

ANNUAL REPORT 2011 - 2012



TWENTIETH ANNUAL REPORT 2011 - 2012

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<u>EXECUTIVE CHAIRMAN</u>	: SHRI SURENDRA JAIN
<u>MANAGING DIRECTOR</u>	: SHRI DEVENDRA JAIN
<u>WHOLE TIME DIRECTOR</u>	: SHRI MUKESH JAIN
<u>NON EXECUTIVE INDEPENDENT DIRECTORS</u>	: SHRI NITIN DAFRIA SHRI SURAJMAL KUCHERIA SHRI ASHISH SABOO
<u>CHIEF EXECUTIVE OFFICER</u>	: SHRI SHAILESH JAIN
<u>COMPANY SECRETARY</u>	: MS RAINA AJMERA
<u>STATUTORY AUDITORS</u>	: M/s ASSG & ASSOCIATES Chartered Accountants "Kanti Mansion" 6, Murai Mohalla, INDORE – (M.P.)
<u>BANKERS</u>	: STATE BANK OF INDIA SSI Branch, INDORE – (M.P.) AXIS BANK Y.N. ROAD, INDORE – (M.P.)
<u>REGISTERED OFFICE & WORKS</u>	: Plot No. 209, Sector No. 1, Industrial Area, Pithampur, Tel: 07292-405101 Fax: 07292-405120 admin@porwalauto.com www.porwalauto.com
<u>REGISTRAR AND SHARE TRANSFER AGENT</u>	: Link Intime India Pvt Ltd. C-13, Pannalala Silk Mills Compound, LBS Marg, Bhandup, MUMBAI Tel: 022-25963838 Fax: 022-25946969 E Mail: vishal.punjabi@linkintime.co.in

NOTICE

Notice is hereby given that Twentieth Annual General Meeting of the members of the **PORWAL AUTO COMPONENTS LIMITED** will be held on Saturday, the 29th day of September, 2012 at 1:30 PM at the registered office of the company at Plot No. 209, Sector No.1, Industrial Area, Pithampur, Distt Dhar to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, the Profit & Loss Account and the Cash Flow Statement for the financial year ended March 31, 2012 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nitin Dafria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Surajmal Kucheria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appointment Auditors and fix their remuneration.

By order of the board of Directors
Porwal Auto Components Limited

PLACE: Pithampur
DATE: 30.07.2012

Raina Ajmera
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMENCEMENT OF THE MEETING.
2. The Members are requested to:
 - a. Intimate changes, if any, in their registered addresses immediately.
 - b. Quote their ledger folio number in all their correspondence.
 - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
 - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
 - e. Send their E-Mail address to us for prompt communication and update the same with their DP to receive Soft Copy of the Annual Report of the Company
3. The Register of Members and Share Transfer Books of the company will all be closed from 28th September, 2012 to 29th September, 2012 (both days inclusive).
4. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors as Annex-II.
5. Members seeking any information are requested to write to the company at least 10 days before the date of the AGM to enable the management to reply appropriately at the AGM.
6. Members who are holding physical shares in more then one folio are requested to intimate to the Company/ Registrar and Share Transfer Agent the details of all their folio numbers for consolidation into single folio.
7. Link Intime India Limited is the Shares transfer Agent of the Company, Members are requested to Update their E-mail ID and Address with their Depository Participant for prompt communication.
8. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting

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

Name of Directors	Mr. Nitin Dafria	Mr. Surajmal kucheria
Date of Birth	26.12.1964	17.02.1940
Date of Appointment	30.09.2002	23.04.2007
Expertise / Experience in specific functional areas	Practicing Chartered Accountant	Ex-MD State Bank of Saurashtra
Qualification	FCA, MBA	B.Com, CAIIB
No. of Equity Shares held	NIL	NIL
List of outside Company directorship held	NIL	PRESTIGE FOODS LIMITED
Directorship held in other Public Companies (excluding foreign companies and section 25 Companies)	NIL	NIL
Chairman / Member of the Committees of the Board of Directors of the Company	Chairman: · Audit Committee Member: · Investor Grievance · Remuneration Committee	Chairman: Remuneration Committee Member: · Investor Grievance · Remuneration Committee
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, 2012.

1. Financial Results:

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

2. Dividend:

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

3. Company's Performance & Future Outlook:

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

In the financial year 2011-12, the company continued its strong growth momentum across major markets, as the Automotive sector's revenue is generated primarily by sales of vehicles, parts and accessories, the turnover in the current year remained high with Rs. 8712 lacs as against the previous year turnover of Rs. 6998 lacs. The Profit after Tax of the Company for the year stands at Rs. 69.27 lacs as against the previous year figure of Profit Rs. Rs. 60.49 lacs showing a growth of 24.485% as compared to previous year.

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

4. Director:

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

5. Directors Responsibility Statement:

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

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

- II. they have selected such accounting policies and applied them consistently and made judgments and estimates that have been reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;
 - III. They have taken proper and sufficient care to the best of their Knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions 6of this Act. They confirm that there are adequate systems and controls for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities ;
 - IV. they have prepared the annual accounts for the financial year ended 31st March, 2012 on a going concern basis;
- 6. Corporate Governance Report and Management Discussion and Analysis Statement:**
Corporate Governance Report in terms of clause 49 of listing agreement and Management Discussion and Analysis statement are attached to this report as Annexure – II and III respectively.
- 7. Auditors:**
M/s ASSG & Associates, Chartered Accountants, Indore, statutory auditors of the Company, retire at the end of ensuing Annual General Meeting and are eligible for re-appointment as statutory auditors of the Company. The Auditors' Report read with notes to accounts are self-explanatory and in particular note no. 4 of the notes to accounts read with Para 4 of the Auditors Report, specifically the Company is following the same method of depreciation in the earlier year also and the depreciation has been provided on specific plant and machinery as per its useful life of assets.
- 8. Public Deposits :**
Your company has not accepted or invited any deposits from public within the meaning of Section 58 A of the Companies Act, 1956, during the year under review.
- 9. Cost Auditor:**
Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s Vijay P. Joshi & Associates, Cost Accountant, Indore were appointed as the cost auditor(s) of the company to conduct audit of cost accounting records maintained by the Company for product(s)/Services covered under MCA Cost Audit Order(s) for the year ended on 31st March 2012
- 10. Particulars of Employees etc.**
Your company did not have any person in employment that, if employed throughout the financial year or part thereof, was in receipt of remuneration, particulars of which are required to be included in this report as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.
- 11. Energy Conservation and other Reporting u/s 217(1) (e)**
The details of Energy Conservation in terms of section 217 (1) (e) of the Companies Act, 1956, are enclosed forming part of this report as Annexure – 1.
- 12. Acknowledgements**
Your Directors thank the Company's employees, Customers, Vendors and Inventories for their support to the Company and place on record their sincere appreciation for the co-operation extended to the company by the lending institution and banks and for the devoted performance by company's entire staff & associates.

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

PLACE: Pithampur
DATE: 30.07.2011

Surendra Jain
Chairman

ANNEXURE – 1

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2012.

I. CONSERVATION OF ENERGY
Power and Fuel Consumption

1. Electricity

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
a. Purchased		
Total Units	13264600	12285600
Total Amount (Rs.)	65772853	60140264
Cost/Unit (Rs.)	4.96	4.90
b. Own Generation (Diesel Generator)		
Total Units	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
c. Consumption per unit of production (in units)	1044	1054

Note: Quantity of Diesel and LDO consumed during the year is 72600 liters (56148 litres), was consumed in Sand Dryers, Laddle Heating and Heat Treatment furnace.

2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Diesel		
Quantity (Ltrs)	72600	56148
Value (Rs)	3229452	2326985
5. RLNG Gas (MMBTU)		
Quantity (MMBTU)	37960.340	37349.140
Value (Rs.)	24363892	17712267

II TECHNOLOGY ABSORPTION

The company is using manufacturing technology which is entirely indigenous

III FOREIGN EXCHANGE EARNINGS & OUTGO

The company did not have any foreign exchange earnings during the year under review. However the company did incur a foreign currency expenditure of Rs.3.12 Lacs against last years Rs. 1.24 Lacs.

Annexure – II

CORPORATE GOVERNANCE REPORT 2011-12

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

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

1. Company's Philosophy on code

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchange with regard to Corporate Governance and also has taken certain steps to ensure transparency and accountability. Your company shall continue to follow the same with a desire for further development on continuous basis.

2. CEO / MD Certification

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

3. Board of Directors

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

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

4. Board Procedure

The Board meets at least once in a quarter to review the overall business operations including to consider the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met five times during the year under review and the Dates on which the Said meetings were held are as follows:

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

5. Directors Attendance:

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

6. Committees of the Board

A. Audit Committee

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

Composition

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

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

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

Meetings

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

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

B. Remuneration Committee

Your company has formed a remuneration committee to consider and approve the remuneration payable to the directors. During the financial year, there were only three directors who are in the whole time employment of the company and drawing remuneration. The company has a policy of remuneration payable to the directors according to which the necessity of the director in such a capacity and his performance capacity and capability become the determining factor for remuneration. The proposed remuneration of Shri Devendra Kumar Jain, Managing Director is Rs.80,000/- , Shri Mukesh Kumar Jain, Whole Time Director is Rs.75,000/- and Shri Surendra Jain, Executive Chairman is Rs.75,000/-, Shri Shailesh Jain, CEO is Rs.70,000/- The committee so far comprised of the Non- Executive Director Shri S.B. Kucheria as Chairman and two independent professional directors Shri Ashish Saboo and Shri Nitin Dafria as members of the committee.

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

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

Meetings

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

C. Shareholders' Grievances

With view to review all matters connected with security transfers and transmission, redressal of shareholders/ investor complaints like non-transfer of shares, non-receipt of balance-sheet, non-receipt of dividend, etc., a Share Transfer and Investor Grievance Committee has been constituted.

This committee oversees the performance of the Registrar & Transfer Agents and Secretary who have been authorised to deal with all these matters, also recommends measures for overall improvement of the quality of investor services.

The Committee comprises three members, viz., Mr. Mukesh Jain, Mr. S. B. Kucheria and Mr. Nitin Dafria and Ms. Raina Ajmera, as the Secretary who also acts as the Compliance Officer of the Company.

As of March 31, 2012, all requests, complaints, grievances, if any, have been replied to/resolved within the stipulated period and no such matter was pending.

7. Compliance Officer

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

8. General Meeting

Details of the General Meetings held during last three years:

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

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

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

9. Note on Directors Appointment/ Re-appointment

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

10. Means of Communication

- i. The Board of Directors of the Company.
- ii. Company approves and takes on record the quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within one month of the end of the respective period.
- iii. 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)**.
- iv. Management Discussion and Analysis forms part of this Annual Report.

11. 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.

12. 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**(Tentative)**

Results for the quarter ending 30 th June, 2012	: Last week of July. 2012
Results for the quarter ending 30 th Sept, 2012	: Last week of Oct. 2012
Results for the quarter ending 31 st Dec, 2012	: Last week of Jan. 2013
Results for the quarter ending 31 st Mar, 2013	: Last week of May.2013

d) Book Closure

28th September 2012 to 29th September 2012 (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 2012-2013

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) Stock Code

The Company has Scrip Code: - 532933

i) ISINNO

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

j) Distribution of shareholding as on 31st March, 2012

SHAREHOLDING OF NOMINAL VALUE OF SHAREHOLDERS %AGE

RS.	RS. NUMBER	OF TOTAL	RS. OF TOTAL			
1	-	5000	8722	80.2760	16652580	11.0280
5001	-	10000	1135	10.4460	8886340	5.8850
10001	-	20000	640	5.8900	9192140	6.0880
20001	-	30000	112	1.0310	2921690	1.9350
30001	-	40000	40	0.3680	1426310	0.9450
40001	-	50000	43	0.3960	2029120	1.3440
50001	-	100000	71	0.6530	5166520	3.4220
100001	-	***	102	0.9390	104725300	69.3550
TOTAL:			10865	100.0000	151000000	100.0000

k) SHAREHOLDING PATTERN AS ON 31-03-2012

Sr. No.	Category Held	No. of Shares	Percentage of Shareholding
1.	Promoters & Promoter Group	5626773	37.26
2.	Private Corporate Bodies	4071895	26.97
3.	Indian Public	5333571	35.32
4.	NRIs/OCBs	67761	0.45
		15100000	100.00

Dematerialization of Shares

Total number of Dematted shares with NSDL	9079743
Total number of Dematted shares with CDSL	5301654

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

Table 1: Monthly highs and lows and volumes traded at the BSE, 2011-12

Year	High(Rs.)	Low(Rs.)	Close(Rs.)
Mar 2012	7.45	5.79	5.87
Feb 2012	7.90	6.05	6.89
Jan 2012	7.74	4.22	6.25
Dec 2011	5.90	4.62	4.81
Nov 2011	7.00	4.90	5.21
Oct 2011	7.35	5.71	6.31
Sep 2011	8.77	7.20	7.31
Aug 2011	9.87	7.20	7.62
Jul 2011	15.15	8.81	9.41
Jun 2011	11.25	8.25	9.84
May 2011	10.80	8.11	8.43
Apr 2011	10.57	8.50	9.16

DECLARATION

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

In accordance with Clause 49 sub-clause 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, 2012.

Devendra Jain
Managing Director

MD / CEO CERTIFICATION

To,
The Board of Directors,
Porwal Auto Components Ltd.
Pithampur
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 2012 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: 30.07.2012

DEVENDRA JAIN
Managing Director

Annexure – III

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

Automotive Industry comprises of automobile and auto component sectors and is one of the key drivers of the national economy as it provides large-scale employment, having a strong multiplier effect. Being one of the largest industries in India, this industry has been witnessing impressive growth during the last two decades. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automotive industry's contribution to overall industrial growth in the country.

The cumulative production of automobile for April-December 2011 registered a growth of 14.94 per cent over same period in 2010. Production in December 2011 increased by 10.91 per cent year on year, overall automobile exports registered a growth rate of 28.97 per cent during April-December 2011. The potential compounded annual growth rate (CAGR) of the auto component industry is estimated to be around 26 per cent in the period 2011-12.

Opportunities and Threats

Automotive industry is the key driver of any growing economy. It plays a pivotal role in country's rapid economic and industrial development. It caters to the requirement of equipment for basic industries. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with almost every segment of the economy, the industry has a strong and positive multiplier effect and thus propels progress of a nation.

The growth of Indian middle class, with increasing purchasing power, along with strong macro-economic fundamentals has attracted the major auto manufacturers to Indian market. The market linked exchange rate, well established financial market, stable policy governance work and availability of trained manpower have also shifted new capacities and flow of capital to the auto industry of India. All these have not only enhanced competition in auto companies and resulted in multiple choices for Indian consumers at competitive costs, but have also ensured a remarkable improvement in the industry's productivity, which is one of the highest in Indian manufacturing sector.

The auto component industry also 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.

Segment - wise or product - wise performance

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

Outlook

The Automobile sector in India has been able to maintain its position as the 5th largest two-wheelers producing nation in the world, it is expected that FY 2012-13 will be much better for the industry as compared to the last fiscal. However, there is still a need for a clear fuel pricing policy for the automobile industry to move ahead on a steady growth path. Several Indian automobile manufacturers have spread their operations globally as well, asking for more investments in the Indian automobile sector. Industry experts have visualized an unbelievably huge increase in automotive sales figures over the immediate future

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 Profit after deducting tax of Rs. 69.27 Lacs as compared to Rs.60.49 Lacs previous year.

Secured Loans – The secured Loans, comprising of vehicle loans, increased to Rs 1068.19 Lacs as compared to previous year's Rs 925.70 Lacs.

Fixed assets –The total gross block of Land, Building, Plant and Machinery and other fixed assets was Rs.5235.16 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 2247.13 Lacs

Turnover - Turnover has gone up by Rs. 1713.76 lacs as compared to previous year. The total turnover registered for the fiscal year 2011-12 was Rs. 8711.71 lacs as compared to Rs. 6997.95 lacs of fiscal year 2010-11.

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, 2012 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.

For ASSG & Associates
Chartered Accountants

Place: Indore
Dated: 30.07.2012

SANJAY GUPTA
PARTNER
M. NO. 72073

AUDITOR'S REPORT

The Shareholders of

PORWAL AUTO COMPONENTS LIMITED

We have audited the attached Balance Sheet of PORWAL AUTO COMPONENTS LTD., Indore as at 31st March 2012, 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".

- (v) On the basis of written representations received from the directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 2011;
 - (b) in the case of the Profit and Loss Account, of the Profit 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 : 30.05.2012

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. 525.58 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. 582.16 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 stipulations as to repayment of loans given to the company.
 - (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.
- (b) There is no unpaid amount outstanding as at 31st March 2012 for a period exceeding six months from the date they became payable.
- (c) 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 2012 .
- (x) The company has no accumulated losses as at 31st March 2012 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 company out of public issue proceedings has advanced interest bearing loan amounting of Rs. 527.14 to various parties and is having fixed deposit of Rs. 600.00 lacs with Axis Bank Ltd.
- (xxi) There was no fraud on or by the Company noticed or reported during the course of our audit.

PLACE : INDORE
DATE : 30.05.2012

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

SANJAY GUPTA
PARTNER
M.No. 72073

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", Fixed assets on which CENVAT credit is not availed is shown at full have.

(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 is net of excise duty.

(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 notes to the financial statements after careful evaluation by the Management of the facts and legal aspects of the matter involved.

Balance Sheet as at 31st March, 2012

Particulars	Note No	As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	151,000,000	151,000,000
(b) Reserves and Surplus	2	337,298,887	330,371,797
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	1,195,216	19,742,345
(b) Deferred tax liabilities (Net)	4	12,493,000	11,707,000
(c) Other long term liabilities	5	1,759,382	1,766,025
(3) Current Liabilities			
(a) Short-term borrowings	6	105,624,023	58,557,358
(b) Trade payables	7	31,806,133	29,693,425
(c) Other current liabilities	8	48,018,332	59,428,565
(d) Short-term provisions	9	20,781,232	14,235,793
	Total	<u>709,976,205</u>	<u>676,502,308</u>
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	10	296,790,180	298,587,437
(b) Non-current investments	11	125,000	125,000
(c) Long term loans and advances	12	56,628,108	53,950,850
(d) Other non-current assets	13	31,114,988	35,452,308
(2) Current assets			
(a) Inventories	14	180,644,832	149,674,344
(b) Trade receivables	15	53,892,861	31,686,458
(c) Cash and cash equivalents	16	75,473,404	87,552,264
(d) Short-term loans and advances	17	481,920	2,699,190
(e) Other current assets	18	14,824,911	16,774,458
	Total	<u>709,976,205</u>	<u>676,502,308</u>

Significant Accounting Policies
Notes on Financial Statements

1 to 25

As per our report of even date

For ASSG & ASSOCIATES

(F.R.N. 012120C)

Chartered Accountants

(SANJAY GUPTA)

Partner

M. No. 72073

For and on behalf of Board

DEVENDRA JAIN

Managing Director

MUKESH JAIN

Director

PLACE : INDORE
DATED : 30.05.2012

RAINA AJMERA
Company Secretary

Profit and Loss statement for the year ended 31st March, 2012

S. No.	Particulars	Note No	As at 31st March 2012	As at 31st March 2011
I.	Revenue From Operations	19	871171686	699795854
II.	Other income	20	7475513	10784290
III.	Total Revenue (I + II)		878647198	710580144
IV.	Expenses:			
	Cost of materials consumed	21	518450055	402905711
	(Increase) in inventories of finished goods work-in-progress and stock-in-Trade	22	-39165134	-28313558
	Employee benefit expense	23	35402485	28818700
	Finance Costs	24	14740515	11448132
	Depreciation		37764661	34756893
	Other expenses	25	301921132	250245102
	Total Expenses		869113713	699860980
V.	Profit before tax		9533485	10719164
VI.	Tax expenses :			
	(1) Current tax		1820000	2136000
	(2) Deferred tax		786000	2534000
			2606000	4670000
VII.	Profit/(Loss) for the period (XI + XIV)		6927485	6049164
VIII.	Earning per equity share of face value of Rs. 10 each Basic and Diluted (in Rs.)		0.46	0.40
	Significant Accounting Policies Notes on Financial Statements	1 to 25		

As per our report of even date

For ASSG & ASSOCIATES

(F.R.N. 012120C)

Chartered Accountants

(SANJAY GUPTA)

Partner

M. No. 72073

For and on behalf of Board

DEVENDRA JAIN

Managing Director

MUKESH JAIN

Director

RAINA AJMERA

Company Secretary

PLACE : INDORE

DATED : 30.05.2012

NOTES TO THE FINANCIAL STATEMENT

PARTICULARS	As at 31-03-2012	As at 30-06-2011
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1. Share Capital

1. Share Capital		
Authorised		
200,00,000 (31 March 2011 : 200,00,000) equity	200,00,000	200,00,000
Issued, subscribed & fully paid up		
151,00,000 (31 March 2011 : 151,00,000) equity	151,00,000	151,00,000
Total	151,00,000	151,00,000

- a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Equity Shares.

	As at 31 March 2012		31 March 2011	
	Number	Amount	Number	Amount
Share outstanding at the beginning of the year	15,10,000	151,00,000	15,10,000	151,00,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	15,10,000	151,00,000	15,10,000	151,00,000

b. Terms/rights attached to equity shares

The company has only one class of equity having a par value Rs. 10/- per share. Each holder of equity of shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion of the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company.

Name of Shareholder	Equity Shares			
	As at 31 March 2012		31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Flag Vittawas Limited	2750000	18.21	2750000	18.21
Porwal Finsec Private Limited	3308300	21.91	3258300	21.58

2. Reserves and Surplus

	As at 31st March 2012	As at 31st March 2011
Securities Premium Account		
Opening Balance as per last balance sheet	326,00,000	326,00,000
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised	-	-
Closing Balance	326,00,000	326,00,000

NOTES TO THE FINANCIAL STATEMENT

	As at 31st March 2012	As at 31st March 2011
General Reserve		
Opening Balance as per last balance sheet	3,200,413	3,200,413
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	3,200,413	3,200,413
Surplus/(Deficit) in the statement of Profit and Loss		
Opening Balance as per last balance sheet	1,171,384	(4,877,780)
Net Profit For the current year	6,927,485	6,049,164
Less : Short provision of earlier year income tax	396	-
Closing Balance	8,098,473	1,171,384
Total	337,298,887	330,371,797

3. Long - term borrowings

	As at 31st March 2012	As at 31st March 2011
Secured		
(a) Term Loan From SBI SSI Pologround Indore	-	18,288,069
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 three directors.		
(b) Vehicle loans		
From SBI SSI branch (Polo)	554,492	-
From SBI SSI branch (Innova)	640,724	822,929
From SBI SSI branch (Skoda)	-	145,933
From HDFC Bank Ltd (110)	-	107,870
From HDFC Bank Ltd (Honda City)	-	233,718
From HDFC Bank Ltd (Swift)	-	143,826
All Secured by hypothecation of specific		
	1,195,216	19,742,345
TERMS OF REPAYMENT		
The Term loan was availed in the year 2005-06 & as per the terms of repayment the same is to be repaid by 30/09/2012. Remaining six monthly installments are to be paid, Five of Rs. 35 Lacs each and one of Rs. 40 Lacs. Rate of interest applicable on this loan is Base rate plus 4.00%.		
The polo Car loan was availed in the year 2011-12 to be repaid in 60 monthly installments of Rs. 14459/- each. Rate of interest applicable on this loan is 12.00% p. a.		
The Innova Car loan was availed in the year 2010-11 to be repaid by 28/02/2015. Total no of 35 monthly installments are repayable of Rs. 23413 each each. Rate of interest applicable on this loan is 12.00% p.a.		

The Skoda Car loan was availed in the year 2009-10 to be repaid by September 2012. Total no of 6 monthly installments are repayable of Rs. 25814 each. Rate of interest applicable on this loan is 10% p.a.

The I-10 Car loan availed in the year 2010-11 to be repaid by March 2013. Remaining no. of monthly installments to be paid are 12 of Rs. 9456 each. Rate of interest applicable on this loan is 9.45% p.a.

The Honda City Car loan was availed in the year 2010-11 to be repaid by March 2013. Remaining no. of monthly installments to be paid are 12 of Rs. 20488 each. Rate of interest applicable on this loan is 9.45% p.a.

The Swift Car loan was availed in the year 2010-11 to be repaid by March 2013. Remaining no. of monthly installments to be paid are 12 of Rs. 12608 each. Rate of interest applicable on this loan is 9.45% p.a.

4. Deferred Tax Liability (Net)

	As at 31st March 2012	As at 31st March 2011
Deferred Tax Liability		
Related to fixed assets	18660000	21983400
Gross Deferred Tax Liability	<u>18660000</u>	<u>21983400</u>
Deferred Tax Assets		
Disallowance under the Income Tax Act	504000	440000
Carried forward Losses	4568000	9836400
Mat Credit	1095000	0
Gross Deferred Tax Assets	<u>6167000</u>	<u>10276400</u>
Net Deferred Tax Liabilities	<u>12493000</u>	<u>11707000</u>

5. Other Long Term Liabilities

	As at 31st March 2012	As at 31st March 2011
Trade Payables	1,759,382	1,766,025
Total	<u>1,759,382</u>	<u>1,766,025</u>

6. Short Term Borrowings

	As at 31st March 2012	As at 31st March 2011
Secured		
(a) Working Capital Loan		
From SBI Branch Indore	101,466,354	47,870,742
From SBI Pithampur Branch	4,157,669	2,473,928
Secured by way of hypothecation of present and future stock of raw material, stock in process, finished goods, stores and spares, and book debts and second charge on fixed assets of the company. The cash credit is repayable on demand and carries interest @ 12.25% to 13.50% p.a. These loans are further secured by personal guarantee of three directors.		
(b) Other loans and advances (specify nature)		
Sales Tax Deferment	-	8,212,688
Total	<u>105,624,023</u>	<u>58,557,358</u>

NOTES TO THE FINANCIAL STATEMENT

7. Trade Payable

	As at 31-03-2012	As at 31-03-2011
Other than Micro, Small and Medium Enterprises	31,806,133	29,693,425
Total	31,806,133	29,693,425

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.

8. Other Current Liabilities

	As at 31-03-2012	As at 31-03-2011
(a) Current maturities of long-term debt (Refer Note No. 3)	19,207,209	22,483,209
(b) Creditors for Capital Expenditure	1,899,892	2,709,030
(c) Axis Bank OD A/c	12,091,905	18,562,012
(d) Others (Tooling advance)	14,819,326	15,674,314
Total	48,018,332	59,428,565

9. Short Term Provisions

	As at 31.03.2012	As at 31.03.2011
(a) Provision for employee benefits		
Bonus Payable	897,927	738,921
Leave Encashment (unfunded)	782,135	585,321
E.S.I.C. Payable	76,740	63,907
Good Work Reward	590,755	467,335
Professional Tax Payable	20,502	-
Provident Fund Payable	82,084	67,743
Salary and Wages Payable	1,678,918	1,469,177
Unpaid Goodwork Reward	33,414	43,673
Unpaid Salary & Wages	47,554	31,985
Attendance Bonus Payable	-	156,700
(b) Others (Specify nature)		
Provision for Income Tax	1,820,000	2,136,000
TDS Payable	294,626	269,311
Excise Duty payable on finished goods	7,922,566	3,298,693
Power & Fuel Payable	4,847,208	3,802,140
Vat Tax Payable	1,431,215	891,962
CST Payable	63,326	52,092
Commercial Tax on Construction	8,895	13,693
ESIC Payable (Contractors)	76,540	49,042
Professional Tax Payable (Co.)	2,500	2,500
Service Tax Payable	3,340	2,617
Telephone Expenses Payable	45,587	43,641
Audit Fees Payable	45,000	45,000
Water Charges Payable	10,400	4,340
Total	20,781,232	14,235,793

10. TANGIBLE ASSETS

Sl. No.	Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As on 01.04.2011	Addition during the Year	Total deductions As on 31.03.2012	Up to 31.03.2011	Provided For the Year	Write off 31.03.2012	As on 31.03.2012	As on 31.03.2011
1	Freehold Land	15063910	570700	0	0	0	0	15634610	15063910
2	Leasehold Land	2461888	0	0	0	0	0	2461888	2461888
3	Factory Building	86134205	2379697	0	88513902	0	20145522	68368380	68906751
4	Plant and Machinery	60593163	15272073	0	75865236	0	52288287	23576949	15443631
5	Material Handling Equipments	46161617	4330088	0	50491705	0	29311738	21179967	22180293
6	Tools and Patterns	54994073	3575800	0	58569873	0	34835081	23734792	26472812
7	Electrical Installation	17565404	564303	0	18129707	0	12647608	5482099	6756069
8	Testing Equipments	7033100	523047	0	7556147	0	5311538	2244609	2480765
9	Auxiliary Equipments	39367482	8611599	0	47979081	0	28238000	19741081	15565625
10	Furniture and Fixtures	1025359	0	0	1025359	0	557216	468143	533048
11	Office Equipments	5039780	30000	0	5069780	0	2019239	3050541	3339559
12	Vehicles	7519276	982214	1806668	6694822	0	1399619	5295203	6108644
13	Computer	4085714	314013	0	4409728	0	4336213	73515	445698
14	Air Pollution Equipments	5517704	0	0	5517704	0	1949598	3568106	4138635
15	Plant and Machinery	135596165	0	0	135596165	0	33685867	101910298	108690106
	TOTAL	488168841	37153534	1806668	523515706	620539	226725526	296790180	298587437
	Previous Year	457458468	33628806	2918433	488168841	1071734	189581404	298587437	301562223

NOTES TO THE FINANCIAL STATEMENT

11. Non - Current Investments

Particulars	As at 31.03.2012	As at 31.03.2011
Other Investments		
Investment in Equity instruments	125,000	125,000
Total	125,000	125,000
Aggregate amount of unquoted investments (Previous Year 125000)	125,000	125,000

Details of Other Investments

Particulars	Subsidiary/ Associate/ Controlled Special Purpose Entity/ Others	No. of Shares/ Units 2012	2011	Quoted/ Unquoted	
	(2)	(3)	(4)	(5)	(6)
investment in Equity Instruments (Equity Shares of Rs. 10 each of Pithampur	Other	12,500	12,500	Unquoted	

12. Long Term Loans and Advances

(Unsecured and considered good)		
a. Capital Advances	3,583,296	3,774,449
b. Loans to related parties*	38,216,658	16,247,639
c. Other loans and advances	14,828,154	33,928,762
	56,628,108	53,950,850

Represents amount advanced to private company in which director is member

13. Other Non Current Assets

(Unsecured considered good)		
a. Long term trade receivables	127,406	206,179
Secured, considered good		
b. Deposit	9,499,818	6,969,422
c. PF Demand	402,472	402,472
d. Entry Tax Receivable (F. y. 2005-06)	429,000	429,000
e. Entry Tax Receivable (Deposit)	21,000	37,058
f. Loan to employees	635,292	564,387
g. Unamortized Expenditure	-	6,843,790
h. Debts due by related parties#	20,000,000	20,000,000
	31,114,988	35,452,308

#Represents amount advanced to private company in which director is member

14. Inventories

a. Raw Materials and components (Valued at Cost)	28,302,335	36,652,850
b. Work-in-progress (Valued at Cost)	71,921,119	67,202,319
c. Finished goods (Valued at Cost)	72,021,002	35,324,840
d. Stores and spares (Valued at Cost)	8,400,376	10,494,335
Total	180,644,832	149,674,344

15. Trade Receivable

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Other	53,614,487	31,641,390
Over Six Months	278,374	45,068
Total	53,892,861	31,686,458

16. Cash and Cash equivalents

a. Balances with banks*	75,297,265	87,461,092
This includes :		
Security against borrowings (Axis Bank OD)	6,00,000,00	75,000,000
Guarantees	6,522,661	420,265
Other Commitments	20,000	20,000
Bank deposits with more than 12 months matur	Nil	Nil
b. Cash on hand*	176,139	91,172
	75,473,404	87,552,264

Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.

17. Short-term loans and advances

(Unsecured considered good)		
Advance for expenses	343,298	2,348,097
Loans to Employees	138,622	121,753
Tour Advances	-	229,340
	481,920	2,699,190

18. Other Current Assets

Advance for Trade	3,654,093	3,121,286
Deposits	1,207,428	1,841,199
Balance with Excise Department	787,232	10,939
Bank Charges Recievable	247,600	-
TDS Recievable	1,292,326	4,524,833
Term Loan interest Recievable	371,795	-
Prepaid Expenses	420,647	432,411
Umamortized Expenditure	6,843,790	6,843,790
TOTAL	14,824,911	16,774,458

19. Revenue From Operation

Sale of Products:		
Finished Goods	945,821,691	772,732,469
Traded Goods	20,219,512	-
Sale of Services	7,501	74,100
Revenue from operations(gross)	966,048,703	772,806,569
Less: Excise duty	94,877,018	73,010,715
Revenue from operations (net)	871,171,686	699,795,854

19.1 Details of Products sold

CI SG Iron Automobile Components	945,821,691	772,732,469
TOTAL	945,821,691	772,732,469

19.2 Details of Traded goods sold

Particulars	As at 31.03.2012	As at 31.03.2011
MS Scrap	20,219,512	-
	20,219,512	-
Details of Services Rendered		
Testing Charges	7,501	74,100
	7,501	74,100

20. Other Income

Interest Income	7,415,141	10,784,290
Profit on sale of Fixed Assets	60,372	-
Total	7,475,513	10,784,290

21. Cost of raw material consumed

Inventory at the beginning of the year	33,064,254	16,920,581
Add : Purchases	489,572,563	408,706,912
	522,636,817	425,627,493
Less : Inventory at the end of the year	26,963,567	33,064,254
Cost of raw material consumed	495,673,250	392,563,239

Details of Stores and Consumable Consumed

Inventory at the beginning of the year	10,494,335	5,657,289
Add : Purchases	20,682,846	15,179,518
	31,177,181	20,836,807
Less : Inventory at the end of the year	8,400,376	10,494,335
Cost of raw material consumed	22,776,805	10,342,472

Details of raw Material Consumed

Pig iron	111,537,064	96,359,310
Scrap	232,636,669	162,616,339
Others	151,499,516	133,587,590
Total	495,673,250	392,563,239

22. Increase/(Decrease) in inventory of Finished Goods, Stock - in Process and Stock - in Trade

Inventories at the cost of the year

	For the year ended 31 March 2012	for the year ended 31 March 2011	Increase/ Decrease
Stock in Process	71,921,119	67,202,319	4,718,800
Finished Goods	72,021,002	35,324,840	36,696,162
Stock of runners and Risers	1,338,768	3,588,596	-2,249,828
Total	145,280,889	106,115,755	39,165,134

Inventories at the beginning of year

Stock in Process	67,202,319	61,029,710	6,172,609
Finished Goods	35,324,840	14,376,207	10,948,633
Stock of runners and Risers	3,588,596	2,396,280	1,192,316
Total	106,115,755	77,802,197	28,313,558

23. Employee Benefits expenses

	For the year ended 31 March 2012	for the year ended 31 March 2011
(a) Salaries and incentives	32,040,779	26,306,008
(b) Contributions to		
(i) Provident Fund/ESIC and other fund	1,845,545	1,560,339
(ii) Superannuation scheme		
(c) Gratuity fund contributions	700,000	400,000
(d) Staff welfare expenses	816,161	552,353
Total	35,402,485	28,818,700

24. Finance Cost

Interest expense	11,303,176	8,236,340
Bank Charges	3,437,339	3,211,792
Total	14,740,515	11,448,132

NOTES TO THE FINANCIAL STATEMENT

25. Other Expenses

	For the year ended 31.03.2012	For the year ended 31.03.2011
Manufacturing Expenses		
Freight Inward	25,098,293	20,763,738
Insurance Expenses	221,902	212,431
Jobwork Charges	52,732,022	40,663,326
Miscellaneous Factory Overhead	664,492	1,373,864
Power & fuel	93,891,197	79,907,050
Repairs & Maintenance	2,801,200	3,959,217
Contract Wages	43,314,608	38,976,219
Provident Fund Contractor	55,247	39,385
Selling & Distribution Expenses		
Tax Expenses (VAT)	64,136,942	47,591,555
Advertisement Expenses	89,644	92,269
Selling Expenses	63,676	49,732
Service Tax on freight Outward	24,663	-
Business Promotion	467,403	22,000
Commission	7,968	155,930
Customer Entertainment Expenses	167,699	88,054
Freight Outward	2,768,571	2,527,822
Establishment Expenses		
Payment to Auditor	45,000	45,000
Books & Periodicals	11,050	690
Conveyance Expenses	9,276	3,580
Donation	11,000	-
Gratuity Insurance Premium	30,179	20,337
Lease Rent	116,238	116,206
Legal Expenses	904,950	419,941
Membership & Subscription	123,606	111,935
Office Expenses	159,468	219,590
Postage & Courier Charges	78,244	95,441
Professional fees	440,626	531,680
Consultancy Fees	113,520	-
Property Tax	104,950	96,309
Public issue Expenses W/o	6,843,789	6,843,789
Recruitment Expenses	51,581	-
Stationary & Printing	402,833	359,934
Telephone Expenses	537,867	563,651
Training & seminar	83,768	71,927
Travelling Expenses	1,256,561	1,002,224
Vehicle Running & Maintenance	765,092	607,621
Rebate & Discount	3,326,007	2,237,343
Web Designing Expenses	-	15,000
Loss on sale of Fixed Assets	-	460,312
Total	301,921,132	250,245,102

VALUE OF STORES, SPARES AND PACKING MATERIAL CONSUMED

	2011-12		2010-11	
	Amount in Rs.	% of Consumption	Amount in Rs.	% of Consumption
Imported	21896	0.09	0	0.00
Indigenous	22754909	99.91	10342472	100.00
TOTAL	22776805	100.00	10342472	100.00

VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

	2011-12	2010-11
Raw Material and Stock in trade	0	0
Stores Spares and Packing Material	21896	0
Capital Goods	0	0

EXPENDITURE IN FOREIGN CURRENCY

	2011-12	2010-11
Traelling	149755	124261
Exhibition	139970	0

PAYMENT TO AUDITORS

	2011-12	2010-11
a. Auditor	35000	35000
b. for other services	10000	10000
Total	45000	45000

EARNING PER SHARE

Particular	2011-12	2010-11
Profit after tax as per Profit and Loss Account (Rs/Lacs)	69,27,485	60,49,164
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.)	0.46	0.40

RELATED PARTY TRANSACTIONS

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 Ltd.

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	9.40 (9.00)	Nil (Nil)	23.80 (18.60)	Nil (Nil)
<u>Loans</u>				
Opening Balance	Nil (Nil)	Nil (Nil)	Nil (Nil)	362.47 (419.35)
Advance given	Nil (Nil)	Nil (Nil)	Nil (Nil)	525.58 (330.69)
Advance paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	305.89 (387.57)
Closing Balance	Nil (Nil)	Nil (Nil)	Nil (Nil)	582.16 (362.47)
Sundry Creditors	Nil (Nil)	Nil (Nil)	Nil (Nil)	32.71 (29.76)
Purchase of Goods	Nil (Nil)	Nil (Nil)	Nil (Nil)	135.23 (125.22)
Sale of Goods	Nil (Nil)	Nil (Nil)	Nil (Nil)	5.68 (0.00)
Job work	Nil (Nil)	Nil (Nil)	Nil (Nil)	345.74 (276.49)
Interest received	Nil (Nil)	Nil (Nil)	Nil (Nil)	31.01 (25.20)

CONTINGENT LIABILITIES

a.	Guarantee issued by Bank on behalf on the company	Rs. 89.89 Lacs (Rs. 12.93 Lacs)
b.	Vendor bill discounting limit with Axis Bank Ltd.	Rs. 518.93 Lacs (Rs. 337.85 Lacs)
c.	Provident Fund demand for the financial year 2005-06 (Disputed by the company, deposited Rs. 4.02 Lacs for appeal).	Rs. 8.05 Lacs (Rs. 8.05 Lacs)
d.	Estimated amount of contracts remaining unexecuted on capital account and not provided for	Rs. 48.91 lacs (Rs. 100.01 Lacs)

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.

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 : 30.05.2012

For & on behalf of Board

DEVENDRA JAIN
Managing Director

MUKESH JAIN
Director

RAINA AJMERA
Company Secretary

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS AT 31ST MARCH, 2012

	31.03.2012	31.03.2011
(A) Cash Flow from operating activities		
Net Profit before tax and extraordinary items	95.33	107.19
Adjustments for :		
Depreciation	377.65	347.57
Miscellaneous Expenditure Written Off	68.44	68.44
Loss on Sale of Fixed Assets	(0.60)	4.60
Short Provision of Income Tax Eariler Years	(0.004)	-
Operating Profit before Working Capital Changes	540.81	527.80
Adjustments for :		
Inventories	(309.70)	(492.94)
Debtors	(226.60)	221.30
Loans & Advances	(193.85)	43.21
Current Liabilities	(76.95)	229.26
	(807.11)	0.83
Cash generated from operation	(266.30)	528.63
(B) Cash Flow from Investing Activities		
Fixed Assets	(371.54)	(336.29)
Investment	0.00	0.00
Cash flow from Sale of Fixed Assets	9.68	13.86
Income Tax Paid	(18.20)	(21.36)
	(380.06)	(343.79)
(C) Cash Flow from financing Activities		
Term Loans	(216.24)	(0.15)
Working Capital Loans	552.79	4.46
Unsecured Loans	191.01	(109.55)
Vechile loan	(1.99)	16.21
	525.57	(89.03)
Net Cash Flow During The Year	(120.79)	95.81
Cash and Cash Equivalentents (Opening Balance)	875.52	779.71
Cash and Cash Equivalentents (Closing Balance)	754.73	875.52

As per our report of even date

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

SANJAY GUPTA
PARTNER
M.No. 72073

For & on behalf of Board

DEVENDRA JAIN
Managing Director

MUKESH JAIN
Director

Place : INDORE
Date : 30.05.2012

RAINA AJMERA
Company Secretary

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

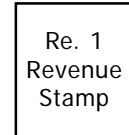
appoint _____ of _____

of failinghim/her _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company, to be held on 29th September, 2012 and at any adjournment meeting thereof.

As witness my/our hand(s) this _____ day of _____ 2012.

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

20th Annual General Meeting on 29th September, 2012

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 20th Annual General Meeting of the Company at Plot No. 209, Sector No. 1, Industrial Area, Pithampur, Distt. DHAR (M.P.) 454 775 on 29th September, 2012.

(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, Dist. DHAR (M. P.) 454775