAT credit availed but not adjusted against excise duty payment is treated as CENVAT Credit receivable and shown under “Loans and Advances”.

(c) Depreciation:

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on assets purchased/Constructed/sold during the year has been provided on pro-rata basis. No depreciation is provided on leasehold land.

Depreciation on selected plant and machinery, material handling, tools and equipments and auxiliary equipments hitherto provided on straight line method as specified in Schedule XIV of the Companies Act, 1956. Depreciation for the year is provided on the balance useful life of ten to twenty five years of the assets as determined by the approved valuer on pro-rata basis with reference to date of acquisition.

(d) Inventories:

Inventories of raw materials, stock in process, stores and process material and runner and risers are stated at cost on FIFO basis. Finished goods are stated at lower of cost or net realizable value.

(e) Turnover:

Turnover includes excise duty recovered.

(f) Recognition of Income & Expenditure:

These are accounted on accrual basis. The company has obtained Group Gratuity Insurance policy from LIC of India to cover its Gratuity liability and is making annual payment of the liability calculated by them. Provident Fund Cost is accounted as per provisions of the said Act.

(g) Deferred Revenue Expenditure

Deferred Revenue Expenditure and public issue expenses are amortized equally over a period of five years.

(i) Taxation

Provision for tax (tax expense) is made considering both current and deferred taxes. Provision for current tax is made at current income tax rates based on assessable income. Provision for deferred tax is made based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current tax provision. Deferred tax assets are recognized if there is reasonable certainty of realization. The effect of change in tax rates on deferred taxes is recognized in the Profit and Loss Account in the period that includes the enactment date.

(j) Provisions for Contingent Liabilities

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation. Contingent liabilities are disclosed by way of not the financial statements after careful evaluation by the Management of the facts and legal aspects of the matter involved.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities
 - a. Guarantee issued by Bank on behalf of the company : Rs. 13.83 lacs (Rs. 21.34 lacs)
 - b. Entry Tax Demand (2005-06) : Rs. 0.89 lacs (Rs. 0.89 lacs)
 - c. Demand from ESIC relating to earlier years : Rs. 0.73 lacs (Rs. 0.73 lacs)
(Disputed by the company, deposited Rs. 0.21 lacs for appeal)
 - d. Estimated amount of contracts remaining unexecuted on capital account and not provided for : Rs. 365.30 lacs.
2. Company has given interest free tooling advance of Rs. 200.00 lacs to M/s Porwal Diesels Pvt. Ltd, a company in which directors are interested for machining of components.
3. Out of the utilised monies out of issue of shares, company has granted interest bearing loans amounting to Rs. 589.29 lacs and the balance of Rs. 750.00 lacs is kept under fixed deposit account shown under the head "Cash and Bank Balances".
4. Depreciation on plant and machinery for the year is provided on straight line method based on the balance useful life of the assets which is higher as compared to the rates prescribed in Schedule XIV of the Companies Act, 1956. Had the depreciation been provided on straight line method based on rates specified in Schedule XIV of the Companies Act, 1956 the depreciation charged for the year would have been higher by Rs. 72.41 lacs.
5. Sales Tax assessment has been completed upto financial year 2006-07. Income Tax assessments have been completed up to financial year 2007-08. All undisputed liabilities in respect of sales tax and income tax have been provided for in the accounts.
6. Directors Remuneration and other benefits charged to Profit & Loss account is as under-

	Current Year]	Previous Year
Salary	22,80,000	22,80,000
Sitting Fees	7,500	15,000
Total	22,87,500	22,95,000

7. Auditors Remuneration

	Current Year	Previous Year
Audit Fees	25000	20000
For Other Services	10000	10000
Total	35000	30000

8. The Company does not have a formal procedure of obtaining year-end balance confirmation certificates for trade balances. Various debit and credit balances are subject to confirmation. However, management believes them to be correct.
9. In accordance with Accounting Standard 22 (AS-22) Accounting for taxes on income issued by the Institute of Chartered Accountants of India the Company has provided for deferred tax in accordance with the requirement of AS-22.

The details of deferred tax assets/(liabilities) is as under:-

(Rs. In lacs)

Deferred Tax Asset/(Liability) on account of	01 April 2009	Current Year	As at 31.03.2010
Difference between book and tax depreciation	(219.23)	(7.79)	(227.02)
Brought forward losses (Depreciation/Business)	120.75	14.54	135.29
Disallowance/adjustments U/s 43 (b) of Income Tax Act and others	0.00	0.00	0.00
TOTAL	(98.48)	6.75	(91.73)

10. Related Party Disclosures as per the requirements of 'Accounting Standard 18' (AS-18) issued by the Institute of Chartered Accountants of India: (As indicated by management and relied upon by auditors)

a. Parties where control exists –

M/s Porwal Udhyog (India) (Proprietorship Firm of Mr. Mukesh Jain, Director)

b. Other Related Parties with whom transactions have taken place during the year.

Key Managerial Personnel and Relatives

Mr. Devendra Jain, Managing Director

Relatives of Shri Devendra Jain:

◆ Mr. Surendra Jain, Brother ◆ Mr. Shailesh Jain, Brother ◆ Mr. Mukesh Jain, Brother

Associates and Subsidiary Companies

Porwal Diesels Pvt. Ltd.

Triveni Conductors L:td.

Transactions carried out with related parties referred in 1. above are as under:-

(Rs. In Lacs)

Particulars	With Key Management Personnel	Entities owned or significantly influenced by Key Management Personnel	Relative of Key Management Personnel/Director	Associate and subsidiary companies
Salary	9.00 (9.00)	Nil (Nil)	18.60 (18.60)	Nil (Nil)
<u>Loans</u> Opening Balance	(Nil) (Nil)	Nil (Nil)	(Nil) (Nil)	364.34 (172.82)
Advance given	Nil (Nil)	Nil (Nil)	Nil (Nil)	370.58 (328.06)
Advance paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	315.58 (136.54)
Closing Balance	Nil (Nil)	Nil (Nil)	Nil (Nil)	419.35 (364.34)
Sundry Debtors	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.00 (16.29)
Sundry Creditors	Nil (Nil)	Nil (Nil)	Nil (Nil)	40.44 (41.00)
Purchase of Goods	Nil (Nil)	Nil (Nil)	Nil (Nil)	59.06 (54.75)
Sale of Goods	Nil (Nil)	Nil (Nil)	Nil (Nil)	5.68 (60.72)
Job work	Nil (Nil)	Nil (Nil)	Nil (Nil)	137.27 (102.85)
Interest received	Nil (Nil)	Nil (Nil)	Nil (Nil)	21.99 (7.31)

11. As evidenced by internal Management Information System (MIS), there are no reportable segments in the company. Therefore, the disclosure requirements of 'Accounting Standard 17' (AS-17) - 'Segment Reporting' are not furnished.

12. Earnings per share –

PARTICULARS	2009-10	2008-09
Profit after tax as per Profit & Loss Account (Rs./lacs)	(148.69)	(287.09)
Weighted Average number of Equity Shares outstanding (Nos.)	1,51,00,000	1,51,00,000
Basic and Diluted Earning Per Share (Face value Rs. 10 per share) (Rs.)	--	--

QUANTITATIVE INFORMATION: (Quantities in MTs and Amount in Rs./lacs)

13. Capacities and Production:

Particulars	Current Year 2009-2010 (Qty)	Previous Year 2008-2009 (Qty)
Installed Capacity – C.I. and S.G. Iron Castings	21600.000	21600.00
Actual Production - C.I. and S.G. Iron Castings	7829.071	5067.549
Notes:		
Ø The manufacturing capacities for above products are de licensed.		
Ø Installed capacities are stated on the basis of certificate issued by the Managing Director		

14. Turnover of the Goods Produced

Class of Goods	Current Year 2009-2010	Previous Year 2008-2009
C.I. and S.G. Iron Castings (Qty)	*7510.365	5013.153
C.I. and S.G. Iron Castings (Amt.)	4074.54	2921.25
TOTAL	4074.54	2921.25

* Excluding 324.600 MT (181.141 MT) transferred to scrap iron.

15. Opening stock of goods produced

Class of Goods	Current Year 2009-2010	Previous Year 2008-2009
C.I. and S.G.I. Casting (Qty.)	242.228	368.973
C.I. and S.G.I. Casting (Amt.)	137.10	160.40

16. Closing stock of goods produced

Class of Goods	Current Year 2009-2010	Previous Year 2008-2009
C.I. and S.G.I. Casting (Qty.)	236.333	242.228
C.I. and S.G.I. Casting (Amt.)	143.76	137.10

17. Consumption of Major Raw Materials

Class of Goods	Current Year 2009-2010	Previous Year 2008-2009
Pig Iron and Scrap (Qty.)	7915.502	5537.415
Pig Iron and Scrap (Amt.)	1485.18	1301.94

18. Other Information :

Particulars	Current Year 2009-2010	Previous Year 2008-2009
Imports Capital Goods on CIF Basis	Nil	32.17
Expenditure in foreign currency	1.25	3.92
Income in foreign currency	Nil	Nil
Value of imported and indigenous raw materials consumed during the year and their percentage to total consumption :	Indigenous : 100% Imported : NIL	Indigenous : 100% Imported : NIL

19. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006. There are no outstanding to parties covered under the Micro, Small and Medium enterprises as per MSMED Act, 2006. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.
20. Previous year figures have been regrouped and re-arranged wherever necessary
21. In the opinion of the Board of directors of the Company, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and the provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

Signatures to schedules A to O

As per our attached report of even date

For ASSG & Associates
(F.R.N. 012120C)
Chartered Accountants

For and on behalf of the Board

Place : INDORE
Date : 29.05.2010

Sanjay Gupta
Partner
M.N. 72073

Devendra Jain
Managing Director

Mukesh Jain
Director

Raina Ajmera
Company Secretary

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.				06912
State Code				10
Balance Sheet Date	31	03	2010	
	Date	Month	Year	

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	:	N I L	Rights Issue	:	N I L
Bonus Issue	:	N I L	Private Placement	:	N I L

*II. Position of Mobilisation and Deployment of Funds
(Amount in Rs. Thousands)*

Total Liabilities	:	594182	Total Assets	:	594182
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SOURCE OF FUNDS

Paid-up Capital	:	151000	Reserve and Surplus	:	324323
Secured Loans	:	90518	Unsecured Loans	:	19168
Deferred Tax Liability	:	9173			

APPLICATION OF FUNDS

Net Fixed Assets	:	301562	Investments	:	125
Net Current Assets	:	271963	Misc. Expenditure	:	20531
Accumulated Losses	:	N I L	Deferred Tax Asset	:	N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	:	486030	Total Expenditure	:	491726
Profit/(Loss) before tax	:	(5696)	Profit/(Loss) after tax	:	(14869)
(Please tick Appropriate box + for Profit, - for Loss)					
Earning per Share in Rs.:	NIL	Dividend rate %	:		00%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	73251000
Product Description	Unmachined Castings
For ASSG & Associates (F.R.N. 012120C) Chartered Accountants	For and on behalf of the Board

Sanjay Gupta
Partner
M.N. 72073

Devendra Jain
Managing Director

Mukesh Jain
Director

Place : INDORE
Date : 29.05.2010

Raina Ajmera
Company Secretary

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010	31.03.2009
(A) Cash Flow from operating activities		
Net Profit before tax and extraordinary items	-56.96	285.27
Adjustments for :		
Depreciation	328.25	300.02
Miscellaneous Expenditure Written Off	69.20	69.20
Sundry Balance W/o	0.00	0.02
Loss on Sale of Fixed Assets	3.09	0.01
Operating Profit before Working Capital Changes	343.58	83.97
Adjustments for :		
Inventories	-357.29	259.55
Debtors	-288.83	251.87
Loans & Advances	153.09	-237.39
Current Liabilities	212.00	-305.21
	-281.03	-31.18
Cash generated from operation	62.54	52.79
(B) Cash Flow from Investing Activities		
Fixed Assets	-194.20	-335.83
Investment	25.00	-25.00
Cash flow from Sale of Fixed Assets	15.92	2.10
Public Issue Expenses	0.00	5.00
Income Tax Paid	0.36	-1.82
	-152.92	-355.55
(C) Cash Flow from financing Activities		
Term Loans	-302.89	-317.99
Working Capital Loans	132.89	-72.25
Unsecured Loans	-127.53	-175.45
Vechile loan	5.54	-6.13
	-292.00	-571.82
Net Cash Flow During The Year	-382.37	-874.58
Cash and Cash Equivalents (Opening Balance)	1,162.08	2,036.66
Cash and Cash Equivalents (Closing Balance)	779.71	1,162.08

As per our report of even date

For ASSG & ASSOCIATES
(F.R.N. 012120C)

CHARTERED ACCOUNTANTS

SANJAY GUPTA
PARTNER

For & on behalf of Board of Directors

DEVENDRA JAIN
Managing Director

Mukesh Jain
Director

Place : INDORE
Date : 29.05.2010

Raina Ajmera
Company Secretary

AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Porwal Auto Components Ltd. for the period ended 31st March 2010. The statement has been prepared by the company in accordance with the listing agreement required by the stock exchange and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the company covered by our report of even date to the members of the company.

FOR ASSG & ASSOCIATES
(F.R.N. 012120C)
CHARTERED ACCOUNTANTS

PLACE: INDORE
DATE : 29.05.2010

SANJAY GUPTA
PARTNER

PORWAL AUTO COMPONENTS LIMITED

Registered. Office :

Plot No. 209, Sector No. 1 Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

PROXY FORM

R. F. No.

No. of Shares.....

I/We _____

of _____

Being a member of **PORWAL AUTO**

COMPONENTS LTD. holding _____ Ordinary Share (s) hereby

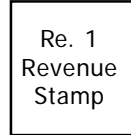
appoint _____ of _____

of failinghim/her _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company, to be held on 30th September, 2010 and at any adjournment meeting thereof.

As witness my/our hand(s) this _____ day of _____ 2010.

Signature _____



Note :

If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

ATTENDANCE SLIP

18th Annual General Meeting on 30th September, 2010

R. F. No. _____

Mr. / Mrs. / Miss _____

(Shareholders Name in Block Letters)

I / We certify that I/We am/are registered shareholder / proxy for the registered shareholder of the Company.

I / We hereby record my/our presence at the 18th Annual General Meeting of the Company at Plot No. 209, Sector No. 1, Industrial Area, Pithampur, Distt. DHAR (M.P.) 457 774 on 30th September, 2010.

(If signed by proxy, his name should be written in block letters) _____ (Shareholders / Proxy's Signature)

Note :

1. Shareholders / Proxy holders are requested to bring the attendance slips with them when they come to the Meeting and hand over them at the entrance after affixing their signatures on them.
2. If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

Book - Post

To,

If undelivered, Please return to :
PORWAL AUTO COMPONENTS LTD.
Regd. Office : Plot No. 209, Sector No. 1 Industrial Area,
Pithampur, Distt. DHAR (M. P.) 454775