

04<sup>th</sup> September, 2020

To,  
General Manager-Listing,  
BSE Limited.  
1st Floor, New Trading Ring,  
P.J. Towers, Dalal Street,  
MUMBAI-400001

**Sub: Submission of Annual Report for the Financial Year 2019-2020 pursuant to the provisions of Regulation 34 of SEBI (LODR) Regulations, 2015.**

**Dear Sir/ Madam,**

Pursuant to the provisions of Regulation 34 of the SEBI (LODR) Regulations, 2015 we are enclosing herewith Annual Report for the financial year 2019-20 alongwith the Notice of 28<sup>th</sup> Annual General Meeting (AGM) of the Company held on Tuesday, 29<sup>th</sup> day of September, 2020 at 03:00 PM through Video Conferencing or Other Audio Video Means (OAVM) for which purposes the registered office of the Company shall be deemed as the venue for the Meeting. The same is also available on the company's website at [www.porwalauto.com](http://www.porwalauto.com).

Please take the same on record.

Thanking You,  
Yours' Sincerely

**For, PORWAL AUTO COMPONENTS LIMITED**



**HANSIKA MITTAL**  
**COMPANY SECRETARY**

***Enclosure: Annual Report for the F.Y. 2019-20 alongwith Notice of AGM.***



**Porwal**  
Auto Components Ltd.

**28<sup>th</sup>**

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**ANNUAL REPORT  
2019-2020**

**ANNUAL REPORT 2019-20**

MR. SURENDRA JAIN	-	<b>CHAIRMAN AND WHOLE TIME DIRECTOR</b>
MR. DEVENDRA JAIN	-	<b>MANAGING DIRECTOR</b>
MR. MUKESH JAIN	-	<b>WHOLE TIME DIRECTOR</b>
MR. NITIN DAFRIA	-	<b>INDEPENDENT DIRECTOR</b>
MR. SURAJMAL KUCHERIA	-	<b>INDEPENDENT DIRECTOR</b>
MR. RAMESH C KASHYAP	-	<b>INDEPENDENT DIRECTOR</b>
MRS. RAJNI JAIN	-	<b>INDEPENDENT DIRECTOR</b>

**CHIEF FINANCIAL OFFICER & CHIEF OPERATING OFFICER**

MR. SHAILESH JAIN – CFO

MR. ATIN JAIN- COO

**COMPANY SECRETARY**

MS.HANSIKA MITTAL

**STATUTORY AUDITORS**

S N GADIYA & CO.  
 Chartered Accountants  
 241 Apollo Tower, 2 M.G. Road  
 Indore – (M.P.)

**BANKERS**

STATE BANK OF INDIA  
 SME Branch, Indore – (M.P.)  
 KOTAK MAHINDRA BANK  
 LTD.580, M.G. Road, Palasia,  
 INDORE – (M.P.)  
 ICICI BANK LTD  
 Malav Parisar Indore (M.P.)

**REGISTERED OFFICE & WORKS**

CIN: L34300MP1992PLC006912  
 Plot No. 209 & 215, Sector No. 1,  
 Industrial Area, Pithampur,  
 (M.P.) 454775  
 Tel: 07292-405101  
 Fax: 07292-405120  
 admin@porwalauto.com  
 www.porwalauto.com

**REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Pvt Ltd.  
 C 101, 247 Park, L B S Marg, Vikhroli  
 West, Mumbai -400083  
 Tel: +91 22 49186000  
 Fax: +91 22 49186060  
 E Mail: rent.helpdesk@linkintime.co.in

**NOTICE**

NOTICE is hereby given that Twenty Eighth Annual General Meeting of the Members of the Porwal Auto Components Limited will be held on **Tuesday, 29<sup>th</sup> September, 2020** at **03:00 P.M. (IST)** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business: -

The proceedings of the Annual General Meeting ("AGM") shall be deemed to be conducted at the Registered Office of the Company at Plot No.209, Sector No.1, Industrial Area, Pithampur, District, Dhar, (M.P.) 454775 which shall be the deemed venue of the AGM.

**ORDINARY BUSINESS:****1. Consideration & Adoption of Audited Financial Statements for the Financial Year ended 31st March, 2020:**

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Reports of the Board of Directors and the Auditors thereon.

**2. Appointment of Mr. Surendra Utsavlal Jain (DIN: 00245154), as Whole Time Director, liable to retire by rotation.**

To appoint a Director in place of Mr. Surendra Utsavlal Jain (DIN- 00245154), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:****3. To Re-appoint of Mr. Devendra Jain (DIN- 00232920) as the Managing Director of Company.**

To consider and if thought fit, to pass the following resolution as an Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with the provisions of Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being enforce) and other applicable provisions, if any, of the Companies Act, 2013, in terms of Articles of Association, as amended and on recommendation of the Nomination and Remuneration Committee and on Board's approval, the approval of members of the Company be and is hereby accorded for the re-appointment of Mr. Devendra Jain (DIN- 00232920), as one of the Whole-time Key Managerial Personnel to be designated as Managing Director of the Company for a further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023, who shall be liable to retire by rotation, upon the terms and conditions, including remuneration details, mentioned in the explanatory statement.

**4. To Re-appoint Mr. Mukesh Utsavlal Jain (DIN- 00245111) as the Whole-Time Director of the Company**

To consider and if thought fit, to pass the following resolution as an Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with the provisions of Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being enforce) and other applicable provisions, if any, of the Companies Act, 2013, in terms of Articles of Association, as amended and on recommendation of the Nomination and Remuneration Committee and on Board's approval, the approval of members of the Company be and is hereby accorded for the re-appointment of Mr. Mukesh Utsavlal Jain (DIN- 00245111), as one of the Whole-time Key Managerial Personnel to be designated as Whole Time Director of the Company for a further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023, who shall be liable to retire by rotation, upon the terms and conditions, including remuneration details, mentioned in the explanatory statement.

**5. To Re-appoint Mr. Surendra Jain (DIN- 00245154) as the Chairman and Whole time director of Company.**

To consider and if thought fit, to pass the following resolution as an Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with the provisions of Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being enforce) and other applicable provisions, if any, of the Companies Act, 2013, in terms of Articles of Association, as amended and on recommendation of the Nomination and Remuneration Committee and on Board's approval, the approval of members of the Company be and is hereby accorded for the re-appointment of Mr. Surendra Utsavial Jain (DIN- 00245154), as one of the Whole-time Key Managerial Personnel to be designated as Whole Time Director of the Company for a further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023, who shall be liable to retire by rotation, upon the terms and conditions, including remuneration details, mentioned in the explanatory statement.

By the order of the Board of Directors  
**Porwal Auto Components Limited**

**Place:** Pithampur  
**Date:** 27<sup>th</sup> August, 2020

Hansika Mittal  
Company Secretary

**Notes:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 5, 2020 read with circulars read together with MCA General Circular Nos. 14 & 17/2020 dated 8th April, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") respectively, and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated 12th May, 2020 permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

Link Intime India Private Limited, Registrar & Transfer Agent of the Company, shall be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 27 below.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed and forms part of the Notice. The Board of Directors have considered and decided to include the Item Nos. 3 to 5 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
3. In view of the massive outbreak of the COVID-19 pandemic, social distancing has to be a pre-requisite. Pursuant to the above mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
4. The relevant details, pursuant to Regulations 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a

Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a certified copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address at [csshraddhajain@gmail.com](mailto:csshraddhajain@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
7. The voting rights of Shareholders shall be in proportion of shares held by them to the total paid up equity shares of the company as on Tuesday 22<sup>nd</sup> September, 2020, being the cut-off date.
8. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with above mentioned MCA and SEBI Circulars, the AGM of the Company is being conducted through VC/OAVM. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
9. The report on the Corporate Governance and Management Discussion and Analysis also forms part to the report of the Directors.
10. S N Gadiya & Company, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 25<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2017. Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.
11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and and relevant documents referred to in this Notice of AGM and explanatory statement, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members on the date of AGM, i.e. 29<sup>th</sup> September, 2020. Members seeking to inspect such documents can send an email to [investors.pacl@gmail.com](mailto:investors.pacl@gmail.com).
12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Link Intime India Private Limited for assistance in this regard.
13. **BOOK CLOSURE:** The Register of Members and Transfer Books of the Company will be closed from **Wednesday 23<sup>rd</sup> September, 2020 to Tuesday 29<sup>th</sup> September, 2019 (both days inclusive)**. (both days inclusive) for the purpose of AGM.
14. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31<sup>st</sup> March, 2019 on the website of the Company at <https://www.porwalauto.com/> and also on the website of the MCA at <http://www.iepf.gov.in/>.

Last date for claiming unclaimed and unpaid dividends declared by the Company for the financial year 2015-2016, 2016-2017, 2017-2018 & 2018-19 and thereafter.

Financial Year Ended	Date of declaration of dividend	Last date for claiming unpaid/unclaimed dividend
31 <sup>st</sup> March 2016	28 <sup>th</sup> September 2016	27 <sup>th</sup> October 2023
31 <sup>st</sup> March 2017	28 <sup>th</sup> September 2017	26 <sup>th</sup> October 2024
31 <sup>st</sup> March 2018	29 <sup>th</sup> September 2018	28 <sup>th</sup> October 2025
31 <sup>st</sup> March 2019	28 <sup>th</sup> September 2019	28 <sup>th</sup> October 2026 (tentative)

Members who have not encashed the dividend warrants so far in respect of the aforesaid periods, are requested to make their claim to Link Intime India Pvt. Ltd. well in advance of the above due date.

Pursuant to sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 ("the IEPF Rules") notified by the Ministry of Corporate Affairs with effect from 7<sup>th</sup> September, 2016, as amended, all unclaimed/ unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government.

Further, pursuant to the provisions of section 124 of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 all shares on which dividend has been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

15. Members are requested to notify immediately any change in their address and E – Mail ID to their respective Depository Participants (DPs) in respect of their electronic share accounts, to the Registrar and Share Transfer Agent of the Company at Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083.
16. In compliance with the aforesaid MCA General Circular No. 20/2020 dated 5th May, 2020 and SEBI Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. For Members who have not registered their e-mail address and those members who have become the members of the Company after Friday 28<sup>th</sup> August, 2020 being the cut-off date for sending soft copy of the Notice of 28<sup>th</sup> AGM and Annual Report for the financial year 2019-2020, in Portable Document Format (PDF), will also be available on the Company's website [www.porwalauto.com](http://www.porwalauto.com), website of NSDL i.e. [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and on website of stock exchanges viz. [www.bseindia.com](http://www.bseindia.com).
17. Members, who hold shares in multiple Demat accounts and those who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are advised to consolidate their holdings in single Demat account/ Folio.
18. For ease of conduct of AGM, members who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Company's investor email-id [investors.pacl@gmail.com](mailto:investors.pacl@gmail.com), at least 7 days before the date of the AGM, mentioning their name, demat account no./folio number, email ID, mobile number etc. The queries may be raised precisely and in brief to enable the Company to answer the same. Those Members who have registered themselves as a speaker will be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
19. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

20. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail ID i.e. [investors.pacl@gmail.com](mailto:investors.pacl@gmail.com) to enable the investors to register their complaints / send correspondence, if any for the purpose of AGM.
21. **Webcast:** Members who are entitled to participate in the AGM can view the proceedings of AGM by logging in the website of NSDL at [evoting.nsdl.co.in](http://evoting.nsdl.co.in) using the login credentials.
22. The Chairman shall at the AGM at the end of discussion on the resolutions on which voting is to be held, allow e-voting to all those members who are present/logged in at the AGM but have not cast their votes by availing the remote e-voting facility.
23. A person who has acquired the shares and has become a member of the Company after dispatch of notice of AGM and prior to the Cut-off date i.e. Tuesday 22<sup>nd</sup> September, 2020, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or e-voting system on the date of AGM by following the procedure mentioned in this Notice.
24. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
25. The Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 has mandated registration of PAN and Bank Account Details for all security holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account details to Link Intime India Private Limited along with a self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook/statement attested by the bank. Members holding shares in Demat form are requested to submit the aforesaid information to their respective Depository Participant.
26. **SCRUTINISER FOR E-VOTING:** Ms. Shraddha Jain, Practicing Company Secretary (Membership No. ACS 39488) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
27. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited ('NSDL') on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.  
 The remote e-voting period begins on Saturday, 26<sup>th</sup> September, 2020 at 9.00 a.m. (IST) and ends on Monday, 28<sup>th</sup> September, 2020 at 5.00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.  
 The process/manner for availing e-voting facility and the instructions for members voting electronically are as under:  
**How do I vote electronically using NSDL e-Voting system?**  
*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*  
 Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>  
 Step 2 : Cast your vote electronically on NSDL e-Voting system.

**A) Details on Step 1 is mentioned below:**

**How to Log-into NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to*

*Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**B) Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csshraddhajain@gmail.com](mailto:csshraddhajain@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

By the order of the Board of Directors  
**Porwal Auto Components Limited**

**Place:** Pithampur  
**Date:** 27<sup>th</sup> August, 2020

Hansika Mittal  
Company Secretary

**EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 03**

Mr. Devendra Jain was earlier appointed as Managing Director of the Company with effect from 01.08.2017 and confirmed at the Annual General Meeting dated 28.09.2017, for a period of three years ended 31.07.2020.

Thus upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 29<sup>th</sup> June, 2020 has re-appointed Mr. Devendra Jain as Managing Director of the Company for a further period of three years commencing from 1st August, 2020 on consideration of the fact that during his term, the performance of Mr. Devendra Jain, was encouraging and satisfactory which deserved favorable consideration in the matter of extending him another term in office as Managing Director of the Company.

Mr. Devendra Jain have rich experience in industries and is acquainted with complete knowledge of the business. His experience, commitments and capabilities are playing a crucial role in the growth of the company. He is associated with the Company since 03<sup>rd</sup> February 1992 and having 43 Years experience of business & Industry. Mr Devendra Jain has proved to be an invaluable asset for the company. Considering his sincerity, commitments, hard work, devotion and concern about the company and its growth, the board feels it absolutely necessary to reappoint him as Managing Director.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the re-appointment of Mr. Devendra Jain as Managing Director are now being placed before the Members for their approval. The Board recommends the special Resolution as set out in Item No. 3 of the notice.

The disclosure under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a part of this Notice.

Mr. Devendra Jain is interested in the resolution to the extent of his appointment and remuneration payable to him, and Mr. Surendra Jain, Mr. Mukesh Jain and and Mr. Shailesh Jain being his relative may also be deemed as concerned or interested in the resolution, however none of the other directors & KMP may be deemed as concerned or interested in the aforesaid resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Devendra Jain and the terms and conditions of the appointment are given below:

- A. **Nature of Duties:** As outlined in Section 166 of the Companies Act, 2013.
- B. **Salary per month:** He shall be entitled for the salary subject to maximum limit upto Rs. 5,00,000/- per month (Indian Rupees Five lacs only)
- C. He shall be entitled to provident fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.
- D. **Other Perquisites:**
  - **Car:** The Company may provide car with driver for the Company's business and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.
  - **Telephone, Internet & Cell:** The Company may provide free use of telephone, internet at his residence and Cell phone and other facilities as may be provided by the Company from time to time.

The following additional information as required by schedule V to the Companies Act, 2013 is given below:

**I. General Information:**

- i. **Nature of Industry:** The Company is, inter alia, in the business of manufacturing & selling of different range of Auto Component Parts.
- ii. **Date or expected date of commencement of commercial production:** The Company was incorporated on 03<sup>rd</sup> February, 1992 and started manufacturing in the year 1992.
- iii. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- iv. **Financial performance (Standalone) based on given indicators – As per Audited Financial Results for the year ended 31st March, 2020:**

Particulars	Rs. in Lakhs
Gross Turnover & Other Income	7873.23
Net profit as per Statement of Profit & Loss (After Tax)	56.05
Net Worth	5918.34

- v. **Foreign investments or collaborators, if any:** Not Applicable. However the company is having NRI & Overseas Body Corporate shareholding of 1,12,266 shares.

**II. Information about the appointee:**

- i. **Background details:** Refer Explanatory Statement of Item No. 3.
- ii. **Past remuneration:** Rs. 3,00,000/- (Rupees Three Lacs) per month.
- iii. **Recognition or awards:** Nil.
- iv. **Job Profile and his suitability:** Mr. Devendra Jain is associated with the Company since 03<sup>rd</sup> February 1992 and having 43 Years experience of business & Industry. He has rich experience in industries and is acquainted with complete knowledge of the business. His experience, commitments and capabilities are playing a crucial role in the growth of the company. Mr Devendra Jain has proved to be an invaluable asset for the company.
- v. **Remuneration proposed:** Refer Explanatory Statement of Item No. 3.
- vi. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, the profile of Mr. Devendra Jain and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.
- vii. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company.

**III. Other Information:**

1. **Inadequate Profits:** During the Financial Year, the Company has registered a Profit of Rs. 56.05 Lakhs during the year ended 31st, March, 2020 which is inadequate for the payment of remuneration to the Directors. Hence the provisions of Section 197(3) and Schedule V are

attracted. In terms of which, the required remuneration may be paid without the approval of Central Government only if the Conditions as specified under Schedule V is complied with.

2. **Reasons of loss or inadequate profits:** Company has registered a profit of Rs. 56.05 Lakhs during the year ended 31st, March, 2020. However it is not adequate for payment to directors because the health supply industry witnessed a slow growth rate due to certain government policies and control measures, also regulatory and compliance issues are getting more demanding which resulted in to the weak financial performance of the Company.
3. **Steps taken or proposed to be taken for improvement and Expected increase in the Productivity and profits in measurable terms:** The Company with an aim of improvement of the Company, increased productivity & profits for the Company working hard towards the same, hoping that government addresses major issues like pricing & healthcare policies soon. The Company, its directors & its management are committed to widen its reach with both international and Indian companies. Your Company is geared for the future and also implementing its management skills and strategies for the better organic and inorganic growth of the company in a pattern which would result in minimizing the cost & expenses and yet producing exemplary quality & reliable products.

#### **IV. Disclosures:**

The information and Disclosures of the remuneration package of the Executive Director have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration paid to Executive Directors" for the year ended 31<sup>st</sup> March, 2020.

Mr. Devendra Jain satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section 3 of section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of section 164 of the Act. Taking into consideration his experience, commitment and capabilities that are playing a crucial role in the growth of the Company, the Board of Directors feel that there is a need for a continuation of suitable plans and program and therefore, it is imminent that he should continue in the capacity of Managing Director.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution. The Board recommends to pass **Special resolution** as set out in Item No. 3 of the notice.

#### **ITEM NO. 04**

Mr. Mukesh Jain was earlier appointed as Whole Time Director of the Company with effect from 01.08.2017 and confirmed at the Annual General Meeting dated 28.09.2017, for a period of three years ended 31.07.2020

Thus upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 29<sup>th</sup> June, 2020 has re-appointed Mr. Mukesh Jain as Whole Time Director of the Company for a further period of three years commencing from 1st August, 2020 on consideration of the fact that during his term, the performance of Mr. Mukesh Jain, was encouraging and satisfactory which deserved favorable consideration in the matter of extending him another term in office as Whole Time Director of the Company.

Mr. Mukesh Jain have rich experience in industries and is acquainted with complete knowledge of the business. His experience, commitments and capabilities are playing a crucial role in the growth of the company. He is associated with the Company since 31<sup>st</sup> March 1998. He is having 40 Years experience of Business & Industry. His experience, commitments and capabilities are playing a crucial role in the growth of the company. Mr. Mukesh Jain has proved to be an invaluable assets for the company. Considering his sincerity, commitments, hard work, devotion and concern about the company and its growth, the board feels it absolutely necessary to reappoint him as Whole Time Director.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the re-appointment of Mr. Mukesh Jain as the Whole Time Director are

now being placed before the Members for their approval. The Board recommends the special Resolution as set out in Item No. 4 of the notice.

The disclosure under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a part of this Notice.

Mr. Mukesh Jain is interested in the resolution to the extent of his appointment and remuneration payable to him, and Mr. Surendra Jain, Mr. Devendra Jain and Mr. Shailesh Jain being his relative may also be deemed as concerned or interested in the resolution, however none of the other directors & KMP may be deemed as concerned or interested in the aforesaid resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Mukesh Jain and the terms and conditions of the appointment are given below:

- E. **Nature of Duties:** As outlined in Section 166 of the Companies Act, 2013.
- F. **Salary per month:** He shall be entitled for the salary subject to maximum limit upto Rs. 5,00,000/- per month (Indian Rupees Five lacs only)
- G. He shall be entitled to provident fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.

#### H. Other Perquisites:

- **Car:** The Company may provide car with driver for the Company's business and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.
- **Telephone, Internet & Cell:** The Company may provide free use of telephone, internet at his residence and Cell phone and other facilities as may be provided by the Company from time to time.

The following additional information as required by schedule V to the Companies Act, 2013 is given below:

#### I. General Information:

- vi. **Nature of Industry:** The Company is, inter alia, in the business of manufacturing & selling of different range of Auto Component Parts.
- vii. **Date or expected date of commencement of commercial production:** The Company was incorporated on 03<sup>rd</sup> February, 1992 and started manufacturing in the year 1992.
- viii. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- ix. **Financial performance (Standalone) based on given indicators –** As per Audited Financial Results for the year ended 31st March, 2020:

Particulars	Rs. in Lakhs
Gross Turnover & Other Income	7873.23
Net profit as per Statement of Profit & Loss (After Tax)	56.05
Net Worth	5918.34

- x. **Foreign investments or collaborators, if any:** Not Applicable. However the company is having NRI & Overseas Body Corporate shareholding of 1,12,266 shares.

## **II. Information about the appointee:**

- viii. **Background details:** Refer Explanatory Statement of Item No. 04.
- ix. **Past remuneration:** Rs. 3,00,000/- (Rupees Three Lacs) per month.
- x. **Recognition or awards:** Nil.
- xi. **Job Profile and his suitability:** Mr. Mukesh Jain have rich experience in industries and is acquainted with complete knowledge of the business. His experience, commitments and capabilities are playing a crucial role in the growth of the company. He is associated with the Company since 31<sup>st</sup> March 1998. He is having 40 Years experience of Business & Industry. His experience, commitments and capabilities are playing a crucial role in the growth of the company. Mr. Mukesh Jain has proved to be an invaluable assets for the company.
- xii. **Remuneration proposed:** Refer Explanatory Statement of Item No. 04.
- xiii. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, the profile of Mr. Mukesh Jain and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.
- xiv. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company.

## **III. Other Information:**

4. **Inadequate Profits:** During the Financial Year, the Company has registered a Profit of Rs. 56.05 Lakhs during the year ended 31<sup>st</sup>, March, 2020 which is inadequate for the payment of remuneration to the Directors. Hence the provisions of Section 197(3) and Schedule V are attracted. In terms of which, the required remuneration may be paid without the approval of Central Government only if the Conditions as specified under Schedule V is complied with.
5. **Reasons of loss or inadequate profits:** Company has registered a profit of Rs. 56.05 Lakhs during the year ended 31<sup>st</sup>, March, 2020. However it is not adequate for payment to directors because the health supply industry witnessed a slow growth rate due to certain government policies and control measures, also regulatory and compliance issues are getting more demanding which resulted in to the weak financial performance of the Company.
6. **Steps taken or proposed to be taken for improvement and Expected increase in the Productivity and profits in measurable terms:** The Company with an aim of improvement of the Company, increased productivity & profits for the Company working hard towards the same, hoping that government addresses major issues like pricing & healthcare policies soon. The Company, its directors & its management are committed to widen its reach with both international and Indian companies. Your Company is geared for the future and also implementing its management skills and strategies for the better organic and inorganic growth of the company in a pattern which would result in minimizing the cost & expenses and yet producing exemplary quality & reliable products.

## **IV. Disclosures:**

The information and Disclosures of the remuneration package of the Executive Director have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration paid to Executive Directors" for the year ended 31<sup>st</sup> March, 2020.

Mr. Mukesh Jain satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section 3 of section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of section 164 of the Act. Taking into consideration his experience, commitment and capabilities that are playing a crucial role in the growth of the Company, the Board of Directors feel that there is a need for a continuation of suitable plans and program and therefore, it is imminent that he should continue in the capacity of Whole Time Director.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution. The Board recommends to pass **Special resolution** as set out in Item No. 04 of the notice.

#### **ITEM NO. 05**

Mr. Surendra Jain was earlier appointed as Chairman and Whole time director of the Company with effect from 01.08.2017 and confirmed at the Annual General Meeting 28.09.2017, for a period of three years ended 31.07.2020.

Thus upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 29<sup>th</sup> June, 2020 has re-appointed Mr. Surendra Jain as Chairman and Whole time director of the Company for a further period of three years commencing from 1st August, 2020 on consideration of the fact that during his term, the performance of Mr. Surendra Jain, was encouraging and satisfactory which deserved favorable consideration in the matter of extending him another term in office as Chairman and Whole time director of the Company.

Mr. Surendra Jain have rich experience in industries and is acquainted with complete knowledge of the business. His experience, commitments and capabilities are playing a crucial role in the growth of the company. He is associated with the Company since 07<sup>th</sup> June 2005 and having 44 Years experience of business & Industry. Mr. Surendra Jain has proved to be an invaluable assets for the company. Considering his sincerity, commitments, hard work, devotion and concern about the company and its growth, the board feels it absolutely necessary to reappoint him as Whole Time Director.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the re-appointment of Mr. Surendra Jain as the Chairman and Whole time director are now being placed before the Members for their approval. The Board recommends the Special Resolution as set out in Item No. 5 of the notice.

The disclosure under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a part of this Notice.

Mr. Surendra Jain is interested in the resolution to the extent of his appointment and remuneration payable to him, and Mr. Devendra Jain, Mr. Mukesh Jain and and Mr. Shailesh Jain being his relative may also be deemed as concerned or interested in the resolution, however none of the other directors & KMP may be deemed as concerned or interested in the aforesaid resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Surendra Jain and the terms and conditions of the appointment are given below:

- I. **Nature of Duties:** As outlined in Section 166 of the Companies Act, 2013.
- J. **Salary per month:** He shall be entitled for the salary subject to maximum limit upto Rs. 5,00,000/- per month (Indian Rupees Five lacs only)
- K. He shall be entitled to provident fund, gratuity, retirement benefits, leave encashment and any other benefit & facilities as per the Rules of the Company.

**L. Other Perquisites:**

- **Car:** The Company may provide car with driver for the Company's business and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.
- **Telephone, Internet & Cell:** The Company may provide free use of telephone, internet at his residence and Cell phone and other facilities as may be provided by the Company from time to time.

The following additional information as required by schedule V to the Companies Act, 2013 is given below:

**I. General Information:**

- xi. Nature of Industry:** The Company is, inter alia, in the business of manufacturing & selling of different range of Auto Component Parts.
- xii. Date or expected date of commencement of commercial production:** The Company was incorporated on 03<sup>rd</sup> February, 1992 and started manufacturing in the year 1992.
- xiii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- xiv. Financial performance (Standalone) based on given indicators –** As per Audited Financial Results for the year ended 31st March, 2020:

Particulars	Rs. in Lakhs
Gross Turnover & Other Income	7873.23
Net profit as per Statement of Profit & Loss (After Tax)	56.05
Net Worth	5918.34

- xv. Foreign investments or collaborators, if any:** Not Applicable. However the company is having NRI & Overseas Body Corporate shareholding of 1,12,266 shares.

**II. Information about the appointee:**

- xv. Background details:** Refer Explanatory Statement of Item No. 05.
- xvi. Past remuneration:** Rs. 3,00,000/- (Rupees Three Lacs) per month.
- xvii. Recognition or awards:** Nil.
- xviii. Job Profile and his suitability:** Mr. Surendra Jain have rich experience in industries and is acquainted with complete knowledge of the business. His experience, commitments and capabilities are playing a crucial role in the growth of the company. He is associated with the Company since 07<sup>th</sup> June 2005 and having 44 Years experience of business & Industry. Mr. Surendra Jain has proved to be an invaluable assets for the company.
- xix. Remuneration proposed:** Refer Explanatory Statement of Item No. 05.
- xx. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, the profile of Mr. Surendra Jain and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

- xxi. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company.

### III. Other Information:

- 7. Inadequate Profits:** During the Financial Year, the Company has registered a Profit of Rs. 56.05 Lakhs during the year ended 31st, March, 2020 which is inadequate for the payment of remuneration to the Directors. Hence the provisions of Section 197(3) and Schedule V are attracted. In terms of which, the required remuneration may be paid without the approval of Central Government only if the Conditions as specified under Schedule V is complied with.
- 8. Reasons of loss or inadequate profits:** Company has registered a profit of Rs. 56.05 Lakhs during the year ended 31st, March, 2020. However it is not adequate for payment to directors because the health supply industry witnessed a slow growth rate due to certain government policies and control measures, also regulatory and compliance issues are getting more demanding which resulted in to the weak financial performance of the Company.
- 9. Steps taken or proposed to be taken for improvement and Expected increase in the Productivity and profits in measurable terms:** The Company with an aim of improvement of the Company, increased productivity & profits for the Company working hard towards the same, hoping that government addresses major issues like pricing & healthcare policies soon. The Company, its directors & its management are committed to widen its reach with both international and Indian companies. Your Company is geared for the future and also implementing its management skills and strategies for the better organic and inorganic growth of the company in a pattern which would result in minimizing the cost & expenses and yet producing exemplary quality & reliable products.

### IV. Disclosures:

The information and Disclosures of the remuneration package of the Executive Director have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration paid to Executive Directors" for the year ended 31<sup>st</sup> March, 2020.

Mr. Surendra Jain satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section 3 of section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of section 164 of the Act. Taking into consideration his experience, commitment and capabilities that are playing a crucial role in the growth of the Company, the Board of Directors feel that there is a need for a continuation of suitable plans and program and therefore, it is imminent that he should continue in the capacity of Whole Time Director.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution. The Board recommends to pass **Special resolution** as set out in Item No. 05 of the notice.

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

S. No	Particulars	Mr. Devendra Jain	Mr. Mukesh Jain	Mr. Surendra Jain
1.	<b>Date of Birth</b>	23.06.1954	02.10.1956	19.10.1952
2.	<b>Background details</b>	Associated with the company since 03.02.1992	Associated with the company since 31.03.1998	Associated with the company since 07.06.2005.
3.	<b>Brief Profile</b>	He has earned his B. E. (Mech.) in the year 1976 from Birla Institute of Technology and Science, Pilani.	He has earned his B.Com in the year 1976 from Gujrati College, Indore.	He has earned his B.E. (Mech) in the year 1974 from Shri Govindram Seksaria Institute of Technology and

				Science, Indore.
4.	<b>Expertise in specific functional areas/ Job Profile and his suitability</b>	He is having 43 Years of experience in business & Industry and earlier appointed as Managing director of the company from 2017-2020	He is having 40 Years of experience in business & Industry and earlier appointed as Whole-time director of the company from 2017-2020	He is having 44 Years of experience in business & Industry and earlier appointed as chairman and Whole-time director of the company from 2017-2020
5.	<b>No. &amp; % of Equity Shares held</b>	352299 (2.33%)	281105(1.86%)	389280 (2.58%)
6.	<b>Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any</b>	Besides the remuneration proposed to be paid to them, the Directors do not have any other pecuniary relationship with the Company. However Mr. Devendra Jain, Mr. Mukesh Jain and Mr. Surendra Jain, are Brothers.		
7.	<b>List of outside Company directorship held</b>	Pithampur Auto Cluster	NIL	NIL
8.	<b>Chairman / Member of the Committees of the Board of Directors of the Company</b>	Chairman	Member	NIL
9.	<b>Chairman / Member of the Committees of the Board Directors of other Companies in which he is director</b>	NIL	NIL	NIL
10.	<b>Past remuneration during the financial year ended 31<sup>st</sup> March, 2019</b>	36,00,000/-	36,00,000/-	36,00,000/-

By order of the Board of Directors  
**Porwal Auto Components Limited**

**Place:** Pithampur  
**Date:** 27<sup>th</sup> August, 2020

**Registered office**  
Plot No.209, Sector No. 1,  
Industrial Area,  
Pithampur (M.P.) 454775

COMPANY SECRETARY  
**HANSIKA MITTAL**

**BOARDS' REPORT**

To  
The Members,  
**Porwal Auto Components Ltd.**  
**Pithampur-454775**

Your Directors have immense pleasure in presenting 28<sup>th</sup> Boards' Report of **Porwal Auto Components Ltd**, together with the audited financial statements for the year ended March 31, 2020.

**1. State of Affairs, Financial Performance and Future Outlook:**
**a. Financial Performance**

The financial highlights and summarized financial results of the company are given below:

(Rupees in lakhs)

Particulars	As on 31.03.2020	As on 31.03.2019
Revenue from operations	7,872.33	12,062.69
Other Income	0.90	0.86
Total Expenses [excluding interest & depreciation]	7,182.22	10,864.34
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>691.01</b>	<b>1199.21</b>
<b>Less:</b> Depreciation	608.31	587.56
<b>Less:</b> Interest	123.24	92.35
<b>Profit / (Loss) Before Tax</b>	<b>-40.54</b>	<b>519.30</b>
<b>Less:</b> Tax Expenses	-	-
Current Tax	-	106.91
Deferred Tax	-96.59	70.46
<b>Net Profit / (Loss) after Tax</b>	<b>56.05</b>	<b>341.93</b>
<b>Add:</b> Amount brought forward from Last Year	1206.21	864.28
<b>Balance carried forward to Balance Sheet</b>	<b>1262.26</b>	<b>1206.21</b>
<b>Appropriations:</b>		
(a) Proposed Dividend on Equity Shares	-	-113.25
(b) Tax on Proposed Dividend	-	-23.28
(c) Income Tax/Wealth tax of earlier years	-	-9.40
<b>Balance carried forward to Balance Sheet</b>	<b>1262.26</b>	<b>10,60.28</b>

Your Company's financial statements for the year ended March 31, 2020 are the financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable.

During the year under review the Company has reported a turnover of Rs. 7,872.33Lacs against the turnover of Rs. 12,062.69Lacs in the previous year, registering decrement of Rs. 4190.36Lacs (approx). The overall expenses of the Company has also decreased from Rs. 10,864.34Lacs to Rs. 7,182.22 Lacs. The Company has earned a net profit of Rs. 56.05Lacs as compared to profit of Rs. 341.93Lacs in the previous year. The reason of fall down in net profit is due to overall slowdown in auto industry leading to lower sales during the Financial Year 2019-20 followed by abrupt closure of business activities from 25th March, 2020 due to COVID-19 lockdown. Further, our expenses has been also reduced as compared to the previous year. Your Company is trying their best to uplift the profit in the coming period.

**b. Operations And Future Outlook**

Porwal Auto Component Industry is likely to witness a second consecutive year of a de growth this fiscal mainly on account of disruption in operations due to Shared Mobility, Axle-load reforms, shifting from the Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) transition, Liquidity Crunch and so on. The COVID-19 outbreak and lockdowns across the globe disrupting economic activity and supply chain further added to the challenge adversely impacting sales in almost all segments. The COVID-19 lockdown has had a multiplier effect – the industry has almost been at a complete standstill since 24th March. This all adversely impacting sales in almost all segments. The financial year 2019-20 posed serious challenges for Operations. Volume demand fluctuation, BS-VI migration and further impact of COVID-19 in March created extremely difficult situation for operations and supply chain. A prolonged truncation of consumer demand due to the lockdown is seen significantly affecting auto manufacturers (OEMs) revenues and cash flows, according to a report. The counter measures are likely to lead to lower income levels, weaker consumer sentiments, production disruptions, decreased industrial output as well as lesser movement of vehicles, resulting in a decline in global automobile demand and therefore, lower revenue and profitability for auto ancillaries in FY21. The auto component industry is projected to register a lower 5-7 per cent compounded annual growth rate (CAGR) over the fiscals 2020 and 2021 as against 12 per cent in the preceding two fiscals amid a slump in domestic vehicle sales.

As per Automobile Component Manufacturers Association (ACMA), automobile component export from India is expected to reach US\$ 80 billion by 2026. The Indian auto component industry aims to achieve US\$ 200 billion in revenue by 2026. Turnover of automotive component industry stood at Rs 1.79 lakh crore (US\$ 25.61 billion) in FY20 (till September 2019) and export of auto components grew 2.7 per cent to Rs 51,397 crore (US\$ 7.35 billion) during same time.

The upcoming safety and emission norms will boost demand for components such as airbags, engine systems, exhaust management systems, and electronic and electrical parts. Vehicle demand is also expected to be impacted by the new safety norms for passenger vehicles and two-wheelers, applicable in fiscal 2020, and the Bharat Stage (BS) VI emission norms, which come into effect from April 1, 2020, as these will drive up vehicle prices across categories. New safety and emission norms do offer a ray of hope to component manufacturers as these will increase the component content in vehicles.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as export potential could be increased by up to US\$ 30 billion by 2021E.

With an objective to sustain growth, your Company is pursuing several strategic initiatives in all key areas of business to survive in this challenging face. The key elements of strategy include strengthening the product portfolio, refresh and update existing products and strengthen research & development (R&D) and technology capabilities. Further, Your Company is taking several initiatives to uplift the sales and Profit. Your Company is continuously evaluated our product portfolio and its technological readiness for the future, in the face of challenges posed by both emerging and disruptive technologies. We also a long standing relationship with all our customers our built on the years of remarkable responsiveness, to their ever changing needs.

**c. Change in nature of Business**

During the year there was no change in business activity of the company.

**d. Changes in Share Capital**

During the Financial Year 2019-20 there was no change in capital structure of the company. The paid up equity capital as on March 31, 2020 is Rs. 15,10,00,000. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock option or sweat equity shares.

**e. Revision of Annual Financial Statements**

There was no case of revision in financial statement during the year.

**2. Transfer to Reserves, If Any**

During the year the Company has not transferred any amount to the reserves.

### 3. **Dividend**

Your Directors have not recommended any Dividend for the year under review.

### 4. **Deposits**

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### 5. **Material changes and commitments after the end of Financial Year**

There are no material changes and commitments affecting financial position of the company which have occurred between the end of the financial year of the company to which financial statements relate and date of the report.

### 6. **Subsidiary, Associate Companies or Joint Venture**

The Company does not have any subsidiary, joint venture or associate Company.

### 7. **Extract of Annual Return**

The extract of the Annual Return of the Company as on 31st March, 2020 in Form MGT-9 in accordance with Section 92(3), Section 134(3)(a) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the **Annexure-I** to this report.

Further, As per Section 134 (3) (a) of the Companies Act, 2013, the Annual Return of the Company as on 31<sup>st</sup> March, 2019 in Form MGT – 7, has been posted on the website of the Company and can be accessed through Company's web link at <http://www.porwalauto.com/Other-shareholder-information.html> and Annual Return for the Financial Year 31<sup>st</sup> March 2020 will be posted on website of the Company once the same will be filed with Registrar of Companies.

### 8. **Directors and Key Managerial Personnel**

The details of changes in the directors and KMP are as follows:

#### **Retire By Rotation**

In accordance with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Surendra Utsavlal Jain (DIN- 00245154), retires by rotation and being eligible, offers himself for reappointment at the ensuing 28<sup>th</sup> Annual General Meeting. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

#### **Appointments**

The term of office of Mr. Devendra Jain (DIN:00232920) will expire on 1<sup>st</sup> August, 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Monday 29<sup>th</sup> June, 2020, proposed the reappointment of Mr. Devendra Jain (DIN: 00232920) as an Managing Director for a further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023. The Board recommends the re-appointment of Mr. Devendra Jain (DIN:00232920) as Managing Director of the Company at the ensuing Annual General Meeting.

The term of office of Mr. Mukesh Utsavlal Jain (DIN- 00245111) will expire on 1<sup>st</sup> August, 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Monday 29<sup>th</sup> June, 2020, proposed the reappointment of Mr. Mukesh Utsavlal Jain (DIN- 00245111) as an Whole Time Director for a further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023. The Board recommends the re-appointment of Mr. Mukesh Utsavlal Jain (DIN- 00245111) as an Whole Time Director of the Company at the ensuing Annual General Meeting.

The term of office of Mr. Surendra Utsavlal Jain (DIN- 00245154) will expire on 1<sup>st</sup> August, 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Monday 29<sup>th</sup> June, 2020, proposed the reappointment of Mr. Surendra Utsavlal Jain (DIN- 00245154) as an Whole Time Director for a further period of three years commencing from 1<sup>st</sup> August,

2020 to 31<sup>st</sup> July, 2023. The Board recommends the re-appointment of Mr. Surendra Utsavlal Jain (DIN- 00245154) as an Whole Time Director of the Company at the ensuing Annual General Meeting.

Mr. Shailesh Jain and Ms. Hansika Mittal are the Chief Financial Officer (CFO) and Company Secretary (CS) of the Company respectively.

### **Declaration by Independent Directors**

All Independent Directors of your Company have given a declaration pursuant to Section 149(7) of the Companies Act, 2013 and Regulation 25(8) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 affirming compliance to the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on the declaration(s) of Independent Directors, the Board of Directors recorded its opinion that all Independent Directors are independent of the Management and have fulfilled the conditions as specified in the Companies Act, 2013 and the Rules made there under.

Independent Directors not liable to retire by rotation, in terms of Section 149(13) of the Act.

### **Disqualifications of Directors**

During the year declarations received from the Directors of the Company pursuant to Section 164 of the Companies Act, 2013. The Board appraised the same and found that none of the director is disqualified for holding office as director.

Further the Certificate from Practicing Company Secretary has been obtained who certified that none of the directors of the company disqualified for holding office as director of the Company is enclosed with this Board Report.

## **9. Committees of the Board Of Directors**

Your Company has four committees which have been constituted as a part of the good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. Your Company has an adequately qualified and experienced Audit Committee with Mr. Nitin Dafria (Chairperson), Mr. Ramesh C Kashyap and Mr. Surajmal Birdichand Kucheria, as Members. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

- i. Nomination and Remuneration Committee
- ii. Stakeholders Relationship Committee
- iii. Corporate Social Responsibility Committee

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Report

## **10. Meetings of the Board of Directors and its committees**

- a. Board Meetings:** During the year under review the Board has met 5 (five) times viz. **May 16, 2019; May 25, 2019; August 10, 2019; November 14, 2019; February 13, 2020.** The details of meetings of the Board and the attendance of Directors are provided in the Corporate Governance Report.
- b. Committee Meetings:** During the year under review, the Committees duly met and the details of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report.

**c. Separate Meeting of Independent Director:** During the year under review, a separate meeting of Independent Directors was held on March 20, 2020.

#### **11. Nomination and Remuneration Policy**

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013, and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee has formulated a policy relating to the remuneration for the Directors, key managerial personnel (KMP) and other employees which was approved and adopted by the Board. The policy is available on the website of the Company at <http://www.porwalauto.com/Other-shareholder-information.html>.

#### **12. Performance Evaluation of the Board**

Pursuant to the provisions of section 134(3)(p) of Companies Act 2013 and Regulation 17(10) & 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017, the Nomination and Remuneration Committee of the Company has defined the evaluation criteria and procedure for the Performance Evaluation process for the Board, its Committees and Directors.

The Board of Directors has carried out an annual performance evaluation of its own performance, Independent Directors, the Directors and the Committees. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole. The criteria on the basis which the evaluation has been carried out are explained in the Corporate Governance Report.

The performance of the board was evaluated by the board after seeking inputs from all the Directors on the basis of criteria such as board composition and structure, effectiveness of board processes, information and functioning, etc. as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The performance of the committee was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of the committee, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual director on the basis of criteria such as the contribution of the individual directors to the board and committee meeting like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meeting, etc.

#### **13. Directors' Responsibility Statement**

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 for the year ended on that period.
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- d. The Directors had prepared the annual accounts on a going concern basis.
- e. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

- f. The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

**14. Auditors:****a. Statutory Auditors**

Pursuant to the provisions of section 139 of the Act and the rules framed there under, at the 25<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September 2017, S N Gadiya & Company, Chartered Accountants (ICAI Firm Registration No. 002052C) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2022.

The Company has received a certificate from the auditors confirming that their appointment is in accordance with Section 139 read with Section 141 of the Act.

**Explanation to Auditor's Remark**

The Auditors in their report have referred to the notes forming part of the Accounts which are self-explanatory and does not contain any qualification, reservation or adverse remark or disclaimer.

**Reporting of fraud by Statutory Auditors**

There was no fraud in the Company, which was required to be reported by statutory auditors of the Company under sub-section (12) of section 143 of Companies Act, 2013.

**b. Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed Ms. Shraddha Jain, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as **Annexure-II** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**Annual Secretarial Compliance Report:**

The Company has undertaken an audit for the Financial Year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Ms. Shraddha Jain, Practicing Company Secretary has been submitted to the Stock Exchanges.

**c. Cost Record and Cost Audit**

Your company does not fall within the provisions of Section 148 of Company's Act, 2013 read with the Companies (Cost records & Audit) Rules, 2014, therefore no such records required to be maintained.

**d. Internal Auditor**

Pursuant to the provisions of Section 138 of the Act read with Rule 13(1)(a) of Companies (Accounts) Rules, 2014, the Board of Directors of the Company have appointed Vikas S Garg & Company to conduct internal audit reviews for the Company.

**15. Internal Financial Controls and its adequacy**

The Company has comprehensive Internal Financial Controls system for all major processes including financial statements to ensure reliability of reporting. The system also helps management to have timely data on various operational parameters for effective review. It also ensures proper safeguarding of assets across the Company and its economical use. The internal financial controls system of the Company is commensurate with the size, scale and complexity of its operations. The system and controls are periodically reviewed and modified based on the requirement.

The internal and operational audit is entrusted to Vikas S Garg & Company. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. Based on the audit observations & suggestions, follow up & remedial measures are being taken on a regular basis.

#### **16. Particulars of loans, guarantees or investments**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No. 5 and 6 to the financial statements.

#### **17. Particulars of contracts or arrangements with Related Parties**

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There are no material contracts or arrangements or transactions during the year. Thus, the disclosure in Form AOC-2 under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable.

Details of transactions with Related Parties are provided in the accompanying financial statements.

The Company has adopted a Related Party Transactions Policy and the same is uploaded on the Company's website <http://www.porwalauto.com/>.

Suitable disclosures as required under AS-18/Indian Accounting Standards (Ind AS 24) have been made in the Notes to the financial statements.

#### **18. Conservation of Energy, technology absorption, foreign exchange earnings and outgo**

The details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached as **Annexure-III** to this report.

#### **19. Risk Management**

The Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company as part of business strategy has in place a mechanism to identify, assess, monitor risks and mitigate various risks with timely action.

#### **20. Significant and material orders passed by the regulators or courts**

There are no significant or material orders passed by the Regulators / Courts which would impact the future operations / going concern status of the Company.

#### **21. Vigil Mechanism/Whistle Blower Policy**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations, 2015, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy and also to report insider trading violations as well as reporting of instances of leak of unpublished price sensitive information. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no protected disclosure concerning any reportable matter in accordance with the Vigil mechanism and Whistle Blower policy of the Company was received by the Company. The Whistle Blower Policy has been posted on the website of the company [www.porwalauto.com](http://www.porwalauto.com).

**22. Commission received by directors from holding/subsidiary Company**

The Company does not have any holding/ subsidiary company. Hence provisions of section 197 (14) of Companies Act, 2013 are not applicable to the Company.

**23. Disclosure of ratio of remuneration of Directors and Key Managerial Personnel**

The prescribed particulars of employees required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure IV** and forms the part of this Board Report.

**24. Particulars of Employees**

During the year, there was no employee drawing remuneration in excess of Rs. 1,02,00,000/- p.a. or Rs. 8,50,000/- p.m. Accordingly, information required to be given pursuant to provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has not been given here.

Further the particulars of top ten employees in terms of remuneration drawn required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended is enclosed as **Annexure V** and forms the part of this Board Report.

**25. Chief Financial Officer and Managing Director Certification**

As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2020

**26. Voting Rights of employees**

During the year under review the Company has not given loan to any employee for purchase of its own shares as per section 67(3) (c) of Companies Act, 2013.

**27. Disclosure regarding issue of Employee Stock Options**

The Company has not issued shares under employee's stock options scheme pursuant to provisions of Section 62 read with Rule 12 of Companies (Share Capital and Debenture) Rules, 2014

**28. Disclosure regarding issue of Sweat Equity Shares**

The Company has not issued sweat equity shares pursuant to provisions of Section 54 read with Rule 8 of Companies (Share Capital and Debenture) Rules, 2014 & SEBI (issue of sweat equity) Regulations, 2002 during the Financial Year.

**29. Corporate Governance Report**

Your Company and its Board has been complying with Corporate Governance practices as set out in a separate report in pursuance of requirement of para C of Schedule V SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure VI**.

Auditor's certificate obtained from S N Gadiya & Company, Chartered Accountants (ICAI Firm Registration No. 002052C), confirming compliance of the Corporate Governance as stipulated under the said Regulations is also enclosed herewith in the Report.

**30. Corporate Social Responsibility**

Your Company's core purpose is to use all of our resources in such a way that it will drive positive change in the lives of our stakeholders and communities across the country, to enable them to Rise". Corporate Social Responsibility is integral to and at the core of our philosophy. As a responsible corporate citizen, the Company engages in social responsibility and community development activities. The COVID-19 pandemic is considered as the most crucial global health calamity of the century and the greatest challenge that the humankind faced since the 2nd World War. As far as the history of human civilization is concerned there are instances of severe outbreaks of diseases caused

by a number of viruses. COVID-19 is a major public health concern for the world's population. With a deep understanding of this societal issues, the Company has made a contribution of Rs. 11,00,000/- as CSR activities under Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) as small contribution to government to fight against Covid-19. The Company is in the process of expanding the scope of CSR activities by identifying suitable projects and mode for implementing various projects for spending the remaining balance of CSR amount. Further, For the financial year 2019-20, your Company is required to spend on CSR activities is Rs. 8,75,707/- calculated as per Section 135 of Companies Act, 2013.

### **31. Management Discussion and Analysis Report**

Management Discussion and Analysis Statement in pursuance of requirement of Regulation 34(2)(e) and para B of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report as **Annexure – VII.**

### **32. Listing at Stock Exchange**

The Equity shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai and the Listing Fee for the year 2019-20 has been duly paid.

### **33. Insurance**

The Company's assets are adequately insured against the loss of fire and other risks, as consider necessary by the Management from time to time.

### **34. Business Responsibility Report**

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ending March 31, 2020.

### **35. Depository System**

Your Company's shares are tradable compulsorily in electronic form and your Company has connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL). As per the SEBI (Listing Obligations & Disclosure Requirements) (Fourth Amendment) Regulations, 2018, vide Gazette notification dated June 8, 2018 & 30<sup>th</sup> November, 2018 mandated that Share transfer shall be mandatorily carried out in dematerialized form only w.e.f. from April 1, 2019. In view of the numerous advantages offered by the Depository System, members are requested to avail the facility of Dematerialization of the Company's shares on either of the Depositories mentioned as aforesaid.

### **36. Environment and Safety**

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

### **37. Industrial Relations**

Industrial relations remained cordial throughout the year. Your Directors recognize and appreciate the sincere, hard work, loyal, dedicated efforts and contribution of all the employees in the growth and performance of the Company during the year.

The Company continues to accord a very high priority to both industrial safety and environmental protection and these are ongoing processes at the Company's plant and facilities to maintain high awareness levels. The Company as a policy re-evaluates safety standards and practices from time to time in order to raise the bar of safety for its people as well as users and customers.

**38. Disclosure as required under Section 22 of Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment.

It may be noted that during the year 2019-20, no grievance/complaint from any women employee was reported.

**39. Compliance Of Secretarial Standard**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

**40. Acknowledgements**

Your Directors place on record their gratitude to all the Government and semi government departments and Company's Bankers and all the stakeholders for their continuing assistance and co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Customer, Vendors, Employees and all other stakeholders in ensuring an excellent all around operational performance.

For and on behalf of the Board of Directors  
**Porwal Auto Components Limited**

Date: 27.08.2020  
Place: Pithampur

<b>Mukesh Jain</b>	<b>Devendra Jain</b>
Whole time Director	Managing Director
(DIN - 00245111)	(DIN - 00232920)

**Registered office**

Plot No. 209, Sector No. 1,  
Industrial Area,  
Pithampur (M.P.) 454775  
CIN: L34300MP1992PLC006912

**Annexure I**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2020  
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company  
(Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS:-**

1	CIN	L34300MP1992PLC006912
2	Registration Date	03.02.1992
3	Name of the Company	Porwal Auto Components Limited
4	Category/Sub-category of the Company	Public Company / Limited by shares
5	Address of the Registered office & contact details	Plot No. 209, Sector 1, Industrial Area Pithampur M.P.-454775
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai- 400083 Tel: +912249186000 Email Id : rnt.helpdesk@linkintime.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	CI & SG Iron Automobile Components	29301	95.471%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable section
NA					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**A) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A) Promoter</b>									
<b>1 Indian</b>									
a. Individuals / HUF	2850724	0	2850724	18.8790	2860784	0	2860784	18.9456	0.0666
b. Central Government / State Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
c. Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
d. Bodies Corporate	2750000	0	2750000	18.2119	2750000	0	2750000	18.2119	0.0000
e. Any Other (Specify)	0	0	0	0.0000	0	0	0	0.0000	0.0000
<b>Sub-total (A) (1):-</b>	<b>5600724</b>	<b>0</b>	<b>5600724</b>	<b>37.0909</b>	<b>5610784</b>	<b>0</b>	<b>5610784</b>	<b>37.1575</b>	<b>0.0666</b>
<b>2 Foreign</b>									
a. Individuals (Non	0	0	0	0.0000	0	0	0	0.0000	0.0000

	Resident Individuals / Foreign Individuals)									
b.	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	Any Other (Specify)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Sub Total (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>Total Shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)</b>	5600724	0	5600724	37.0909	5610784	0	5610784	37.1575	0.0666
<b>B)</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
a.	Mutual Funds / UTI	0	0	0	0.0000	0	0	0	0.0000	0.0000
b.	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
f.	Financial Institutions / Banks	0	0	0	0.0000	185	0	185	0.0012	0.0012
g.	Insurance Companies									
h.	Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
i.	Any Other (Specify)									
j.	Central Government/ State Government(s)/ President of India									
	<b>Sub Total (B)(1)</b>	0	0	0	0.0000	185	0	185	0.0012	0.0012
<b>2</b>	<b>Non-Institutions</b>									
a.	<b>Individuals</b>									

(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	3814639	386403	4201042	27.8215	3790545	374303	4164848	27.5818	-0.2397
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1131913	44700	1176613	7.7921	1190611	44700	1235311	8.1809	0.3888
b.	<b>NBFCs registered with RBI</b>	1500	0	1500	0.0099	0	0	0	0.0000	-0.0099
c.	<b>Overseas Depositorie s(holding DRs) (balancing figure)</b>	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	<b>Any Other (Specify)</b>									
	Hindu Undivided Family	247995	0	247995	1.6424	282334	0	282334	1.8698	0.2274
	Non Resident Indians (Non Repat)	59885	0	59885	0.3966	58406	0	58406	0.3868	-0.0098
	Non Resident Indians (Repat)	62638	0	62638	0.4148	53860	0	53860	0.3567	-0.0581
	Clearing Member	70987	0	70987	0.4701	23044	0	23044	0.1526	-0.3175
	Bodies Corporate	3499616	179000	3678616	24.3617	3492228	179000	3671228	24.3128	-0.0489
	<b>Sub Total (B)(2)</b>	8889173	610103	9499276	62.9091	8891028	598003	9489031	62.8413	0.0678
	<b>Total Public Sharehold ing(B)=(B)(1)+(B)(2)</b>	8889173	610103	9499276	62.9091	8891213	598003	9489216	62.8425	0.0666
	<b>Total (A)+(B)</b>	14489897	610103	15100000	100.0000	14501997	598003	15100000	100.0000	0.0000
C)	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>Total (A)+(B)+(C)</b>	14489897	610103	15100000	100.0000	14501997	598003	15100000	100.0000	0.0000

**B) Shareholding of Promoter & Promoter Group**

S N o.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		No. of shares held	% of total Shares of the compan y	%of Shares Pledged / encumb ered to total shares	No. of shares held	% of total Shares of the compan y	%of Shares pledged/ encumbere d to total total shares	% change in sharehold ing during the year
1	Surendra Jain	389280	2.5780	0.00	389280	2.5780	0.00	0.0000
2	Devendra Jain	352299	2.3331	0.00	352299	2.3331	0.00	0.0000
3	Mukesh Jain	281105	1.8616	0.00	281105	1.8616	0.00	0.0000
4	GajendraUtsavlalji Jain	275989	1.8277	0.00	275989	1.8277	0.00	0.0000
5	Shailesh Jain	219716	1.4551	0.00	219716	1.4551	0.00	0.0000
6	ChandanbaiUtsavlal Jain	164000	1.0861	0.00	164000	1.0861	0.00	0.0000
7	Sunita Jain	114600	0.7589	0.00	114600	0.7589	0.00	0.0000
8	Pramila Jain	110000	0.7285	0.00	110000	0.7285	0.00	0.0000
9	Pushpa Jain	95000	0.6291	0.00	95000	0.6291	0.00	0.0000
10	Manju Jain	109266	0.7236	0.00	109266	0.7236	0.00	0.0000
11	Premalata Jain	92000	0.6093	0.00	92000	0.6093	0.00	0.0000
12	Atin Jain	78500	0.5199	0.00	78500	0.5199	0.00	0.0000
13	SantoshAidasani	75000	0.4967	0.00	75000	0.4967	0.00	0.0000
14	Arshi Jain	72500	0.4801	0.00	72500	0.4801	0.00	0.0000
15	Devendra Jain HUF	69000	0.4570	0.00	69000	0.4570	0.00	0.0000
16	Gajendra Jain HUF	66000	0.4371	0.00	66000	0.4371	0.00	0.0000
17	Mukesh Jain HUF	59000	0.3907	0.00	59000	0.3907	0.00	0.0000
18	Sejal Jain	34500	0.2285	0.00	34500	0.2285	0.00	0.0000
19	Sonali Parekh	30800	0.2040	0.00	30800	0.2040	0.00	0.0000
20	ParulAtin Jain	26500	0.1755	0.00	26500	0.1755	0.00	0.0000
21	RichaDevendra Jain	24000	0.1589	0.00	24000	0.1589	0.00	0.0000
22	ReemaDevendra Jain	23000	0.1523	0.00	23000	0.1523	0.00	0.0000
23	Shailesh Jain HUF	20500	0.1358	0.00	20500	0.1358	0.00	0.0000
24	Surendra Jain HUF	19500	0.1291	0.00	19500	0.1291	0.00	0.0000
25	Cherry SanmanKapale	17500	0.1159	0.00	17500	0.1159	0.00	0.0000
26	RohanMukesh Jain	17500	0.1159	0.00	17500	0.1159	0.00	0.0000
27	RitiDawra	9000	0.0596	0.00	9000	0.0596	0.00	0.0000
28	Anish Jain	4000	0.0265	0.00	14060	0.0931	0.00	0.0666
29	ShikhaGawade	669	0.0044	0.00	669	0.0044	0.00	0.0000
30	Flag Vittawas Limited	27,50,000	18.2119	0.00	27,50,000	18.2119	0.00	0.0000
	<b>TOTAL</b>	<b>5600724</b>	<b>37.0909</b>	<b>0.00</b>	<b>5610784</b>	<b>37.1575</b>	<b>0.00</b>	<b>0.0666</b>

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

S N	Particulars	Shareholding at the beginning of the year (As on 01/04/2019)   end of the year (As on 31/03/2020)		Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the Year</b>	56,00,724	37.0909%	56,00,724	37.0909%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Note-1		Note-1	

At the end of the Year	5610784	37.1575%	5610784	37.1575%
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**Note: There is change in the total shareholding of promoters between 01/04/2019 and 31/03/2020 and the same details are given below**

**NOTE-1: DETAILS OF INCREASE AND DECREASE IN PROMOTERS' SHARE HOLDING**

SN	Name	Shareholding at the beginning of the year 2019		Date of Transaction	Increase/Decrease in shareholding	Reason	Cumulative Shareholding at the end of the year 2020	
		No. of Shares held	% of total shares of Company				No. of Shares	% of total shares of Company
1.	Anish Jain	4000	0.0265	01 Apr 2019			4000	0.0265
				29 June 2019	10060	Transfer	10060	0.0666
		14060	0.0931	31 Mar 2020			14060	0.0931

**D. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S No	Name (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year (As on 01-04-2019)		Date of Transaction	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	PorwalFinsec Pvt. Limited	3288000	21.78	Nil movement during the year			3288300	21.78
2	Padma Pirlamarla	296311	1.9623	Nil movement during the year			296311	1.9623
3	Anil Kumar Chawla	50797	0.3364	01 Apr 2019	0		50797	0.3364
				24 May2019	1200	Transfer	51997	0.3444
				14 Jun 2019	500	Transfer	52497	0.3477
				05 Jul 2019	3000	Transfer	55497	0.3675
				16 Aug 2019	8603	Transfer	64100	0.4245
				23 Aug 2019	1500	Transfer	65600	0.4344
				30 Aug 2019	2700	Transfer	68300	0.4523
				11 Oct 2019	1463	Transfer	69763	0.4620
				08 Nov 2019	6000	Transfer	75763	0.5017
				29 Nov 2019	800	Transfer	76563	0.5070
				06 Dec 2019	1700	Transfer	78263	0.5183
				13 Dec 2019	110	Transfer	78373	0.5190
				17 Jan 2020	(2610)	Transfer	75763	0.5017

				06 Mar 2020	700	Transfer	76463	0.5064
				13 Mar 2020	2197	Transfer	78660	0.5209
				20 Mar 2020	12260	Transfer	90920	0.6021
				31 Mar 2020	2000	Transfer	92920	0.6154
				31 Mar 2020	0		92920	0.6154
				01 Apr 2019	0		44669	0.2958
				24 May 2019	1200	Transfer	45869	0.3038
				14 Jun 2019	500	Transfer	46369	0.3071
				05 Jul 2019	3000	Transfer	49369	0.3269
				26 Jul 2019	5623	Transfer	54992	0.3642
				23 Aug 2019	7555	Transfer	62547	0.4142
				30 Aug 2019	4825	Transfer	67372	0.4462
				13 Sep 2019	2628	Transfer	70000	0.4636
				20 Sep 2019	(300)	Transfer	69700	0.4616
				27 Sep 2019	200	Transfer	69900	0.4629
				30 Sep 2019	(1000)	Transfer	68900	0.4563
				11 Oct 2019	1000	Transfer	69900	0.4629
				08 Nov 2019	6000	Transfer	75900	0.5026
				28 Feb 2020	500	Transfer	76400	0.5060
				06 Mar 2020	200	Transfer	76600	0.5073
				13 Mar 2020	2100	Transfer	78700	0.5212
				31 Mar 2020	0		78700	0.5212
				01 Apr 2019	0		42477	0.2813
				24 May 2019	1500	Transfer	43977	0.2912
				14 Jun 2019	500	Transfer	44477	0.2945
				05 Jul 2019	3000	Transfer	47477	0.3144
				26 Jul 2019	5600	Transfer	53077	0.3515
				09 Aug 2019	3123	Transfer	56200	0.3722
				16 Aug 2019	3354	Transfer	59554	0.3944
				23 Aug 2019	1500	Transfer	61054	0.4043
				30 Aug 2019	4802	Transfer	65856	0.4361
				13 Sep 2019	2744	Transfer	68600	0.4543
				20 Sep 2019	(700)	Transfer	67900	0.4497
				27 Sep 2019	200	Transfer	68100	0.4510
				30 Sep 2019	(1000)	Transfer	67100	0.4444
				11 Oct 2019	1305	Transfer	68405	0.4530
				01 Nov 2019	6000	Transfer	74405	0.4927
				28 Feb 2020	500	Transfer	74905	0.4961
				06 Mar 2020	200	Transfer	75105	0.4974
				13 Mar 2020	2500	Transfer	77605	0.5139
				31 Mar 2020	0		77605	0.5139
6	Keynote Industries Pvt. Ltd.	49000	0.3245	Nil movement during the year			49000	0.3245
7	Surana International Pvt. Ltd.	46900	0.3106	Nil movement during the year			46900	0.3106
				01 Apr 2019	0		5000	0.0331
				26 Apr 2019	3000	Transfer	8000	0.0530
				10 May 2019	3500	Transfer	11500	0.0762

				24 May 2019	8500	Transfer	20000	0.1325
				29 Jun 2019	4000	Transfer	24000	0.1589
				12 Jul 2019	1432	Transfer	25432	0.1684
				06 Dec 2019	99	Transfer	25531	0.1691
				13 Dec 2019	15688	Transfer	41219	0.2730
				31 Mar 2020	0		41219	0.2730
9	Uday Vasantlal Merchant	30000	0.1987	01 Apr 2019	0		30000	0.1987
				28 Feb 2020	10000	Transfer	40000	0.2649
				31 Mar 2020	0		40000	0.2649
10	Bhavna Ajit Vajani	35000	0.2318	Nil movement during the year			35000	0.2318
11	Aziz YakubShaikh	59179	0.3919	01 Apr 2019	0		59179	0.3919
				29 Nov 2019	2322	Transfer	61501	0.4073
				27 Dec 2019	(12625)	Transfer	48876	0.3237
				31 Dec 2019	(18500)	Transfer	30376	0.2012
				03 Jan 2020	(7497)	Transfer	22879	0.1515
				10 Jan 2020	(5049)	Transfer	17830	0.1181
				27 Mar 2020	(302)	Transfer	17528	0.1161
				31 Mar 2020	0		17528	0.1161

**E) Shareholding of Directors and Key Managerial Personnel:**

S N o	Name (For Each of the Directors and Key Managerial Personnel)	Shareholding at the beginning of the year (As on 01-04-2019)		Date	Increase/ Decrease in shareholdi ng	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19)	% of total shares of the Company					
A. DIRECTORS								
1	Mr. Devendra Jain Managing Director	352299	2.3331	Nil movement during the year			352299	2.3331
2	Mr. Mukesh Jain Whole Time Director	281105	1.8616	Nil movement during the year			281105	1.8616
3	Mr. Surendra Jain Whole Time Director	389280	2.5780	Nil movement during the year			389280	2.5780
4	Mr. NitinDafria Independent Director	0	0.00	Nil Holding during the year			0.00	0.00
5	Mr. Surajmal Kucheria Independent Director	0	0.00	Nil Holding during the year			0.00	0.00
6	Mr. Ramesh kashyap Independent Director	0	0.00	Nil Holding during the year			0.00	0.00
7	Mrs. Rajni Jain Independent Director	0	0.00	Nil Holding during the year			0.00	0.00
KEY MANAGEMENT PRSONNEL								
1	Mr. Shailesh Jain-CFO	219716	1.4551	Nil movement during the year			219716	1.4551

2	Ms. Hansika Mittal-CS	0	0	Nil Holding during the year	0	0
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**F. INDEBTEDNESS – Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(In lacs)

S N	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the financial year (01.04.2019)</b>				
i)	Principal	949.00	294.96	0.00	1243.96
ii)	Interest due but not paid	0.00	0.00	0.00	0.00
iii)	Interest accrued but not due	0.00	0.00	0.00	0.00
	<b>Total (i+ii+iii)</b>	<b>949.00</b>	<b>294.96</b>	<b>0.00</b>	<b>1243.96</b>
	<b>Change in Indebtedness during the financial year</b>				
	* Addition	9664.79	479.28	0.00	10144.07
	* Reduction	-9687.96	-361.19	0.00	-10049.15
	<b>Net Change</b>	<b>-23.17</b>	<b>118.09</b>	<b>0.00</b>	<b>94.92</b>
	<b>Indebtedness at the end of the financial year (31.03.2020)</b>				
i)	Principal Amount	925.83	413.05	0.00	1338.88
ii)	Interest due but not paid	0.00	0.00	0.00	0.00
iii)	Interest accrued but not due	0.00	0.00	0.00	0.00
	<b>Total (i+ii+iii)</b>	<b>925.83</b>	<b>413.05</b>	<b>0.00</b>	<b>1338.88</b>

**G. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**I. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Devendra Jain	Mr. Mukesh Jain	Mr. Surendra Jain	
1	<b>Gross salary</b>	34,05,000	34,05,000	34,05,000	1,02,15,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	<b>Stock Option</b>	-	-	-	-
3	<b>Sweat Equity</b>	-	-	-	-
4	<b>Commission</b>	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	<b>Others, please specify</b>	-	-	-	-
	<b>Total (A)</b>	34,05,000	34,05,000	34,05,000	1,02,15,000
	<b>Ceiling as per the Act</b>	As per Schedule V of the Companies Act, 2013			

**II. Remuneration to other directors**

S N	Particulars of Remuneration	Name of Directors				Total Amount
1	<b>Independent Directors</b>	<b>Mr. Nitin Dafria</b>	<b>Mr. Surajmalku cheria</b>	<b>Mr. Ramesh Kashyap</b>	<b>Mrs. Rajni Jain</b>	
	Fee for attending board meetings	5,000	5,000	5,000	5,000	20,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-
2	<b>Other Non-Executive Directors</b>	-	-	-	-	-
	Fee for attending board meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>20,000</b>
<b>Overall Ceiling as per the Act</b>		The Company may pay sitting fees to the Directors for attending Board / Committee meetings as may be decided by the Board of Directors which shall not exceed one lakh rupees per meeting of the Board or committee. The Board has fixed 1000/- as sitting fees for Board meetings.				

**III. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD**

S.N	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Shailesh Jain(CFO)	Ms. Hansika Mittal (CS)	Total Amount
1	Gross salary	25,53,750	2,58,000	28,11,750
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>25,53,750</b>	<b>2,58,000</b>	<b>28,11,750</b>

**H. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** There were no Penalties/ Punishment/ Compounding of Offences for the year ended 31<sup>st</sup> March 2019.

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
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<b>A. COMPANY</b>	<b>NIL</b>
Penalty	
Punishment	
Compounding	
<b>B. DIRECTORS</b>	
Penalty	
Punishment	
Compounding	
<b>C. OTHER OFFICERS IN DEFAULT</b>	
Penalty	
Punishment	
Compounding	

Note: Extract of Annual Return i.e. form MGT-9 can be also assessed on the weblink of the Company [http://www.porwalauto.com/pdf/MGT-9\\_PACL.pdf](http://www.porwalauto.com/pdf/MGT-9_PACL.pdf)

**Date:** 27.08.2020

**Place:** Pithampur

For and on behalf of the Board of Directors

**Porwal Auto Components Limited**

**Registered office**

Plot No. 209, Sector No. 1,  
 Industrial Area,  
 Pithampur (M.P.) 454775  
 CIN: L34300MP1992PLC006912

**Mukesh Jain**  
 Whole time Director  
 (DIN - 00245111)

**Devendra Jain**  
 Managing Director  
 (DIN - 00232920)

**Annexure – II****Form No. MR-3****SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 Of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,  
The Members,  
**PORWAL AUTO COMPONENTS LIMITED**  
**(L34300MP1992PLC006912)**  
**Plot No. 209, Sector 1,**  
**Industrial Area, Pithampur**  
**M.P. - 454775**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PORWAL AUTO COMPONENTS LIMITED, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under (in so far as they are made applicable);
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (in so far as they are made applicable);
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, in so far as they are made applicable from time to time;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; *which is not applicable to the company during audit period*
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; *which is not applicable to the company during audit period*
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *which is not applicable to the company during audit period*
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *which is not applicable to the company during audit period*
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *which is not applicable to the company during audit period*
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *which is not applicable to the company during audit period*
- i. The Securities and Exchange Board of India (Listing obligations And Disclosure Requirements) Regulations, 2015

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards mentioned above.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, based on the information provided and the representation made by the Company, that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, and there were no other specific events / actions in pursuance of the

above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

Place: Pithampur  
Date: 27/08/2020

**SHRADDHA JAIN**

**PRACTISING COMPANY SECRETARY**

**ACS No: 39488**

**C P No: 14717**

**UDIN: A039488B000623830**

### **Annexure – III**

The information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2020 is given here below and forms part of the Board Report.

#### **A. Conservation of Energy:**

##### **i. The steps taken or impact on conservation of energy**

- Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- Upgradation of Machineries and installation of new machineries based on fuel or power efficiency.
- Monitoring the maximum demand and power load factor on daily basis.
- Replacement of inefficient motors with energy efficient motors.

##### **ii. The steps taken by the Company for utilizing alternate sources of energy**

During the year under review the Company utilized solar energy for electricity.

##### **iii. Capital Investment on Energy Conservation Equipments**

The Company acknowledges the fact that investment in energy conservation offers significant economic benefits in addition to climate change benefits.

The Company has setup solar power plant in the year 2013-14 for environment protection and conservation of energy. The Company has invested Rs. 11.97 crores as capital investment on energy conservation equipment. In the year 2018-2019 and 2019-2020, the Company has earned total receipt of Rs. 230.79 Lacs and Rs. 143.24 Lacs respectively from the solar power generation unit.

The Company has setup another solar power plant in the year 2017-18 of three mega watt for the captive consumption. The Company has invested Rs. 13.49 crores as capital investment. In the year 2018-19 and 2019-2020, the Company has earned total receipt of Rs. 243.71 Lacs and Rs. 213.25 Lacs respectively from the solar power generation unit.

#### **B. Technology Absorption**

##### **i. The efforts made towards technology absorption**

The Company has been continuously making efforts to achieve reduction in energy consumption and higher product recovery with consistent reviews of all processes and operations and consequent improvement actions such as Installation of solar power generation unit for electricity.

Further, the Company is looking forward for new technologies to be introduced by the Company soon. Further, your Company's LFC project is under process and will be completed by next year.

##### **ii. The benefits derived like product improvement, cost reduction, product development or import substitution**

The Company is committed to develop innovative technologies and creating a knowledge base for manufacturing high quality and economical products. The quality of the Company's products has improved and also there was reduction in the cost of the Company's products, whenever the Company took steps towards technology absorption. There is a perennial effect of technology absorption in the quality of and on the cost of the Company's products.

##### **iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –**

The company is using manufacturing technology which is entirely indigenous.

**iv. Expenditure on Research & Development –**

Research & Development activities are being carried out as part of the Company's normal business activities. In order to maintain its position, your Company is continuously upgrading its technology to meet the ever increasing demands of its customers. The Company is regular in adding new equipments for testing. During the year the Company has made an investment of Rs. 52 Lacs approximately towards Research and Development.

**C. Foreign exchange earnings and Outgo-**

Particulars	2019-20	2018-19
Foreign exchange earnings	---	---
Foreign exchange outgo:		
Travelling Expenses	2.18 lacs	5.28 lacs
Capital Goods	Nil	12.67 lacs

**Date:** 27.08.2020

**Place:** Pithampur

For and on behalf of the Board of Directors

**Porwal Auto Components Limited**
**Registered office**

 Plot No. 209, Sector No. 1,  
 Industrial Area,  
 Pithampur (M.P.) 454775  
 CIN: L34300MP1992PLC006912

**Mukesh Jain**

 Whole time Director  
 (DIN - 00245111)

**Devendra Jain**

 Managing Director  
 (DIN - 00232920)

**Annexure – IV**
**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S. N.	Name of Director/KMP and Designation	Designation	Remuneration of Director/KMP for financial year 2019-20	% Increase/decrease in Remuneration in the Financial Year 2019-20	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. Devendra Jain	Managing Director	34,05,000	-5.42%	26:1
2.	Mr. Mukesh Jain	Whole Time Director	34,05,000	-5.42%	26:1
3.	Mr. Surendra Utsavlal Jain	Whole Time Director	34,05,000	-5.42%	26:1
4.	Mr. Surajmal Birdichand Kucheria	Independent Executive	-	-	NA
5.	Mr. Nitin Dafria	Independent Executive	-	-	NA
6.	Mr. Ramesh Kashyap	Independent Executive	-	-	NA
7.	Mrs. Rajni Jain	Independent Executive	-	-	NA
8.	Mr. Shailesh Jain	CFO	25,53,750	-5.42%	NA
9.	Ms. Hansika Mittal	Company Secretary	2,58,000	0.00%	NA

**Note:**

None of the Independent Directors of the Company received any remuneration during the financial year 2019-20

- (ii) **The percentage increase in the median remuneration of employees in the financial year:13.63%**
- (iii) **The number of permanent employees on the rolls of Company as on March 31, 2020: 263 employees**
- (iv) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was 36.21% whereas there is decrease in the managerial remuneration for the same financial year was 5.42%. There are no exceptional circumstances for increase/decrease in the managerial remuneration.
- (v) The key parameters for any variable component of remuneration availed by the directors are approved by the Board of Directors based on the recommendation of Nomination & Remuneration Committee.
- (vi) It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**PLACE:** Pithampur  
**DATE:** 27.08.2020

By order of the Board of Directors of  
**PORWAL AUTO COMPONENTS LIMITED**

**Registered office**  
Plot No. 209, Sector 1,  
Industrial Area Pithampur,  
(M.P.) - 454775

Devendra Jain  
Managing Director  
(DIN: 00232920)

Mr. Surendra Jain  
Whole time Director  
(DIN:00245154)

**Annexure – V**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(2) & 5 (3) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AND FORMING PART OF THE BOARDS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.**

S. No.	Name	Designation	Remuneration received During the Financial Year (In Rs.)	Qualification and Experience	Date of Joining	Age	Last employment
1	Mr. Surendra Jain	Whole Time Director	34,05,000	B. E. (Mech), 44 Years experience of Business & Industry	07.06.2005	67 Years	Triveni Conductors Limited, Indore
2	Mr. Devendra Jain	Managing Director	34,05,000	B. E. (Mech), 43 Years experience of Business & Industry	03.02.1992	65 Years	Porwal Diesels Pvt. Ltd., Pithampur
3	Mr. Mukesh Jain	Whole Time Director	34,05,000	Graduate in Commerce, 40 Years experience of Business & Industry	31.03.1998	63 Years	Porwal Udhdyog
4	Mr. Shailesh Jain	CFO	25,53,750	B. Com; 36 Years	01.04.1999	61 Years	Porwal Diesels Pvt. Ltd., Pithampur
5	Mr. Atin Jain	Chief Operating Officer	22,70,000	MBA (Foreign), 18 Years	01.04.2014	42 Years	Porwal Diesel Pvt. Ltd., Pithampur
6	Mr. Anish Jain	Commercial Manager	19,86,250	BBA MBA, 12 Years	01.04.2008	32 Years	-----
7	Mr. Praveen Sinha	Vice President (Oper.)	17,59,250	B. Tech , MCA ; 35 Years	25.11.2015	59 Years	Priyanshi Casting Pvt. Ltd., Pithampur
8	Mr. Nutan Joshi	Maintenance Manager	8,85,300	B. Sc , DME ; 36 Years	05.09.2015	59 Years	Pioneer Enginee. P. Ltd. Ujjain
9	Mr. Sunil Lanjewar	Quality Manager	8,73,950	B.E. (Mech), 20 Years	19.09.2006	42 Years	Raneka Industries Ltd., Pithampur
10	Mr. Narendra Malakar	NPD Manager	8,39,900	B. E. (Mech), 19 Years	02.02.2010	39 Years	-----
11	Mr. G. L. Tirole	Accounts & Finance Manager	7,15,050	M. Com., MBA Finance; 29 years	02.02.1995	53 Years	N. K. Machines Pvt. Ltd., Indore
12	Mr. Anil Mendiratta	Marketing Manager	6,81,000	B.A. ; 28 Years	01.05.2014	52 Years	Phooltas Temper Pvt. Ltd. New Delhi
13	Mr. R. K. Sahu	H R Manager	6,69,650	B. A. 22 years	02.02.2001	49 Years	Gomtesh Engineering, Pithampur
14	Mr. B. K. Gupta	Assistant Manager	4,36,975	MCA; 16 Years	01.03.2016	40 Years	Sonic Biochem Pvt. Ltd.
15	Ashraf Rizvi	Assistant Manager	4,08,600	B.SC. 20 years (approx)	-	43 Years	Porwal Auto Components Ltd

1. None of the employees holds 2% or more of the paid up equity share capital of the Company as per clause (iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
2. Mr. Surendra Jain, Mr. Devendra Jain, Mr. Mukesh Jain and Mr. Shailesh Jain are Brothers, Atin Jain and Anish Jain are relatives of KMP.
3. All the above employees are permanent employees of the Company.

**PLACE:** Pithampur  
**DATE:** 27.08.2020

By order of the Board of Directors of  
**PORWAL AUTO COMPONENTS LIMITED**

**Registered office**  
Plot No. 209, Sector 1,  
Industrial Area Pithampur,  
(M.P.) - 454775

Devendra Jain  
Managing Director  
(DIN: 00232920)

Mr. Surendra Jain  
Whole time Director  
(DIN: 00245154)

**ANNEXURE-VI**
**CORPORATE GOVERNANCE REPORT 2019-20  
 (Forming part of the Board Report of Porwal Auto Components Limited)**

The Directors present the Report on compliance with the Corporate Governance provisions as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") for the year ended March 31, 2020.

Effective Corporate Governance practices constitute the foundations on which successful commercial enterprises are built to last. Corporate Governance is a set of principles, processes and systems which govern a company. The elements of Corporate Governance are independence, transparent, accountability, responsibility, compliance ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance and goals are met with integrity. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The fundamental principle of Corporate Governance is achieving sustained growth legally and ethically and in the best interest of all stakeholders. It is not mere compliance of laws, rules and regulations, but a commitment to values, best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility. Above all, it is a way of life, rather than merely a legal compulsion.

The Company's philosophy on Corporate Governance strives for attaining the optimum level of transparency and accountability in all phases of its operation and dealing with its shareholders, employees, lenders, creditors, customers and the government. These policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. It has set up a system which enables all its employees to voice their concerns openly and without any fear or inhibition. The Board of Directors of your Company, by considering itself as trustee of its shareholders, aims at maximizing shareholders wealth and protecting the interest of all stakeholders.

In India, Corporate Governance Standards for listed companies are regulated by the Listing Regulation. Your Company is in compliance with the requirements of Corporate Governance stipulated in the Listing Regulations. The Company has adopted best practices mandated in SEBI (LODR) Regulations, 2015.

**2. BOARD OF DIRECTORS**
**a. Composition & Category:**

The Composition of Board of Directors is governed by the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

<b>Name of Director</b>	<b>Category</b>
Mr. Devendra Jain	Managing Director, Chairman
Mr. Mukesh Utsavlal Jain	Whole-Time Director
Mr. Surendra Utsavlal Jain	Whole-Time Director
Mr. Nitin Dafria	Independent Non-Executive
Mr. Ramesh C Kashyap	Independent Non-Executive
Mrs. Rajni Jain	Independent Non-Executive
Mr. Surajmal Birdichand Kucheria	Independent Non-Executive

In accordance with the compliances, Board has an optimum combination of Executive & Non-Executive Directors. The Board comprised of:

Category	No. of Directors	Percentage
Executive Directors	3	42.86%
Non Executive Directors	-	-
Independent Non Executive Directors	4	57.14%
<b>TOTAL</b>	<b>7</b>	<b>100%</b>

All Directors possess relevant qualifications and experience in general corporate management, marketing, finance and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

All Independent Directors of the Company have been appointed as per the provisions of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. Independent Directors play an important role in deliberations at the Board Meetings and bring to the Company their wide experience in the field of Business and Industry.

The Company has issued formal letter of appointment to all the Independent Directors on their appointment explaining inter-alia, their roles, responsibilities, term of appointment, code of conduct, functions and duties. The terms and conditions of their appointment are disclosed on the Company's website at <http://www.porwalauto.com/>

All the Independent Directors of the Company, have given a declaration affirming compliance to the criteria of independence pursuant to Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

#### **Key Board Qualifications, Expertise and Attributes**

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the Board and its committees. In view of the objectives and activities of our Business, the Company requires skills/expertise/ competencies in the areas of Finance, Regulatory, Strategy, Business Leadership, Technology, Sales & Marketing, Hospitality, Human Resources and Risk & Governance. The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size.]

#### **Details of Directors who holds Directorship in another Listed Company:**

Director Name	Name of the Company	Designation
Mr. Surajmal Birdichand Kucheria	Prestige Agro-Tech Limited	Independent Director

#### **b. Board Procedure and its Meetings :**

The Board meets at least once in every quarter to review the results and other items on the agenda. The agenda is circulated well in advance to the Board/Committee members, along with comprehensive background information on the items in the agenda to enable the Board and Committees to arrive at appropriate decisions.

The Board in its meeting reviews the existing policies and programmes and also formulates various strategies for the betterment of the Company and enhancement of stakeholder's value. The Board considers matters relating to business, production, finance, marketing, personnel, materials and general administration also. The maximum gap between any two Board meetings was not more than one hundred and twenty days. During the Financial year, the Board met five times on:

- i. **16<sup>th</sup> May, 2019;**
- ii. **25<sup>th</sup> May, 2019;**
- iii. **10<sup>th</sup> August, 2019;**
- iv. **14<sup>th</sup> November, 2019;**
- v. **13<sup>th</sup> February, 2020;**

- c. **Details of attendance of each Director at Board Meetings and at the last year's Annual General Meeting with particulars of their other Directorships and Chairman/Membership of Board Committees showing the position as at 31<sup>st</sup> March, 2020 are given in the following table:**

S N	Name of the Director	Category	Attendance at Board meeting	Attendance at last AGM	No. of Directorship (including this Company)	No. of Committee membership position (including this company)		Share holding of Non Executive Director
						Chairman	Member	
1	Mr. Devendra Jain (DIN: 00232920)	Managing Director	5	Yes	2	1	-	-
2	Mr. Mukesh Utsavlal Jain (DIN:00245111)	Whole-Time Director	5	Yes	1	-	2	-
3	Mr. Surendra Utsavlal Jain (DIN :00245154)	Whole-Time Director	3	Yes	1	-	-	-
4	Mr. Surajmal Birdichand Kucheria (DIN : 00027661)	Independent Non-Executive	5	Yes	2	1	5	-
5	Mr. Nitin Dafria (DIN:01560804)	Independent Non-Executive	5	Yes	1	2	2	-
6	Mr. Ramesh C Kashyap (DIN:06593723)	Independent Non-Executive	5	Yes	1	-	2	-
7	Mrs. Rajni Jain (DIN:07140288)	Independent Non-Executive	5	Yes	1	-	-	-

- d. **Separate Meeting of Independent Directors:** Pursuant to the Regulation 25(3) of the SEBI (LODR) Regulations, 2015 and Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 20<sup>th</sup> March, 2020, without the attendance of non-independent directors and members of management. They discussed following at the meeting:
- Reviewed and evaluated performance of Non-Independent Directors and Board of Directors as a whole.
  - Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive Directors.
  - Assessed the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and necessarily perform its duties.

Attendance of Independent Directors in Independent Directors meeting:

Name of Director	No. of Meetings held	No. of Meetings Attended
Mr. Surajmal Birdichand Kucheria	1	1
Mr. Nitin Dafria	1	1
Mr. Ramesh C Kashyap	1	1
Mrs. Rajni Jain	1	1

**e. Familiarization Programme:**

The Company has an orientation programme upon induction of new Directors.

The Company also has a familiarization programme for its Independent Directors, with the objective of familiarizing them with the Company, its operations, business model, nature of the industry and environment in which it operates, the regulatory environment applicable to it, and also the roles, rights and responsibilities of Independent Directors.

Details of familiarization programme are available on the Company's website at <http://www.porwalauto.com/>

**f. Inter-se relationship among directors:**

Mr. Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain are Brothers.

**g. Note on Directors Appointment/ Re-appointment**

In accordance with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Surendra Utsavlal Jain (DIN- 00245154) retires by rotation and being eligible, offers himself for re-appointment at the ensuing 28<sup>th</sup> Annual General Meeting. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

The term of office of Mr. Devendra Jain (DIN- 00232920) as a Managing Director will expire on 31<sup>st</sup> July 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Monday 29<sup>th</sup> June 2020, proposed the re-appointment of Mr. Devendra Jain (DIN- 00232920) as a Managing Director for further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023. The Board recommends the re-appointment of Mr. Devendra Jain (DIN- 00232920) as Managing Director of the Company at the ensuing Annual General Meeting.

The term of office of Mr. Mukesh Utsavlal Jain (DIN- 00245111) as an Whole Time Director will expire on 31<sup>st</sup> July 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Monday 29<sup>th</sup> June 2020, proposed the re-appointment of Mr. Mukesh Utsavlal Jain (DIN- 00245111) as an Whole Time Director for further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023. The Board recommends the re-appointment of Mr. Mukesh Utsavlal Jain (DIN- 00245111) as Whole Time Director of the Company at the ensuing Annual General Meeting.

The term of office of Mr. Surendra Jain (DIN- 00245154) as an Whole Time Director will expire on 31<sup>st</sup> July 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Monday 29<sup>th</sup> June 2020, proposed the re-appointment of Mr. Surendra Jain (DIN- 00245154) as an Whole Time Director for further period of three years commencing from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023. The Board recommends the re-appointment of Mr. Surendra Jain (DIN- 00245154) as Whole Time Director of the Company at the ensuing Annual General Meeting.

**h. Performance Evaluation of Independent Director:**

The evaluation of independent directors has been done by the entire board of directors which included -

- (a) Performance of the directors; and
- (b) Fulfilment of the independence criteria as specified in these regulations and their independence from the management

Further, the Directors who were subject to evaluation has not participated in the Performance Evaluation.

**3. COMMITTEES OF THE BOARD:**

**Board has four Committees, viz.**

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Stakeholder Relationship Committee;
- d. CSR Committee

The above said Committees consist of appropriate number of Executive Directors, non-executive and Independent Directors. The quorum for the Meetings is either two directors or one third of the members of the Committee, whichever is higher.

**a. AUDIT COMMITTEE:**

A qualified and independent Audit Committee has been set up by the Board in compliance with the requirements of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. All the members of the committee are financially literate and have accounting and financial management expertise.

**i. Terms of reference**

The terms of reference of the Audit Committee includes the matters specified in Part C of Schedule II to the SEBI (LODR) Regulations, 2015 and also as required under Section 177 of the Companies Act, 2013 which includes oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of systems and controls, approval or any subsequent modification of transactions of the Company with related parties, review report of the internal auditor etc.

**ii. Composition and Meetings:**

The Audit Committee comprised of three Directors, out of which all the Directors are Independent Directors. The Audit Committee is chaired by Mr. Nitin Dafria, who is an Independent Director.

During the financial year ended 31<sup>st</sup> March, 2019, four Audit Committee Meetings were held and the dates on which the said meetings were held are as follows:

- i. 25<sup>th</sup> May, 2019;*
- ii. 10<sup>th</sup> August, 2019;*
- iii. 14<sup>th</sup> November, 2019;*
- iv. 13<sup>th</sup> February, 2020;*

The Composition and attendance record of the members at the meeting is as under:

Name	Category	Number of Meetings	
		Held	Attended
Mr. Nitin Dafria	Chairman, Independent Director	4	4
Mr. Ramesh C Kashyap	Member, Independent Director	4	4
Mr. Surajmal Birdichand Kucheria	Member, Independent Director	4	4

**b. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee is constituted in accordance with the provisions of Regulation 19 of the SEBI (LODR) Regulations, 2015 and the provisions of Section 178(1) of the Companies Act 2013.

**i. Terms of reference**

The terms of reference of the Nomination and Remuneration Committee includes the matters specified in Part D of Schedule II to the SEBI (LODR) Regulations, 2015 which broadly includes determination and recommendation for appointment/removal of Executive, Non-Executive and Independent Directors to the Board etc.

**ii. Composition and Meetings**

The Nomination and Remuneration Committee comprised of three Directors, out of which all the Directors are Independent Director. The Committee is chaired by Mr.Surajmal Birdichand Kucheria, who is an Independent Director.

During the financial year ended 31st March, 2020, two meetings of Nomination and Remuneration Committee were held and the dates on which the said meetings were held are:

- i. **25th May, 2019;**
- ii. **10<sup>th</sup> August, 2019;**

The composition and attendance record of the members at the meeting is as under:

Name	Category	Number of Meetings	
		Held	Attended
Mr. Surajmal Birdichand Kucheria	Chairman, Independent Director	2	2
Mr. Ramesh C Kashyap	Member, Independent Director	2	2
Mr. Nitin Dafria	Member, Independent Director	2	2

**iii. Criteria for Performance Evaluation**

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Executive Directors, Non-Executive Directors including Independent Directors and Board as a Whole.

The criteria for Performance Evaluation are as under:

**For Executive Directors, Non-Executive Directors including Independent Directors:**

An indicative list of criteria for evaluation of Executive Directors, Non-Executive Directors including Independent Directors includes Qualifications and Competency, Commitment towards Board, Fulfillment of functions, Ability to function as a team, Attendance at Board, Committee and General Meeting, Prepares in advance for board and committee meetings, Maintains confidentiality, Abides by the legal obligations and code of conduct, Reports concerns about unethical behavior, actual and suspected fraud, the amount of time spent on discussions on strategic and general issues is sufficient, Whether person is independent from the entity and the other directors and there if no conflict of interest, Whether the person exercises his/ her own judgment and voices opinion freely.

**For Board as a whole:**

The criteria for evaluation of the Board, inter alia, includes- Proper mix of competencies and experience, composition and diversity, induction programme, team work,integrity Understanding of the legal requirements, setting of goals, Compliances with corporate governance regulations andguidelines, Adequacy of attendance and participation by the board members, Frequency of Board Meetings,Understanding of the risk attached with the business structure, Monitoring the company's internal controls andcompliance, Appropriateness of effective vigil mechanism, Succession plan for the Management.

**For Board Committee:**

The criteria for evaluation of the Board Committee, inter alia, includes-Constitution of Committee, the terms of reference, Independence of the Committee, Reporting the Committees to the Board, Reviews its mandate and performance, Proactive measures to perform its functions, Suggestion and recommendation of committee, Fulfillment of its functions as assigned by the Board, frequency of the Committee meetings, Adequacy of attendance and participation in the Committee meetings, discussions and decision making.

#### iv. **REMUNERATION OF DIRECTORS**

##### ➤ **Transactions with Non-executive Directors/ Independent Directors**

The non-executive directors of the Company do not have any material pecuniary relationship or transactions vis-à-vis Company. The Company is not paying any remuneration to the Non-Executive/Independent Directors except sitting fees for attending the Board meetings.

##### ➤ **Criteria for making payment**

As per the Nomination and Remuneration Policy of the Company which is placed on the Company's website.

##### ➤ **Remuneration to Executive Directors**

During the financial year, there were only three directors who are in the whole time employment of the company and drawing remuneration. The details of remuneration for the year ended March 31, 2020 to the Executive Directors are as follows

Name of Directors	Designation	Remuneration
Mr. Devendra Jain	Managing Director	Rs. 34,05,000
Mr. Mukesh Utsavlal Jain	Whole Time Director	Rs. 34,05,000
Mr. Surendra Utsavlal Jain	Whole Time Director	Rs. 34,05,000

- The company does not pay any fixed component and performance linked incentives any of its Directors.
- The company does not have any service contract with any of its directors.
- The company has not granted any stock option to any of its Director/employees.
- The Company has not paid any fees or compensation to the Executive Directors except the remuneration mentioned above.

#### c. **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee is constituted in accordance with the provisions of Regulation 20 of the SEBI (LODR) Regulations, 2015 and the provisions of Section 178 of the Act.

##### i. **Terms of reference**

The board has set up a Stakeholders Relationship Committee to consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends etc.

##### ii. **Composition and Meetings**

The Stakeholders Relationship Committee comprised of three Directors, out of which majority of the Directors are Independent Directors. The Committee is chaired by Mr. Nitin Dafria, who is an Independent Director.

During the financial year ended 31st March, 2020, four meetings of Stakeholders Relationship Committee were held and the dates on which the said meetings were held are

- i. 25<sup>th</sup> May, 2019;
- ii. 10<sup>th</sup> August, 2019;
- iii. 14<sup>th</sup> November, 2019;
- iv. 13<sup>th</sup> February, 2020;

The composition and attendance record of the members at the meeting is as under:

Name	Category	Number of Meetings	
		Held	Attended
Mr. Nitin Dafria	Chairman, Independent Director	4	4
Mr. Surajmal Birdichand Kucheria	Member, Independent Director	4	4
Mr. Mukesh Utsavlal Jain	Member, Executive Director	4	4

Details of Complaints received during the year are given in table below and all were solved to the satisfaction of the shareholders.

S.NO	PARTICULARS OF INVESTOR GRIEVANCES	NUMBER OF INVESTORS GRIEVANCES
1.	Complaints received during the Year	Nil
2.	Complaints disposed of during the Year	Nil
3.	Complaints pending at the end of the year	Nil

#### **Compliance Officer**

Ms. Hansika Mittal, Company Secretary is the general compliance officer of the Company except specifically provided otherwise for specific purposes.

Ms. Hansika Mittal,  
Plot No. 209, Sector No. 1,  
Industrial Area, Pithampur, (M. P.) 454775  
Email: [admin@porwalauto.com](mailto:admin@porwalauto.com)  
Telephone: 07292-405101  
Fax: 07292-405120  
[www.porwalauto.com](http://www.porwalauto.com)

#### **D. CSR COMMITTEE**

The CSR Committee is constituted in accordance with the provisions of Section 135 of the Companies Act, 2013 and any other rules and regulations made thereunder.

##### **i) Terms of reference**

The Board has set up a CSR Committee to consider and approve the CSR policy and to monitor and maintain the details regarding expenditure related to the CSR Activity as prescribed under the act and the policy.

##### **ii) Composition and Meetings**

The CSR Committee comprised of three Directors, out of which one of the Director is Independent Director. The Committee is chaired by Mr. Devendra Jain, who is a Managing Director.

During the financial year ended 31<sup>st</sup> March, 2020, two meetings of CSR Committee were held and the dates on which the said meetings were held are

- i. **25<sup>th</sup> May, 2019;**
- ii. **10<sup>th</sup> August, 2019;**
- iii. **13<sup>th</sup> February, 2020;**

The composition and attendance record of the members at the meeting is as under:

Name	Category	Number of Meetings	
		Held	Attended
Mr. Devendra Jain	Chairman, Executive Director	3	3
Mr. Nitin Dafria	Member, Independent Director	3	3
Mr. Mukesh Utsavlal Jain	Member, Executive Director	3	3

#### **4. GENERAL BODY MEETINGS**

- a. Details of the General Body Meetings held during last three years:

AGM/EGM	Date	Venue	Time
AGM-2017	28 <sup>th</sup> September, 2017	Registered office of the Company	01:30 PM
AGM-2018	29 <sup>th</sup> September, 2018	Registered office of the Company	01:30 PM
AGM-2019	28 <sup>th</sup> September, 2019	Registered office of the Company	01:30 PM

- b. Details of Special Businesses Transacted in last three years General Body Meetings are as under:

AGM/EGM	Date	Special Business Transacted
AGM-2017	28 <sup>th</sup> September, 2017	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Devendra Jain (DIN-00232920) as the Managing Director of Company</li> <li>Re-appointment of Mr. Mukesh Jain (DIN-00245111) as the Whole-Time Director of Company</li> <li>Re-appointment of Mr. Surendra Jain (DIN-00245154) as the Chairman and Whole time director of Company</li> <li>To Approve the Expenses for Service of Documents to Members</li> </ul>
AGM-2018	29 <sup>th</sup> September, 2018	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Nitin Dafria as an Independent Director:</li> <li>Re-appointment of Mr. Surajmal Birdichand Kucheria as an Independent Director</li> <li>Re-appointment of Mr. Ramesh C Kashyap as an Independent Director</li> </ul>
AGM-2019	28 <sup>th</sup> September, 2019	<ul style="list-style-type: none"> <li>Re-appointment of Ms. Rajni Jain as an Independent Director</li> </ul>

- No Extra-ordinary General Meeting of the shareholders was held during the year.
- No special resolutions were passed nor proposed to be passed during 2019-20 through postal ballot.

## **5. MEANS OF COMMUNICATION**

- a. **Quarterly and Annual Financial Results:** The Board of Directors of the Company approves and takes on record the Quarterly, Half Yearly and Yearly Financial Results in the performance prescribed by SEBI (LODR) Regulations, 2015 within 45/60 days of the end of the respective quarter.
- b. **Newspaper publications on Financial Results:** The Quarterly/ Half yearly/ Annual Results of the Company are published in accordance with the SEBI (LODR) Regulations, 2015 in newspapers viz. "Free Press", (English) and "Chhotha Sansar" (Hindi).
- c. **Website:** The Company's website [www.porwalauto.com](http://www.porwalauto.com) contains a dedicated segment called 'Investors Corner', where all the information as may be required by the Shareholders is available including quarterly results, shareholding pattern, stock exchange disclosures, Annual Reports, Policies, additional disclosures, etc. in accordance with Regulation 46 of Listing Regulations.
- d. **Official Media releases and presentations made to Institutional Investors/Financial Analysts:** No official media releases and presentations made are made by the Company.

## **6. GENERAL SHAREHOLDERS INFORMATION**

### **a. Annual General Meeting**

Date, Time & Venue of Annual General Meeting on Tuesday, the 29<sup>th</sup> day of September 2020 at 03:00 PM at the Registered Office of the Company.

### **b. Financial Year:** The financial year covers the period from 1<sup>st</sup> April, to 31<sup>st</sup> March.

### **c. Financial Calendar**

**(Tentative)**

Results for the Quarter ending 30<sup>th</sup> June, 2020: First Fortnight of August, 2020  
 Results for the Quarter ending 30<sup>th</sup> Sept, 2020: First Fortnight of November, 2020  
 Results for the Quarter ending 31<sup>st</sup> Dec, 2020: First Fortnight of February, 2021  
 Results for the Quarter ending 31<sup>st</sup> Mar, 2021: Last week of May, 2021

### **d. Book Closure**

Wednesday, 23<sup>rd</sup> September 2020 to Tuesday, 29<sup>th</sup> September 2020 (both days inclusive) for the purpose of AGM.

### **e. Listing**

- **Stock Exchange:** Bombay Stock Exchange Limited
- **Stock Code:** 532933
- **ISIN No.:** INE386I01018
- Listing Fees has been paid for 2020-21.

### **f. Plant Location**

Plot No. 209, Sector No. 1, Industrial Area,  
 Pithampur, Distt. DHAR (M.P.) 454775  
 Tel: 07292-405101, Fax: 07292-405120  
[admin@porwalauto.com](mailto:admin@porwalauto.com), [www.porwalauto.com](http://www.porwalauto.com)

### **g. Investor Correspondence Address**

- **Registrars and Share Transfer Agents**  
 Link Intime India Pvt Ltd.  
 C 101, 247 Park,  
 LBS Marg, Vikhroli West,  
 Mumbai 400 083  
 Tel: +91 22 49186000  
 Fax: +91 22 49186060  
 E Mail: [prajwal.suvarna@linkintime.co.in](mailto:prajwal.suvarna@linkintime.co.in),  
[rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

➤ **Compliance Officer**  
**Porwal Auto Components Limited**  
**CIN:L34300MP1992PLC006912**  
Plot No. 209, Sector No. 1,  
Industrial Area, Pithampur, (M. P.) 454775  
Tel: 07292-405101  
Fax: 07292-405120  
E Mail: [cs@porwalauto.com](mailto:cs@porwalauto.com)  
[www.porwalauto.com](http://www.porwalauto.com)

#### h. Stock Market Data:

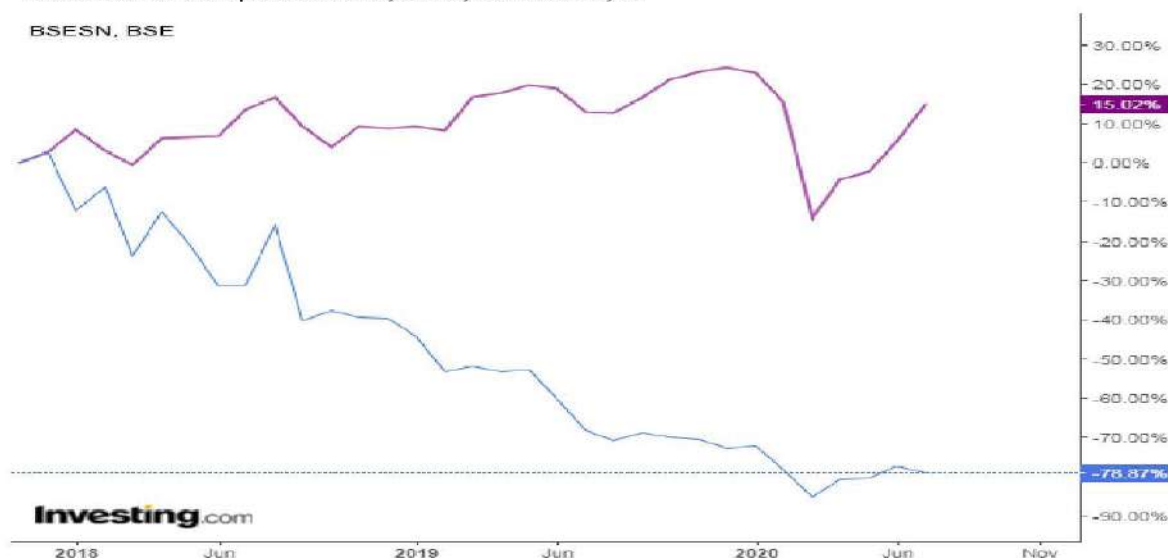
**High/Low/Close during each month in the last Financial Year**  
**Monthly highs and lows Quotes at the BSE 2019-20**

Year	High(Rs.)	Low(Rs.)	Close(Rs.)
Mar 2020	14.90	6.31	8.94
Feb 2020	17.60	10.95	13.15
Jan 2020	19.85	15.75	16.80
Dec 2019	20.35	15.60	16.45
Nov 2019	22.20	16.05	17.80
Oct 2019	19.40	14.00	18.00
Sep 2019	21.70	14.10	18.70
Aug 2019	22.85	16.40	17.60
Jul 2019	25.75	17.40	19.10
Jun 2019	28.75	19.65	24.00
May 2019	31.00	22.70	28.40
Apr 2019	28.30	34.90	27.55

#### i. performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc;

Published on Investing.com, 25/Jul/2020 - 11:05:47 GMT, Powered by TradingView.  
**Porwal Auto Components Ltd, India, BSE:PAUC, M**

BSESIN, BSE



**j. Registrars and Share Transfer Agents**

Link Intime India Pvt Ltd.  
C 101, 247 Park,  
LBS Marg, Vikhroli West,  
Mumbai 400 083  
Tel: +91 22 49186000  
Fax: +91 22 49186060  
E Mail: [prajwal.suvarna@linkintime.co.in](mailto:prajwal.suvarna@linkintime.co.in),  
[rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**k. Share Transfer System:**

All the transfers received are processed by the Registrar and Share transfer Agent. Transfers are registered and confirmed within 30 days from the date of receipt, if the documents are in order in all respects. The details of share transfers during the quarter are also placed before the Stakeholders Relationship Committee meetings to take the same on record.

**l. Distribution of shareholding as on 31st March, 2020:**

SHAREHOLDING OF NOMINAL SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARE AMOUNT RS.	PERCENTAGE OF TOTAL
1 – 5000	7329	78.3515	13745040	9.1027
5001 -- 10000	1006	10.7548	8065510	5.3414
10001 – 20000	556	5.9440	8255370	5.4671
20001 – 30000	143	1.5288	3685110	2.4405
30001 -- 40000	67	0.7163	2383140	1.5782
40001 -- 50000	65	0.6949	3048810	2.0191
50001 -- 100000	94	1.0049	6888450	4.5619
100001 -- *****	94	1.0049	104928570	69.4891
<b>TOTAL</b>	<b>9354</b>	<b>100.0000</b>	<b>151000000</b>	<b>100.0000</b>

**m. Dematerialization of shares as on 31.03.2020:**

CATEGORY	NO. OF SHARES	PERCENTAGE (%)
Total number of Dematerialized shares with NSDL	89,17,317	59.06
Total number of Dematerialized shares with CDSL	55,84,680	36.98
PHYSICAL	5,98,003	3.96
<b>TOTAL</b>	<b>1,51,00,000</b>	<b>100</b>

**Shareholding Pattern as on 31st March, 2020**

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters & Promoter Group	5610784	37.15751%
2.	Corporate Bodies	3671228	24.31277%
3.	Indian Public	5705722	37.78624%
4.	NRIs/OCBs	112266	0.743483%
		<b>1,51,00,000</b>	<b>100%</b>

- n. **Outstanding GDR's/ADR's/Warrant's/Convertible instruments and their impact on equity-**  
The Company has not issued any GDRs/ADRs/Warrants or any convertible Instruments.
- o. **Commodity price risk or foreign exchange risk and hedging activities:** Your Company does not deal in any commodity or foreign exchange; hence it is not directly exposed to any commodity price risk or foreign exchange risk and hedging activities.
- p. **List of Credit Ratings:** Your Company does not have any securities other than equity shares thus it does not obtain any credit ratings.

## 7. **DISCLOSURES:**

### a. **Related Party Transactions**

There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Further details of related party transactions are as per Accounting Standard 18 and are presented in Notes to Accounts in the Annual Report.

Your Company has formulated a Policy on Related Party Transactions which has been posted on the website of the Company and can be accessed through web link [www.porwalaauto.com](http://www.porwalaauto.com).

### b. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years**

There were no such instances.

### c. **Vigil Mechanism/ Whistle Blower Policy**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy and also to report insider trading violations as well as reporting of instances of leak of unpublished price sensitive information. The Company has a Vigil Mechanism Policy under which the employees are free to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy. The same is posted on the website of the Company at [www.porwalaauto.com](http://www.porwalaauto.com). It is hereby affirmed by the Board that No personnel have been denied access to the Audit Committee to lodge their grievances.

### d. **Compliance with mandatory requirements**

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations, 2015 during the year. The Company has not adopted any of the non-mandatory requirements of SEBI (LODR) Regulations, 2015.

### e. **Web link where policy for determining 'material' subsidiaries is disclosed.**

Your Company has no Material Subsidiaries.

### f. **Disclosure of commodity price risks and commodity hedging activities.**

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

### g. **Disclosure of Accounting Treatment**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 and other relevant provisions of the Act.

### h. **Details of Utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)**

Your Company did not raise funds in any manner during the financial year.

### i. **Certificate by Practising Company Secretary**

Your Company has obtained a Certificate from Ms. Shraddha Jain, Practising Company Secretary certifying that none of the directors on the board of the company as on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the

Board/Ministry of Corporate Affairs or any such statutory authority and the same has been annexed to this report.

**j. Acceptance of recommendations of any committee of the board**

During the year, your Company had accepted all the recommendations made by the committees of Board.

**k. Payment of Fee for services by the Company**

Your Company has paid the fee of Rs. 90,000 for services provided by the Statutory Auditor during the year.

**l. Anti Sexual Harassment Policy**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the sexual harassment of women at the workplace (Prevention, Prohibition & Redressal) Act 2013. An Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment. During the year no complaints of Sexual Harassment were received.

**m. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- a. Number of complaints filed during the financial year: Nil
- b. Number of complaints disposed of during the financial year: Nil
- c. Number of complaints pending as on end of the financial year: Nil

**n. Disclosure of Subsidiaries**

Your Company does not have any material subsidiary.

**8. MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis is a part of the Annual report and annexed separately.

**9. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT:**

The Company does not have any shares in the demat suspense account/unclaimed suspense account

- 10.** Non-compliance of any requirement of corporate governance report of sub-para (2) to (10) of Schedule V (c) of the Listing Regulations: NIL
- 11.** Extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted. NIL
- 12.** The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

**13. Code of Conduct**

Regulation 17(5) of the SEBI (LODR) Regulations, 2015 requires listed companies to lay down a Code of Conduct for its directors and senior management, which shall suitably incorporate the duties of Independent directors as laid down in the Companies Act, 2013.

In accordance with Regulation 17(5) of the SEBI Listing Regulations, 2015, the Company has adopted Code of Conduct for all the Board Members and senior management team and the code of conduct for Independent Directors separately and both the codes are available on Company's website at [www.porwalauto.com](http://www.porwalauto.com). All Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct, for the Financial Year ended March 31<sup>st</sup>, 2020.

A declaration signed by the Managing Director to this effect is annexed separately to this report.

**14. Code of Conduct for prohibition of Insider Trading**

In compliance with the SEBI (Prevention of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015, the Company has placed on its website [www.porwalauto.com](http://www.porwalauto.com) Code of Conduct for prohibition of Insider Trading along with the Policy for Determination of Legitimate Purposes.

The code ensures that the employees deal in the shares of the Company only at a time when any price sensitive information that could be known to the employee is also known to the public at large. This code is applicable to every employee and director of the Company.

Further the Policy for determination of legitimate purposes sets out the procedures and precautions related to sharing of Unpublished Price Sensitive Information for legitimate purposes.

**For and on behalf of the Board of Directors**

Porwal Auto Components Limited

Date: 27.08.2020

Place: Pithampur

**Registered office**

Plot No. 209, Sector No. 1,

Industrial Area,

Pithampur (M.P.) 454775

CIN: L34300MP1992PLC006912

**Mukesh Jain**

Whole time Director

(DIN - 00245111)

**Devendra Jain**

Managing Director

(DIN - 00232920)

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020****[Pursuant to Part E of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]**

To,  
The Members,  
**PORWAL AUTO COMPONENTS LIMITED**  
**(L34300MP1992PLC006912)**  
Plot No. 209, Sector 1,  
Industrial Area, Pithampur  
M.P. - 454775

We have examined the compliance of conditions of Corporate Governance by PORWAL AUTO COMPONENTS LIMITED (hereinafter called the Company), for the year ended on 31st March, 2020 as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st April, 2019 to 31st March, 2020.

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 of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India which requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2020.

In our opinion and to the best of my information and according to the explanations given to me, I report that the Company has complied with the conditions of Corporate Governance.

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

**For S N Gadiya & Co.**  
**Chartered Accountants**  
**Firm Reg. No. 002052C**

**Date: 27.08.2020**  
**Place: Indore**

**Shraddha Jain**  
**Practicing Company Secretary**  
**ACS: 39488**  
**CP. No. 14717**  
**UDIN: A039488B000623821**

**DECLARATION**

This is to confirm that for the year 2019-20, 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 of the Company. The Code of Conduct is displayed on the website of the Company at [www.porwalauto.com](http://www.porwalauto.com).

**Devendra Jain**  
**Managing Director**  
**(DIN- 00232920)**

**MD / CFO CERTIFICATION**

To,  
The Board of Directors,  
**Porwal Auto Components Ltd.**  
Pithampur

Dear Sirs

- (a) We have reviewed the audited Financial Statements for the financial year ended 31<sup>st</sup> March 2020 and that to the best of their knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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 our 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 have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there is
- No significant change in internal control over financial reporting during the year
  - No significant change in accounting policies during the year under review and
  - No instance of any fraud in the company in which the management has any role.

**Place:** Pithampur  
**Date:** 29.06.2020

**Shailesh Jain**  
Chief Financial Officer

**Devendra Jain**  
Managing Director  
(DIN: 00232920)

**Annexure – VII**  
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The Indian auto-components industry can be broadly classified into the organized and unorganized sectors. The organized sector caters to the original equipment manufacturers (OEMs) and consists of high-value precision instruments while the unorganized sector comprises low-valued products and caters mostly to the aftermarket category. The Indian auto component industry is expected to register a turnover of US\$ 66 billion by FY 15–16 with the likelihood to touch US\$ 115 billion by FY 20–21. In addition, industry exports are projected to reach US\$ 12 billion by FY 15–16 and add up to US\$ 30 billion by FY 20–21 (26 per cent of the market). Europe accounts for the largest share of Indian auto components exports (38.1 percent) followed by North America (21 per cent) and Asia (25 per cent). Auto-Components can be classified into the following sub-sectors - engine parts, drive transmission & steering parts, body and chassis, suspension and braking parts, equipment, electrical parts and others such as fan belts, die castings, sheet metal parts.

Automobile component industry's revenue stood at US\$ 56.52 billion in FY19, up from US\$ 35 billion in FY14. As per Automobile Component Manufacturers Association (ACMA), automobile components export from India is expected to reach US\$ 80 billion by 2026. The Indian auto components industry aims to achieve US\$ 200 billion in revenue by 2026. Turnover of the industry stood at Rs 1.79 lakh crore (US\$ 25.61 billion) in FY20 (till September 2019) and export of auto components grew 2.7 per cent to reach Rs 51,397 crore (US\$ 7.35 billion) during the same time.

Both Indian & global manufacturers are investing in new capacities & newer programmes to get long term advantage. Indian automotive industry (including component manufacturing) is expected to reach Rs 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. The industry attracted Foreign Direct Investment (FDI) worth US\$ 24.21 billion during April 2000 to March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

The auto sector had already undergone considerable slowdown over the last 12-18 months due to structural changes beginning with the Goods and Services Tax, shift to Shared Mobility, Axle-load reforms, the Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) transition, Liquidity Crunch and so on.

The COVID-19 lockdown has had a multiplier effect – the industry has almost been at a complete standstill since 24th March. A prolonged truncation of consumer demand due to the lockdown is seen significantly affecting auto manufacturers (OEMs) revenues and cash flows. Weak demand across domestic OEM, replacement market and exports in the wake of COVID-19 outbreak is likely to squeeze the revenue of the automotive component sector by 14-18 percent in this fiscal, says a report. The industry has been affected by the pandemic and continuing lockdowns which is directly impacting the economic environment and consumer sentiments. Domestic automotive production declined by about 14.7 percent in FY2020 and is expected to witness double-digit decline in FY2021 as well. The aftermarket component demand which accounts for 18% of the industry turnover, is also expected to be subdued in the near term, the exception being components.

**FAVOURABLE POLICY MEASURES AIDING GROWTH**

**1. National Electric Mobility Mission Plan (NEMMP) 2020:**

- The vision of this scheme is for faster adoption of EVs and their manufacturing in the country. It aims at achieving sales of 6-7 million units of hybrid and EVs by 2020.

**2. Dept. of Heavy Industries & Public Enterprises:**

- Created a US\$ 200 million fund to modernise the auto components industry by providing interest subsidy on loans & investments in new plants & equipment. Provided export benefits to intermediate suppliers of auto components against Duty-Free Replenishment Certificate (DFRC).

### 3. Automotive Mission Plan 2016-26 (AMP 2026):

- AMP 2026 targets a four-fold growth in the automobile sector in India, which includes manufacturers' of automobiles, auto components & tractors over the next 10 years. It is expected to generate an additional employment of 65 million.
  - a) Contribution of auto industry in the country's GDP will rise to over 12 per cent.
  - b) Around 65 million incremental number of direct and indirect jobs will be created.
  - c) End of life Policy will be implemented for old vehicles.

### 4. Union Budget 2020-21:

- The Government has reaffirmed its commitment towards EVs and its mission for 30 per cent electric mobility by 2030.

## **COMPANY'S OVERVIEW:**

Porwal Auto Components Ltd is a diversified auto-components company with presence across many processes/ product lines and customers and involved in manufacturing and marketing of S.G. (Ductile) Iron, Grey Cast Iron and Steel Castings and Components for the Automobile, Engineering & Railway Applications for past 27 years. Company has responded to the customers need by developing a new project called lost foam process. Our engineers took on the project by researching, experimenting, and developing the manufacturing system to efficiently produce high-quality castings. Lost foam is advantageous for complex castings that would normally require cores.

- Dimensionally Accurate
- Maintains an excellent surface finish
- Requires no draft
- Has no parting lines
- The foam is easy to manipulate, carve, and glue which allows for consolidating many foam pieces into one complex component that is cast as a single part.

Your Company is constantly push the boundaries of possibilities to create products and technology led services that enable our customers and stakeholders to Rise. By focusing on customer centricity, delivering accessible technology, innovation and enhancing people capabilities, we continue to drive growth in the domestic market while pursuing global expansion.

## **OPPORTUNITIES AND THREATS:**

**OPPORTUNITIES:** The auto industry is an engine of economic growth. The industry contributes to 7.1% of India's GDP, 15% of GST revenues and supports 37 million direct and indirect jobs. A highly localised supply chain has enabled the industry to be a shining example of Make In India, which is recognized world over. To meet Government's mission, of a 5 trillion USD economy by 2025, the automotive industry which constitute almost 50% of the manufacturing GDP, will have to grow by 14% CAGR till 2025. Growing concerns over air quality, road safety, sustainability and urban congestion, among consumers and society at large, are driving the regulations and policies for motor vehicles and urban development. These will impact choice of fuel, ownership patterns and will have a significant impact on the future of the automotive industry.

**The Union Budget** announced by the Govt rolled out several measures that will benefit the automobile industry, these includes:

1. Rural and Agricultural push
2. Investment in infrastructure
3. Support for MSME

**Making strategic alliances** can be a smart strategy for Automobile companies. By using specialized capabilities & partnering with other companies, they can differentiate their offerings.

**Changing lifestyle & customer groups:** Three powerful forces are rolling the auto industry. Shift in consumer demand, expanded regulatory requirements for safety and fuel economy, and the increased availability of data and information. Also with the increase in nuclear families there has

been increase in demand of two-wheelers & compact cars and this will grow further in this COVID-19 period.

**Market expansion :** Entering new markets like Asian & BRIC nations will result in upsurge in demand of vehicles. After these markets, other markets are likely to emerge soon.

**THREATS:** FY2020 was a very challenging year for the Indian auto industry. On one front, the industry was focused on achieving smooth and efficient transition from BS4 to BS6. On the other front, the industry was faced with very challenging market scenario. The deep slowdown in demand for automobiles was principally a result of:

- a) weak consumer sentiment emanating from the general slowdown in economic growth and constrained Government spending;
- b) Muted demand from rural parts
- c) Challenges in access to and cost of finance;
- d) Increase in vehicle prices due meeting safety and emission norms.

These Following threats the challenges for the Company are:

**Intense Competition:** Presence of such a large number of players in the Automobile industry results into extensive competition, every company eating into others share leaving little scope for new players.

**Volatility in the fuel Prices:** At least for the passenger segment fluctuations in the fuel prices remains the determining factor for its growth. Also government regulations relating the use of alternative fuels like CNG. Shell gas is also affecting the inventories.

**Sluggish Economy:** The economic impact of the 2020 corona virus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. Unemployment rose from 6.7% on 15 March to 26% on 19 April and then back down to pre-lockdown levels by mid-June. Macroeconomic uncertainty, Recession, un-employment etc. are the economic factors which will daunt the automobile industry for a long period of time.

**High fixed cost and investment in R & D:** Due to the fact that mature markets are already overcrowded, industry is shifting towards emerging markets by building facilities, R & D centers in these markets. But the ROI out of these decisions is yet to be capitalized.

#### **Segment - wise or product - wise performance**

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

#### **OUTLOOK:**

Auto Component Industry is likely to witness a second consecutive year of a de growth this fiscal mainly on account of disruption in operations due to Shared Mobility, Axle-load reforms, shifting from the Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) transition, Liquidity Crunch and so on. The COVID-19 outbreak and lockdowns across the globe disrupting economic activity and supply chain further added to the challenge adversely impacting sales in almost all segments. The COVID-19 lockdown has had a multiplier effect – the industry has almost been at a complete standstill since 24th March. This all adversely impacting sales in almost all segments. The financial year 2019-20 posed serious challenges for Operations. Volume demand fluctuation, BS-VI migration and further impact of COVID-19 in March created extremely difficult situation for operations and supply chain. A prolonged truncation of consumer demand due to the lockdown is seen significantly affecting auto manufacturers (OEMs) revenues and cash flows. according to a report. The counter measures are likely to lead to lower income levels, weaker consumer sentiments, production disruptions, decreased industrial output as well as lesser movement of vehicles, resulting in a decline in global automobile demand and therefore, lower revenue and profitability for auto ancillaries in FY21. The auto component industry is projected to register a lower 5-7 per cent

compounded annual growth rate (CAGR) over the fiscals 2020 and 2021 as against 12 per cent in the preceding two fiscals amid a slump in domestic vehicle sales.

As per Automobile Component Manufacturers Association (ACMA), automobile component export from India is expected to reach US\$ 80 billion by 2026. The Indian auto component industry aims to achieve US\$ 200 billion in revenue by 2026. Turnover of automotive component industry stood at Rs 1.79 lakh crore (US\$ 25.61 billion) in FY20 (till September 2019) and export of auto components grew 2.7 per cent to Rs 51,397 crore (US\$ 7.35 billion) during same time.

The upcoming safety and emission norms will boost demand for components such as airbags, engine systems, exhaust management systems, and electronic and electrical parts. Vehicle demand is also expected to be impacted by the new safety norms for passenger vehicles and two-wheelers, applicable in fiscal 2020, and the Bharat Stage (BS) VI emission norms, which come into effect from April 1, 2020, as these will drive up vehicle prices across categories. New safety and emission norms do offer a ray of hope to component manufacturers as these will increase the component content in vehicles.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as export potential could be increased by up to US\$ 30 billion by 2021E.

With an objective to sustain growth, your Company is pursuing several strategic initiatives in all key areas of business to survive in this challenging face. The key elements of strategy include strengthening the product portfolio, refresh and update existing products and strengthen research & development (R&D) and technology capabilities. Further, Your Company is taking several initiatives to uplift the sales and Profit. With aim to remain competitive in the market and sustain leadership, your Company continues to invest in new product development, technology upgrades, increasing channel reach, and the focus on delivering customer centric products, services and build brand. Your Company is continuously evaluated our product portfolio and its technological readiness for the future, in the face of challenges posed by both emerging and disruptive technologies. your Company's LFC project is under process and will be completed by next year. We also a long standing relationship with all our customers our built on the years of remarkable responsiveness, to their ever changing needs.

## **RISKS AND CONCERNS**

The automotive industry is disrupted by the four megatrends connected, autonomous, electric and shared driving, causing an unprecedented technology and business model transformation. Amid this transformation, the COVID -19 outbreak is putting additional stress on the industry after initial supply and manufacturing disruptions, the industry is now experiencing a demand shock with uncertain recovery timeline due to shelter -in -place regulations. With limited room to cut fixed costs, some OEMs have low liquidity to power through a long period of missing revenues. Decreases in market capitalization will likely accelerate industry consolidation and without securing additional funding, some players risk going out of business. Changes in customer behavior, such as different mobility preferences and online shopping expectations, might remain after the crisis.

**1. COVID-19:** The rampant spread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook. Fiscal FY2021 began with a lockdown, with almost zero economic activity in India, which took strict measures to contain the spread and intensity of the pandemic. This lockdown impact huge quantum of losses to the Company. The economy is expected to see demand constraints, particularly for discretionary items such as automobiles. These are primarily driven by stagnant or lower household incomes and uncertainty over employment and economic growth at large. Further, potential rise in NPAs in the financial sector would possibly result in higher costs of finance and increased difficulty in getting finance. While the manufacturing sector is likely to see a slow recovery, the agriculture sector will be relatively less impacted, the quicker recovery in rural India is expected to support demand for Auto Sector as well, while urban segment will take little longer time to come back to normalcy. With relaxations allowed during subsequent phases of the lockdown, Tractors and Automotive manufacturing units and Suppliers commenced production gradually with safety protocols. At the same time, the Company's dealerships are also becoming operational, again following all Government guidelines. As the economy at large, adapts to operating and living in a post-COVID era, it is expected that there will be a recovery in the second half.

**2. New Regulation for Safety:** Concerns over road safety are driving legislation and regulatory reforms. Any new legislation requires technology development and incurs cost, in turn impacting vehicle prices. Your Company is geared up and is confident of meeting any new regulations introduced.

For tractors, introduction of Roll Over Protection System (ROPS), will require investment in technology and increase the material cost, thus putting pressure on the overall cost structure.

**3. New Products and Technologies:** To remain competitive in the market, for exceeding customer expectations and to meet requirements of legislation, your Company has an aggressive program for development of new products and technologies. The success of new product launches will have an important bearing on its future growth and probability of the Company.

**4. Monsoon:** A normal monsoon is important for both agriculture as well as the rural economy and sentiment at large. An untimely monsoon and uneven spread has the potential of adversely impacting the business. Going into FY2021, the current forecast by Indian Meteorological Department points towards a normal monsoon.

To deal with the disruption, businesses need to execute actions over three timelines:

- a) A fast response to navigate the emerging situation with a focus on protecting people.
- b) A reset of current business activities to adapt to new financial realities.
- c) A renewal of strategic plans to emerge stronger after the crisis.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss. It ensures that all transactions are authorised, recorded and reported correctly and all the transactions are properly authorized and recorded. It monitors compliance to internal processes and provide timely and reliable information to management.

The Chief Internal Auditor reports directly to the Chairman of the Board. The Internal Audit function develops an audit plan for the Company, which covers, inter alia, corporate, core business operations, as well as support functions. The Audit Committee reviews the annual internal audit plan.

Significant audit observations are presented to the Audit Committee, together with the status of the management actions and the progress of the implementation of the recommendations.

The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. During the year, the Company has taken steps to review and document the adequacy and operating effectiveness of internal controls. Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

Your Company's Management has carried out the evaluation of design and operative effectiveness of these controls and noted no significant deficiencies/material weaknesses that might impact financial statements as at the Balance Sheet date.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

During the year under review the Company has reported a turnover of Rs. 7,872.33 Lacs against the turnover of Rs. 12,062.69 Lacs in the previous year, registering decrement of Rs. 4190.36 Lacs (approx). The overall expenses of the Company has also decreased from Rs. 10,864.34 Lacs to Rs. 7,182.22 Lacs. The Company has earned a net profit of Rs. 56.05 Lacs as compared to profit of Rs. 341.93 Lacs in the previous year. The reason of fall down in net profit is due to overall slowdown in auto industry leading to lower sales during the Financial Year 2019-20 followed by abrupt closure of business activities from 25th March, 2020 due to COVID-19 lockdown. Further, our expenses has been also reduced as compared to the previous year. Your Company is trying their best to uplift the profit in the coming period.

### **Material development in human resources/industrial relations front, including number of people employed**

#### **HUMAN RESOURCES / INDUSTRIAL RELATIONS**

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations. The Company has built a competent team to handle challenging assignments. As on 31st March, 2020, there were 263 permanent employees on the roll of the Company. Our Company shares good industrial relations which improves the morale of the employees. Employees work with great zeal with the feeling in mind that the

interest of employer and employees is one and the same i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. Complete unity of thought and action is placed in organization. It has increased the place of workers in the society. During the year, the Company has taken several initiatives to further strengthen its human resource base to meet its current & future growth plans. The Company strives to enhance the technical, work related and general skills of employees on a continuous basis. There was unity of purpose among the employees to continuously strive for all round improvements in work practices & productivity Industrial relations were cordial throughout the year at all locations.

**Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations are as follows:**

Ratio	Ratio in Year 2019	Ratio in Year 2020	% of Change (Compare 2019 & 2020)	Reason for Change
Debtors Turnover	13.70	9.76	28.76%	Debtors turnover ratio has gone down to 9.76 time in 2020 as compared to 13.70 in 2019. This shows that the company is efficiently able to collect its debts as compared to 2019.
Debt Equity Ratio	0.47	0.36	23.40%	Debt equity ratio was 0.36 in 2020 as compared to 0.47 in 2019. This is because no new credit facilities have been availed by the company and the repayment of existing credit facilities has been made as per their repayment schedule.
Net Profit Margin	2.83	0.71	-74.90 %	The Net profit margin is 0.71 in 2020 as compared to 2.83 in 2019. This is because there has been decrease in sales as well as profit before taxes.
Return on networth and Compared to immediately previous financial year	5.83	0.95	-83.70%	Return on net worth is 0.95 in 2020 as compared to 5.83 in 2019. This is because of lower net profit in 2020. Net profit has gone down in 2020 because of lower sales.

#### **DISCLOSURE OF ACCOUNTING TREATMENT**

Your Company's financial statements for the year ended 31<sup>st</sup> March, 2020 are the financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. During the Financial Year, there was no change in the Accounting Treatment in preparation of Financial Statements.

**CERTIFICATE**

**[Pursuant to Regulation 34(3) and sub-clause (i) of clause (10) of Paragraph C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,  
The Members,  
**PORWAL AUTO COMPONENTS LIMITED**  
**(L34300MP1992PLC006912)**  
Plot No. 209, Sector 1,  
Industrial Area, Pithampur, M.P. – 454775

I have examined the relevant registers, returns and records maintained by Porwal Auto Components Limited ("the Company") having CIN:L34300MP1992PLC006912 and registered office at Plot No. 209, Sector 1, Industrial Area, Pithampur, M.P. – 454775, forms and disclosures received from the Directors of the Company, produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub-clause (i) of clause (10) of Paragraph C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors' Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its Officers, I certify that none of the Directors on the Board of the Company for the Financial year ended on March 31, 2020 has been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory Authority.

Ensuring eligibility for appointment / continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: Pithampur**  
**Date: 27.08.2020**

**SHRADDHA JAIN**

**PRACTISING COMPANY SECRETARY**  
**ACS No: 39488**  
**C P No: 14717**  
**UDIN: A039488B000623841**

**INDEPENDENT AUDITORS' REPORT****To the Members of PORWAL AUTO COMPONENTS LIMITED**

Report on the Audit of the Standalone Financial Statements

**Opinion**

We have audited the accompanying standalone financial statements of Porwal Auto Components Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the **profit** and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis For Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows

of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the

financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies(Auditor's report)Order,2016("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure B" a statement of the matters specified in paragraph 3 and 4 of the order.

For S N Gadiya & Co.  
Chartered Accountants  
Firm Reg. No.00205

(CA Satyanarayan Gadiya)  
Proprietor

M.No.071229  
UDIN: 20071229AAAADD2953  
Place: Indore  
Date: 29/06/2020

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements section of 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)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
(ii)		The management, during the year under review, has conducted physical verification of inventory and no material discrepancies were noticed on such verification.
(iii)		The company has not granted any loan to any body corporate covered in the register maintained under section 189 of the Companies Act, 2013. Hence this clause is not applicable.
(iv)		In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
(v)		The Company has not accepted any deposits from public within the meaning of Section 73 and 74 of the Act and the rules framed there under to the extent notified.
(vi)		The Central Government has not prescribed maintenance of cost records under of sub- section (1) of Section 148 of the Act, for the nature of industry in which the Company is doing business.
(vii)	(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)	No disputed amounts payable in respect of Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears as at 31 <sup>st</sup> March 2020 except the following.				
	<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount Disputed</b>	<b>Period to which amount relates</b>	<b>Forum where dispute is pending</b>
	Employee Provident Fund & Mis. Provisions Act 1952	Provident Fund	Rs. 8.05 lacs	F.Y. 2005-06	Employee Provident Fund Appellate Tribunal
	MP VAT Tax	Vat Tax	Rs. 2.56 lacs	F.Y. 2011-12	M.P. Commercial Tax Appellate Board, Bhopal
	MP VAT Tax	Vat Tax	Rs.2.48 lacs	F.Y. 2013-14	Appellate Authority Additional Commissioner of Commercial Tax, Indore
	MP VAT Tax	Vat Tax	Rs.0.74 lacs	F.Y. 2015-16	Appellate Authority Additional Commissioner of Commercial Tax, Indore
	MP VAT Tax	Vat Tax	Rs.2.67 lacs	F.Y. 2016-17	Appellate Authority Additional Commissioner of Commercial Tax, Indore
(viii)	The company has not defaulted in repayment of dues to financial institutions or banks as at the balance sheet date.				
(ix)	The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).				
(x)	No instance of material fraud on or by the Company, notice or reported during the year, nor have we been informed of any such case by the Management.				
(xi)	The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.				
(xii)	The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.				
(xiii)	The transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.				
(xiv)	The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.				

(xv)		The Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
(xvi)		The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.
		<p>For S N Gadiya &amp; Co. Chartered Accountants Firm Reg. No.0020502C</p> <p>(CA S. N. Gadiya) Proprietor M.No.071229 UDIN: 20071229AAAADD2953</p> <p>Date : 29/06/2020 Place : Indore</p>

**Annexure - A to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of PORWAL AUTO COMPONENTS LIMITED ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S N Gadiya & Co.  
Chartered Accountants  
Firm Reg. No.0020502C

(CA S. N. Gadiya)  
Proprietor  
M.No.071229  
UDIN: 20071229AAAADD2953

Date: 29/06/2020  
Place: Indore

**Annexure VII**

Independent Auditor's Report on Year to Date Financial Result of PORWAL AUTO COMPONENTS LTD Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Directors of  
PORWAL AUTO COMPONENTS LIMITED

We have audited the financial results of PORWAL AUTO COMPONENTS LIMITED for the year ended 31<sup>st</sup> March 2020, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This statement which is the responsibility of Company's Management and approved by the Board of Directors, has been compiled from the related Ind- AS Financial Statements, which have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under ('Ind AS') and other Accounting Principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such Financial Statement.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s).

An audit involved performing procedures to obtain audit evidence about the amount and the disclosure in the Statement. The procedure selected depends on the Auditor's judgement, including the assessment of the risk of material mis-statement of the statement whether due to fraud or error. In making those risk assessment, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the statement in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the Accounting Policy used and the reasonableness of the Company's estimate made by the Management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us the statement:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.and
- (ii) give a true and fair view in conformity with the aforesaid Indian Accounting Standards and other Accounting principles generally accepted in India of the net profit and other financial information for the year ended 31<sup>st</sup> March 2020.

For S N Gadiya & Co.  
Chartered Accountants  
Firm Reg. No.0020502C

(CA S. N. Gadiya)  
Proprietor  
M.No.071229  
UDIN: 20071229AAAADD2953  
Date: 29/06/2020  
Place: Indore

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
PORWAL AUTO COMPONENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Porwal Auto Components Limited, for the year ended on 31 March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India which requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2020.

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

For S N Gadiya & Co.  
Chartered Accountants  
Firm Reg. No.0020502C

(CA S. N. Gadiya)  
Proprietor  
M.No.071229  
UDIN: 20071229AAAADD2953  
Date: 29/06/2020  
Place: Indore

Balance sheet as at 31 March 2020			
Particular	Note No.	As at	As at
		31 March 2020	31 March 2019
		INR	INR
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	463,093,867	506,019,595
Capital work-in-progress	3	27,648,711	-
Intangible assets	4	1,276,024	744,185
Financial assets			
Investments	5	86,048,064	82,073,064
Loans	6	48,413,862	50,429,362
Other non-current assets	7	16,146,941	15,363,968
		<b>642,627,469</b>	<b>654,630,174</b>
<b>Current assets</b>			
Inventories	8	68,081,522	101,853,079
Financial assets			
Trade receivables	9	80,631,852	88,055,695
Cash and cash equivalents	10	503,208	178,866
Bank balance other than cash and cash equivalents	11	1,172,401	1,104,092
Loans	12	923,302	1,321,282
Other receivables	13	9,164,850	4,052,998
Other current assets	14	2,789,572	11,131,043
		<b>163,266,707</b>	<b>207,697,054</b>
<b>Total Assets</b>		<b>805,894,176</b>	<b>862,327,228</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	15	151,000,000	151,000,000
Other equity	16	440,834,979	435,228,568
<b>Total Equity</b>		<b>591,834,979</b>	<b>586,228,568</b>
<b>Non-current liabilities:</b>			
Financial liabilities			
Borrowings	17	44,654,725	59,982,307
Deferred tax liabilities (net)	18	29,238,700	38,898,200
		<b>73,893,425</b>	<b>98,880,507</b>
<b>Current liabilities:</b>			
Financial liabilities			
Borrowings	17	72,676,903	64,090,843
Trade payables	19	32,006,212	38,962,144
Other current financial liabilities	20	17,592,314	17,549,798
Other current liabilities	21	17,890,343	56,615,369
		<b>140,165,772</b>	<b>177,218,154</b>
Current tax liabilities (net)			
		<b>140,165,772</b>	<b>177,218,154</b>
<b>Total equity and liabilities</b>		<b>805,894,176</b>	<b>862,327,228</b>

Significant Accounting Policies

As per report of even date

For S N Gadiya &amp; Co

Chartered Accountants

Firm Reg No. 002052C

(CA S N Gadiya)

Proprietor

M. N. 71229

Place : Indore

Date : 29/06/2020

For and on behalf of board

Devendra Jain

Managing Director

DIN 00232920

Mukesh Jain

Whole Time Director

DIN 00245111

Hansika Mittal

Company Secretary

Shailesh Jain

Chief Financial Officer

**Statement of Profit and Loss for the year ended 31st March, 2020**

<b>Particular</b>	<b>Note No.</b>	<b>Year ended 31st March, 2020</b>	<b>Year ended 31st March, 2019</b>
Revenue from operations	22	787233304	1206269061
Other income	23	90651	86687
<b>TOTAL INCOME</b>		<b>787323955</b>	<b>1206355748</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	375564257	639515148.8
Purchases of stock-in-trade	25	1468926	6055627
Changes in inventories of finished goods (including stock-in-trade) and work-in-	26	16923363	-5493203
Employee benefits expenses	27	69619225	94456950
Finance costs	28	23114306	25620764.18
Depreciation and amortisation expenses		60831262	58756219
Other expenses	29	243856634	335514348
<b>TOTAL EXPENSES</b>		<b>791377973</b>	<b>1154425854</b>
<b>Profit before exceptional items and tax</b>		<b>-4054018</b>	<b>51929894</b>
<b>Exceptional items</b>		0	0
<b>Profit before tax</b>		<b>-4054018</b>	<b>51929894</b>
<b>Tax expenses</b>			
Current tax			10691000
Deferred tax credit/(charge)		-9659500	7046300
<b>PROFIT FOR THE YEAR</b>		<b>5605482</b>	<b>34192594</b>
<b>Other Comprehensive Income</b>		0	0
<b>Total Comprehensive Income for the period</b>		<b>5605482</b>	<b>34192594</b>
<b>Earnings per equity share</b>			
Basic (Face value of Re. 10 each)		<b>0.37</b>	<b>2.26</b>
Diluted (Face value of Re. 10 each)		<b>0.37</b>	<b>2.26</b>

**The accompanying notes are an integral part of these financial statements**

Significant Accounting Policies

For S N Gadiya & Co

Chartered Accountants

Firm Reg No. 002052C

For and on behalf of board

(CA S N Gadiya)

Proprietor

M. N. 71229

Place : Indore

Date : 29/06/2020

Devendra Jain  
Managing Director  
DIN 00232920

Hansika Mittal  
Company Secretary

Mukesh Jain  
Whole Time Director  
DIN 00245111

Shailesh Jain  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

<b>PATICULARS</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Operating Activities		
Profit before tax	-4054018	51929894
Add: Depreciation	60831262	58756219
Add: Interest/ Finance Cost	23114306	25620764
Less: Non Operating Income	-90651	-86687
Add: Loss on Sale of Fixed Assets	878364	208301
Cash Flow from operating activities	<b>80679262</b>	<b>136428491</b>
Less Decrease CL (including bank borrowings)	-37052382	-60852407
Add Decrease in current assets	44822998	56830961
Less tax paid	9659500	-17737300
Less Interest Paid	-23114306	-25620764
Net Operating Cash Flow	<b>74995073</b>	<b>89048980</b>
<b>Investing Activities</b>		
Inflow:		
Increase in Deferred Tax Liability	-9659500	7046300
Short Provision W/ o	929	-939970
Sale of Fixed Assets/Invesments	2150000	421000
Subsidy Received	1105000	
Outflow:		
Increase in Fixed Assets	-22570737	-78473457
Decrease in Capital WIP	-27648711	21546796
Increase in Non current Assets	-2742472	8480819
<b>Net Cash from Investing Activities</b>	<b>-59365492</b>	<b>-41918512</b>
<b>Financial Activities</b>		
Inflow:		
Net Change in Long term Borrowing	-15327582	-33494177
Net Non Operating Income	90651	86687
Dividend Paid		-11325000
Dividend Distribution Tax		-2328420
<b>Net Cash from Financial Activities</b>	<b>-15236931</b>	<b>-47060910</b>
Opening Cash	1282958	1213398
Cash Surplus/Deficit	392651	69559
Closing Cash	1675609	1282958

**This is the cash flow statement referred to in our report of even date.**

As per report of even date

For S N Gadiya & Co  
Chartered Accountants  
Firm Reg No. 002052C

(CA S N Gadiya)

Proprietor

M. N. 71229

Place : Indore

Date : 29/06/2020

For and on behalf of board

Devendra Jain  
Managing Director  
DIN 00232920

Hansika Mittal  
Company Secretary

Mukesh Jain  
Whole Time Director  
DIN 00245111

Shailesh Jain  
Chief Financial Officer

#REF!

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**
**A EQUITY SHARE CAPITAL**

<b>For the year ended 31st March 2020</b>		
Balance as of 1st April 2019	Changes in Equity shares capital during the year	Balance as of 31st March 2020
151000000	0	151000000

<b>For the year ended 31st March 2019</b>		
Balance as of 1st April 2018	Changes in Equity shares capital during the year	Balance as of 31st March 2019
151000000	0	151000000

**B OTHER EQUITY**
**For the year ended 31 March 2020**

	<b>Securities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earning</b>	<b>Total</b>
<b>As at 1st April 2019</b>	326000000	3200413	106028154	435228567
Profit for the period	0	0	5605482	5605482
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	0	0	0	0
Dividends	0	0	0	0
Dividend distribution tax on dividend	0	0	0	0
Income Tax for earlier years			929	929
Transfer from retained earnings	0	0	0	0
Transfer to General Reserve	0	0	0	0
<b>As at 31 March 2020</b>	326000000	3200413	111634565	440834978

**For the year ended 31 March 2019**

<b>Particulars</b>	<b>Securities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earning</b>	<b>Total</b>
<b>As at 1st April 2018</b>	326000000	3200413	86428951	415629364
Profit for the period	0	0	34192594	34192594
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	0	0	0	0
Dividends	0	0	-11325000	-11325000
Dividend distribution tax on dividend	0	0	-2328420	-2328420
Income Tax for earlier years			-939970	-939970
Transfer from retained earnings	0	0	0	0
Transfer to General Reserve	0	0	0	0
<b>As at 31 March 2019</b>	326000000	3200413	106028154	435228567

**This is the Changes in Equity referred to in our report of even date.**

As per report of even date

For S N Gadiya & Co  
Chartered Accountants  
Firm Reg No. 002052C  
(CA S N Gadiya)  
Proprietor

For and on behalf of board

Devendra Jain  
Managing Director  
DIN 00232920

Mukesh Jain  
Whole Time Director  
DIN 00245111

#REF!

Place : Indore  
Date : 29/06/2020

Hansika Mittal  
Company Secretary

Shailesh Jain  
Chief Financial Officer

**#REF!**
**Note 5: Investments**

	31 March 2020	31 March 2019
<b>Investments in unquoted equity Instruments</b>	125,000	125,000
<b>Investments</b> at fair value through OCI (fully paid)		
<b>Unquoted equity shares</b>		
<b>Quoted equity shares</b>		
<b>Mutual Funds (Quoted) units of Rs. 10/- each unless otherwise specified</b>		
12441.058 (12441.058) units of Aditya Birla Sunlife 95 Fund (G)	7,680,000	7,680,000
39460.23 (30431.93) Aditya Birla SC Pure Value Fund	2,137,500	1,687,500
41380.580 (41380.580) units of Aditya Birla Sunlife Top 100 Fund (G)	1,920,000	1,920,000
83199.505 (83199.505) units of Franklin India Balanced Fund (G)	8,160,000	8,160,000
3026.132 (3026.132) units of Franklin India Balanced Fund (G)	1,440,000	1,440,000
255589.336 (238859.006) units of HDFC Balance Fund (G)	11,475,000	10,575,000
121841.462 (112295.236) units of ICICI Prudential and Debt (G)	13,560,000	12,285,000
19844.630 (19844.630) units ICICI Prudential Value Discovery (G)	2,400,000	2,400,000
86503.690 (86503.690) units IDFC Classic Equity (G)	3,825,000	3,825,000
563027.839 (563027.839) units IDFC Dynamic Equity (G)	7,200,000	7,200,000
23614.197 (23614.197) units Kotak Opportunity (G)	2,700,000	2,700,000
7393.134 (7393.134) L & T Equity (G)	547,759	547,759
226626.969 (188049.635) units of L & T India Value Fund (G)	8,100,000	6,750,000
3549.171 (3549.171) units Sundaram Mid Cap (G)	1,687,500	1,687,500
63758.944 (63758.944) units Sundaram Rural and Consumption (G)	2,700,000	2,700,000
47921.074 (47921.074) units TATA Equity PE (G)	6,750,000	6,750,000
18597.509 (18597.509) units of Tata Hybrid Equity (G)	3,640,305	3,640,305
(Mutual Fund Units of 1619764.952 (1543893.253) units NAV as on 31.03.2020 Rs. 7,45,91,757 (P.Y.9,28,18,184/-)		
	<b>86,048,064</b>	<b>82,073,064</b>

**Note 6: Loans**

	31 March 2020	31 March 2019
Loans (secured good unless otherwise stated)		
Deposits with related party	-	-
Capital advances	24,876,761	24,991,262
Supplier advances paid	2,500,000	2,500,000
<b>Deposits and balances with government authorities</b>		
PF Demand	402,472	402,472
VAT Tax demand	208,125	208,125
VAT Claim Receivable	20,426,504	22,327,504
	<b>48,413,862</b>	<b>50,429,362</b>

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

**Note 7: Other non-current assets**

	31 March 2020	31 March 2019
Deposit	14,420,466	14,215,311
GST Refund Receivable	149,609	148,657
Others	1,276,866	1,000,000
Petition Fees	300,000	
	<b>16,146,941</b>	<b>15,363,968</b>

**Note 8: Inventories**

	31 March 2020	31 March 2019
Raw materials (at cost)	16,796,599	32,840,309
Work in progress (at cost)	4,833,959	2,535,843
Finished goods (at lower of cost and net realisable value)	36,246,936	54,058,721
Stores and spares	10,204,028	12,418,206
	<b>68,081,522</b>	<b>101,853,079</b>

**Note 9: Trade and other receivables**

Trade receivables

31 March 2020	31 March 2019
80,631,852	88,055,695
<b>80,631,852</b>	<b>88,055,695</b>

**Break-up for security details:**
**Trade receivables**

Secured, considered good  
Unsecured, considered good  
Doubtful

**Total trade receivables**

31 March 2020	31 March 2019
80,631,852	88,055,695
-	-
-	-
<b>80,631,852</b>	<b>88,055,695</b>

**Note 10: Cash and cash equivalents**

Balances with banks  
In current accounts  
In deposit accounts  
Cheques on hand  
Cash on hand

31 March 2020	31 March 2019
163,301	80,121
339,908	98,745
<b>503,208</b>	<b>178,866</b>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**Note 11: Bank balance other than cash and cash equivalents**

Margin money with banks  
Earmarked bank balance towards dividend

31 March 2020	31 March 2019
1,172,401	1,104,092
<b>1,172,401</b>	<b>1,104,092</b>

The Group has pledged a part of its bank deposits to fulfil collateral requirements. Refer to Note 26 a for further details.

**Note 12: Loans**

Loans to employees

31 March 2020	31 March 2019
923,302	1,321,282
<b>923,302</b>	<b>1,321,282</b>

**Note 13: Other receivables**
**Other loans and advances**

Advance for trade  
Advance for capital advances

31 March 2020	31 March 2019
1,576,378	1,189,497
7,588,472	2,863,501
<b>9,164,850</b>	<b>4,052,998</b>

**Note 14: Other current assets**

GST Refund Receivable  
Prepaid expenses  
Advance tax and TDS and TCS

31 March 2020	31 March 2019
449,773	161,023
1,680,917	817,962
658,882	10,152,058
<b>2,789,572</b>	<b>11,131,043</b>

#REF!

**Statement of changes in equity for the year ended 31 March 2020**
**15. Share Capital**
**Authorised share capital**

	Equity shares		Preference shares	
	Numbers		Numbers	
<b>At 31 March 2019</b>	20,000,000	200,000,000		
Increase / (decrease) during the year	-	-		
<b>At 31 March 2020</b>	20,000,000.00	200,000,000.00	-	-

**Terms/ rights attached to equity shares**

The company has only one class of equity shares having par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Issued Capital**
**Equity shares of INR 10/- each issued, subscribed and fully paid**

	Numbers	
<b>At 31 March 2019</b>	15100000.00	151000000.00
Changes during the year		
<b>At 31 March 2020</b>	15,100,000.00	151,000,000.00

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Flag Vittawas Limited	2750000	18.21	2750000	18.21
Porwal Finsec Private Limited	3288300	21.78	3288300	21.78
	6,038,300.00	39.99	6,038,300.00	39.99

**16. Other equity**
**Securities premium account**

<b>At 31 March 2019</b>	326000000.00
Add: Premium on issue of shares allotted pursuant to exercise of ESOP	-
Add: Premium on QIP and preferential allotment of equity shares	-
<b>At 31 March 2020</b>	326000000.00

**General reserve**

<b>At 31 March 2019</b>	3200413.00
<b>At 31 March 2020</b>	3200413.00

**Retained earnings**

<b>At 31 March 2019</b>	106028153.55
Add: Profit during the year	5605482.07
Add: Other Comprehensive Income	0.00
Less: Proposed Dividend	
Less: Dividend Tax	
Less: Income tax/Wealth tax of earlier years	929.00
Less: Transfer to debenture redemption reserve	
<b>At 31 March 2020</b>	111634564.62

**Total other equity**

<b>At 31 March 2020</b>	440834978.62
<b>At 31 March 2019</b>	435228567.55

**PORWAL AUTO COMPONENTS LIMITED**
**Note 17: Borrowings**
**Non-current borrowings**

	<b>Effective interest rate</b>	<b>Maturity</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Non-current interest bearing loans and borrowings:</b>				
<b>Term loans</b>				
State Bank of India	9.55%	Repayable in 89 monthly installments ending on May 2021	4,696,899	8,419,796
ICICI Bank	9.55%	Repayable in 72 monthly installments ending on Dec 2024	37,812,518	51,562,511

Term Loan from State Bank of India is secured by way of charge over the fixed assets of the Solar Plant and is repayable in 89 monthly installments ending on May 2021 and carries interest @ 9.55% p.a, remaining 15 monthly installment . The loan is further secured by way of personal guarantee of three directors.

Term loan from ICICI Bank is secured by way of first charge over the fixed assets situated at Plot No. 215, Sector I Pithampur. The said loan is repayable in 60 monthly installments from September 2015 and ending on September 2020 and carries interest @ 9.55% p.a. The loan is further secured by way of personal guarantee of three directors.

**Vehicle loan from banks**

Axis Bank Car Loan(Ford)	9.46%	To be repaid by May 2022 in 36 monthly installments of Rs. 63590/- each.	835,843	-
Axis Bank Car Loan(Skoda)	8.86%	To be repaid by March 2023 in 36 monthly installments of Rs. 62330/- each.	1,309,465	-

(All loans secured by hypothecation of specific vehicles)

<b>Total secured loans</b>			<b>44,654,725</b>	<b>59,982,307</b>
<b>Total non-current interest bearing loans and borrowings</b>			<b>44,654,725</b>	<b>59,982,307</b>

**Current borrowings**
**Loan repayable on demand (from bank)**
**Secured loans**

Working capital loan from banks

From SBI SSI Branch Indore	30628824	32306342
From SBI Pithampur Branch	742893	2288537

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 first charge over the fixed assets of the company situated at Plot No. 209 Sector I, Pithampur.

The loans is further secured by way of personal guarantee of three directors. The loan is repayable on demand and carries interest @ 8.95% p.a.

From Kotak Mahindra Bank Limited (Cash Credit )

<b>31,371,717</b>	<b>34,594,879</b>
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**Loan from other Body Corporates**

Porwal Diesels Pvt. Ltd.	41305186	29495964
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**Current maturity of long term loans**

From Kotak Mahindra Bank Term Loan		-6876
From HDFC Bank Ltd	0	142211
From HDFC Bank Ltd	0	188859
From Axis Bank Ltd (Ford)	649857	0
From Axis Bank Ltd (Skoda)	606905	0
From Kotak Mahindra Bank	0	0

**Total current borrowings**

<b>73,933,665</b>	<b>64,415,037</b>
-------------------	-------------------

Less: Amount clubbed under "other current liabilities"

1,256,762	324,194
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**Net current borrowings**

<b>72,676,903</b>	<b>64,090,843</b>
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Ind AS 107 only requires disclosure of information that enables users of the financial statements to evaluate the significance of financial instruments for its financial position and performance. Ind AS compliant Schedule III requires that a company to disclose terms of repayment of term loan and other loan. Accordingly, to comply with the requirement of Ind AS compliant Schedule III the group has disclosed effective interest rate and maturity date for all the borrowings.

**Note 18: Deffered Tax**

Deferred tax relates to the following:

<b>Balance Sheet</b>	
<b>31 March 2020</b>	<b>31 March 2019</b>

Accelerated depreciation for tax purposes 40,922,100 49,516,000

Disallowances and Losses available for offsetting against future taxable income 3,276,900 1,321,500

MAT credit entitlement 8,406,500 9,296,300

**Deferred tax expense/(income)**
**Net deferred tax assets/(liabilities)**

**Reflected in the balance sheet as follows:**

<b>31 March 2020</b>	<b>31 March 2019</b>
----------------------	----------------------

Deferred tax assets (11,683,400) (10,617,800)

Deferred tax liabilities 40,922,100 49,516,000

**Deferred tax liabilities, net** 29,238,700 38,898,200

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2018 and 31 March 2017, the company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity

**Note 19: Trade payables**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Trade payables - retention from business associates	32,006,212	38,962,144
	<b>32,006,212</b>	<b>38,962,144</b>

**Note 20: Other current financial liabilities**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Current maturities of long term debt	16,556,758	14,074,190
Payables for capital expenditure	1,035,556	3,475,608
	<b>17,592,314</b>	<b>17,549,798</b>

**Note 21: Other current liabilities**

	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>(a) Provision for employee benefits</b>		
Bonus Payable	2,829,167	2,789,144
Leave Encashment (unfunded)	4,286,112	4,736,503
E.S.I.C. Payable	98,552	179,284
Good Work Reward	111,664	920,998
Professional Tax Payable (Company)	17,900	-
Provident Fund Payable	324,973	239,716
Salary and Wages Payable	4,948,429	5,420,666
Contract Wages Payable	-	2,398,654
Director Sitting Fees Payable	20,000	20,000
<b>(b) Others (Specify nature)</b>		
Provision for Income Tax	-	10,691,630
Proposed Dividend	-	11,325,000
Tax on Dividend	-	2,328,420
TDS Payable	521,397	328,368
Power & Fuel Payable	2,190,448	5,086,855
Diversion Tax Payable	13,476	-
ESIC Payable (Contractors)	-	58,657
Lease Rent payable	-	128,827
Freight Outward Payable	94,020	170,728
Telephone Expenses Payable	-	24,100
Audit Fees Payable	90,000	75,000
Professional Charges Payable	78,625	55,000
Water Charges Payable	153,137	134,560
Travelling Expenses Payable	14,625	-
Interest payable	91,309	-
Job Work charges Payable	59,077	-
GST Payable	1,947,432	9,503,259
	<b>17,890,343</b>	<b>56,615,369</b>

#REF!

## 22. Revenue from operations

### Sale of products

CI & SG Iron Automobile Components

Solar Power

Scarp

<b>31 March 2020</b>	<b>31 March 2019</b>
750,114,202	1,152,762,785
35,650,176	47,450,649
1,468,926	6,055,627
<b>787,233,304</b>	<b>1,206,269,061</b>

## 23. Other income

Interest income

Profit on Sale of Fixed Assets

<b>31 March 2020</b>	<b>31 March 2019</b>
90,651	86,687
<b>90,651</b>	<b>86,687</b>

## 24. Cost of materials consumed

### Raw Material Consumed

Inventory at the beginning of the year

Add: Purchases

Less: inventory at the end of the year

<b>31 March 2020</b>	<b>31 March 2019</b>
25,749,334	38,551,332
338,019,726	597,721,614
(11,115,319)	(25,749,334)
<b>352,653,741</b>	<b>610,523,612</b>

### Details of stores and consumables consumed

Inventory at the beginning of the year

Add: Purchases

Less: inventory at the end of the year

Cost of raw material and components consumed

<b>31 March 2020</b>	<b>31 March 2019</b>
12,418,206	12,447,188
20,696,338	28,962,555
(10,204,028)	(12,418,206)
<b>22,910,516</b>	<b>28,991,537</b>

### **Total Consumption**

**375,564,257**      **639,515,149**

## 25. Purchases of stock-in-trade

Inventory at the beginning of the year

Add: Purchases

Less: inventory at the end of the year

Cost of raw material and components consumed

<b>31 March 2020</b>	<b>31 March 2019</b>
-	-
1,468,926	6,055,627
-	-
<b>1,468,926</b>	<b>6,055,627</b>

**26. Changes in inventories of finished goods (including stock-in-trade) and work-in-progress**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Opening Stock		
Work-in-Process	2,535,843	20,059,828
Finished Goods	54,058,721	30,691,650
Stock-in-Trade	7,090,974	7,440,857
Less: Closing Stock		
Work-in-Process	4,833,959	2,535,843
Finished Goods	36,246,936	54,058,721
Stock-in-Trade	5,681,280	7,090,974
	<b>16,923,363</b>	<b>(5,493,203)</b>

**27. Employee benefits expenses**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Salaries, wages and bonus	61,210,227	84,648,531
Contribution to provident and other funds	5,198,354	5,106,843
Gratuity expense	-	1,528,650
Staff welfare expense	3,210,644	3,172,926
	<b>69,619,225</b>	<b>94,456,950</b>

**28. Finance costs**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Interest		
- On fixed period loan	12,323,772	9,235,362
<b>Finance charges</b>		
Interest and bank charges	428,182	322,704
Bank charges and bill discounting charges	10,362,352	16,062,699
<b>Total interest expense</b>	<b>23,114,306</b>	<b>25,620,764</b>
<b>Total finance cost</b>	<b>23,114,306</b>	<b>25,620,764</b>

**29. Depreciation and amortization expense**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Depreciation of tangible assets	60,831,262	58,756,219
	<b>60,831,262</b>	<b>58,756,219</b>

**30. Other expenses**

	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Manufacturing Expenses</b>		
Freight Inward	11,465,561	21,389,553
Commission	3,215,756	1,868,293
Insurance Expenses	540,726	474,987
Job work Charges	79,986,411	96,795,321
Miscellaneous Factory Overhead	1,932,646	1,568,220
Power & fuel	85,598,638	123,953,530
Repairs & Maintenance	3,751,763	5,314,267
Excise Duty	-	82,397
Contract Wages	38,292,984	60,457,947
Provident Fund Contractor	8,185	23,858

**Selling & Distribution Expenses**

Tax Expenses (CST)	13,775	-
Advertisement Expenses	124,564	170,565
Solar Power Line Charges	118,000	100,000
Selling Expenses	35,548	161,969
Service Tax Expense	-	121,387
Service Tax Penalty	-	13,961
Business Promotion	85,100	19,600
Exhibition Expense	251,828	-
Website Design Expense	37,574	161,649
Customer Entertainment Expenses	124,957	144,314
Freight Outward	7,030,112	9,499,700

**Establishment Expenses**

Auditor's Remuneration	75,000	75,000
Books & Periodicals	550	1,400
Conveyance Expenses	39,839	17,695
Consultancy Fees	2,210,483	971,476
Diversion Tax	13,476	13,476
Donation	5,100	243,000
Gratuity Insurance Premium	57,049	50,689
Lease Rent	208,243	222,538
Legal Expenses	1,043,236	958,070
Membership & Subscription	176,684	164,700
Office Expenses	297,736	324,926
Postage & Courier Charges	92,589	103,981
Professional fees	539,487	2,025,185
Property Tax	192,458	192,458
Registration for filing fees	130,468	20,360
Rent for pallets	-	268,409
Stationary & printing	419,472	547,923
Telephone Expenses	388,464	489,299
Tender Fees	26,080	28,825
Training & seminar	145,042	228,004
Travelling Expenses	1,696,229	2,081,304
Vehicle Running & Maintenance	1,022,287	1,026,122
Late Delivery Charges (L.D.)	1,584,170	2,929,688
Loss on sale of Fixed Assets	878,364	208,301
	<b>243,856,634</b>	<b>335,514,348</b>

**Payments to the auditor:**
**As auditor**

Audit fee	60,000.00	60,000.00
Tax audit fee	15,000.00	15,000.00
Limited review	-	-
	<b>75,000</b>	<b>75,000</b>

**Details of CSR expenditure:**

	<b>31 March 2020</b>	<b>31 March 2019</b>	
Gross amount required to be spent by the group during the year	1,167,129.00	1,028,658.00	
Amount spent during the year ending on 31 March 2020	<b>Yet to be paid</b>	-	<b>Total</b>
Construction/acquisition of any asset		-	
On purposes other than above		201,000.00	201,000.00
Amount spent during the year ending on 31 March 2019	<b>Yet to be paid</b>	-	<b>Total</b>
Construction/acquisition of any asset		-	
On purposes other than above		201,000.00	201,000.00

### Note 3: Property, Plant and Equipment

																	Solar Plant (Division 1)			Solar Plant (Division 2)					
	Freehold land	Leasehold land	Building at Plot No 209	Building at Plot No 215	Plant & machinery	Material Handling Equipments	Tools and Patterns	Electrical Installations	Testing Equipments	Audiliary Equipments	Furniture and Fixtures	Office equipments	Computer	Vehicles	Air Pollution Equipment	Plant and Machinery	Land(Freehold)	Factory Building	Solar Plant	Land(Freehold)	Factory Building	Office Equipments	Solar Plant	Computer	Total
Cost																									
At 31 March 2019	15634610	2461888	98091258	22186210	61010092	47080133	53969867	18217245	7355451	142683854	1211475	5844057	5689427	14765279	5517704	135596165	2405250	3832027	114874665	6331913	1478125	141721	127480783	16877	893876072
Additions			2558410	74927		1039724	3597332	2483156	150000	4792607	17400	366159	90000	6715622										35400	21920737
Disposals					-22077451	-4511641	-25085810	-2725782	-3221792	-20114334		0		-4910964								0			-82647775
At 31 March 2020	15634610	2461888	100649667	22261137	38932640.65	43608215.9	32481388.5	17974618.7	4283659	127362127	1228875	6210216	5779427	16569937	5517704	135596165	2405250	3832027	114874665	6331913	1478125	141721	127480783	52277	833149034
Depreciation and Impairment																									
At 31 March 2019	0	0	41378292	467047	42800313	13820123	34896324	6746209	5236724	70804577	1037341	5210634	5210538	5656389	4320100	98244743	0	526825	40798643	0	60504	21212	10614066	5875	387856479
Depreciation charge for the year	0	0	3233305	704029	2191607	3988290	2480559	1816482	358264	17435393	15820	280847	207520	1724570	245888	10199852		95399	7564932		57878	28671	8073783	10012	60713101
Disposals	0	0			-20972451	-4511641	-25085810	-2725782	-3221792	-20114334				-1882600											-78514411
At 31 March 2020	0	0	44611597	1171076	24019469	13296772	12291073	5836909	2373196	68125636	1053161	5491481	5418058	5498359	4565988	108444595	0	622224	48363575	0	118382	49883	18687849	15887	370055169
																									0
Net Book Value																									0
At 31 March 2020	15634610	2461888	56038070	21090061	14913172	30311444	20190316	12137710	1910463	59236491	175714	718735	361369	11071578	951716	27151570	2405250	3209803	66511090	6331913	1359743	91838	108792934	36390	463083864
At 31 March 2019	15634610	2461888	56712966	21719163	18209779	33260010	19073543	11471036	2118727	71879277	174134	633423	478889	9108890	1197604	37351422	2405250	3305202	74076022	6331913	1417621	120509	116866717	11002	506019592

Net Book Value

#### Details of Capital Work in Progress

	At 31 March 2020	At 31 March 2019
Building	16465790	0
Plant, property and equipment	2885528	
Pre operative Expenses	8297393	
	27648711	0

#### Note 4: Intangible assets

	Software and Licenses
<b>Cost</b>	
At 31 March 2019	917817
Additions	650000
Disposals	
At 31 March 2020	1567817
<b>Amortization and impairment</b>	
At 31 March 2019	173632
Additions	118161
Disposals	
At 31 March 2020	291799
<b>Net Book Value</b>	
At 31 March 2020	1276024
At 31 March 2019	744185

**PORWAL AUTO COMPONENTS LIMITED****Notes to the Ind AS financial statements for the year ended March 31, 2020****1. COMPANY OVERVIEW**

Porwal Auto Components Limited (referred to as "the Company" hereinafter) was incorporated Porwal Auto Components Ltd. was incorporated in the year 1992 as an ancillary to M/s. Eicher Motors Limited now VE Commercial Vehicles Ltd. (A Volvo group and Eicher Motors joint venture). Porwal Auto Components Ltd is involved in the manufacture of a variety of Ductile Iron, Grey Cast Iron Steel and Steel Alloy Casting Components and Subassemblies. PACL caters to various sectors including Automobile, Engineering, Pumps and Valves, Agriculture and Tractor Equipments etc.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**b) Basis of measurement**

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind ASs.

**SIGNIFICANT ACCOUNTING POLICIES**

The Company has applied following accounting policies to all periods presented in the Ind AS Financial Statement.

**a) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and excise duty.

Revenue from sales is recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer which generally coincides with delivery. Revenues from sale of byproducts are included in revenue.

Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual/collective agreements with buyers and at rate arrived at based on the principles laid down under the relevant power purchase agreements/regulations in vogue as applicable.

Export benefits are accounted on recognition of export sales. Dividend income is recognised when the right to receive payment is established. Interest income is recognised using effective rate of interest method.

## **b) Property, Plant and Equipment**

### **(i) Property, plant and equipment**

The Company has applied Ind AS 16 for all of its property, plant and equipment. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **(ii) Capital work in progress**

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

### (iii) Depreciation

Assets in the course of development or construction and freehold land are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on Straight Line Basis over its expected useful life as per the rates prescribed under schedule II to the Companies Act, 2013 or re-assessed useful life based on technical evaluation as follows:

Factory Building	-	30 Years
Plant and Machinery	-	8 Years
Material Handling Equipment	-	8 Years
Tools and Patterns	-	8 Years
Electrical Installation	-	10 Years
Testing Equipments	-	10 Years
Auxiliary Equipment	-	8 Years
Furniture and Fixture	-	10 Years
Office Equipment	-	5 Years
Computer	-	3 Years
Vehicle	-	8 Years
Air Pollution Equipment	-	15 Years
Plant and Machinery	-	15 Years
Solar Plant	-	15 Years
Intangible Asset	-	5 Years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit. When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

### c) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**d) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**e) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**f) Impairment of Non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such

reversal is recognised in the statement of profit and loss.

**g) Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are

recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **h) Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value. Costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on FIFO basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

#### **i) Taxation**

##### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off

current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes/ GST paid on acquisition of assets or on incurring expenses. Expenses and assets are recognised net of the amount of sales/ value added taxes paid/GST, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### **j) Employee benefit schemes**

##### **(i) Short-term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

##### **Compensated absences:**

Compensated absences accruing to employees and which can be carried to future periods but where there are restrictions on availment or encashment or where the availment or encashment is not expected to occur wholly in the next twelve months, the liability on account of the benefit is determined actuarially using the projected unit credit method.

##### **(ii) Post-employment benefits**

##### **Gratuity**

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**

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

##### **k) Provision for liabilities and charges, Contingent liabilities and contingent assets**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

#### **l) Foreign currency transactions**

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined. All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

#### **m) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

#### **n) Cash Flow Statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **o) Research and development**

Revenue expenditure towards research and development is charged to the statement of profit and loss in the year it is incurred. Capital expenditure on research and development related to property, plant and equipments is included in the cost of related property, plant and equipments.

### **30. CONTINGENT LIABILITIES**

a.	Guarantee issued by Bank on behalf of the company (including LC)	Rs. 66,45,105/- (Rs. 25,88,214/-)
b.	Vendor bill discounting limit with Bank	Rs. 11,91,96,527/- (Rs.20,84,37,814/- )
c.	Provident Fund demand for the financial year 2005-06 (Disputed by the company, deposited Rs. 4.02 lacs for appeal)	Rs.8,04,944/- (Rs. 8,04,944/-)

d.	Estimated amount of contracts remaining unexecuted on capital account and not provided for	Rs 3,69,92,560/- (Rs. 1,51,76,560/-)
e.	VAT tax demand for financial year 2011-12	Rs.2,56,111/- (Rs.2,56,111/- )
f.	VAT Input Disallowed for financial year 2013-14	Rs. 2,48,526/- (Rs.2,48,526/-)
g.	VAT Input Disallowed for financial year 2015-16	Rs. 74,518/- ( Rs. 74518/-)
h.	VAT Input Demand for financial year 2016-17	Rs. 2,67,697/- ( Rs. 2,67,697/-)
i.	Petition under Electricity Act, 2003 read with regulations mentioned under CERC Regulations, 2010 (Disputed by the company, deposited Rs. 3.00 lacs for appeal)	Rs. 3,00,000/- (Nil)

### 31. EARNING PER SHARE—

PARTICULARS	2019-20	2018-19
Profit after tax as per Profit & Loss Account (Rs.)	5605482	34192594
Weighted Average number of Equity Shares outstanding (Nos.)	1,51,00,000	1,51,00,000
Basic and Diluted Earnings Per Share (Face value Rs. 10 per share)(Rs.)	0.37	2.26

### 32. RELATED PARTY TRANSACTIONS

Related Parties with whom transactions have taken place during the year: *(As indicated by management and relied upon by auditors)*

#### 1. Relationship

a. Key Managerial Personnel and Relatives  
Mr. Devendra Jain, Managing Director

b. Relatives of Key Management personnel and their enterprises where transactions have taken place

- ❖ Mr. Surendra Jain, Brother
- ❖ Mr. Shailesh Jain, Brother
- ❖ Mr. Mukesh Jain, Brother

Porwal Diesels Pvt. Ltd.

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

Particulars	With Key Management Personnel	Entities owned or significantly influenced by Key Management Personnel	Relative of Management Personnel/Director and their enterprises	Associate and subsidiary companies
Remuneration	3405000 (3600000)	Nil (Nil)	9363750 (9900000)	Nil (Nil)
Purchase of Goods	Nil (Nil)	Nil (Nil)	7093305 (11529859)	Nil (Nil)
Sale of Goods	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Job work paid	Nil (Nil)	Nil (Nil)	55677686 (67256718)	Nil (Nil)
Interest received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest Given	Nil (Nil)	Nil (Nil)	3227984 (328849)	Nil (Nil)

**Disclosure in respect of material transactions with related parties during the year (included in 2 above):**

#### **Remuneration**

Related Party	Current Year	Previous Year
Mr. Devendra Jain	3405000	3600000
Mr. Mukesh Jain	3405000	3600000
Mr. Surendra Jain	3405000	3600000
Mr. Shailesh Jain	2553750	2700000

#### **Purchase of Goods**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	7093305	11529859

#### **Job Work Paid**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	55677686	67256718

#### **Interest Received**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	Nil	Nil

**Interest Given**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	3227984	328849

**Loans and Advances (Dr)**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	Nil	Nil

**Loans and Advances (Cr)**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	44700000	39500000

**Sundry Creditors (Cr)**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	8232443	7806522

**33. VALUE OF STORES, SPARES AND PACKING MATERIAL CONSUMED**

	<b>2019-20</b>		<b>2018-19</b>	
	Amount in Rs	% of Consumption	Amount in Rs	% of Consumption
Imported	0	0	0	0
Indigenous	22910516	100	28991537	100
TOTAL	22910516	100	28991537	100

**34. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**

	<b>2019-20</b>	<b>2018-19</b>
Raw Material and Stock in trade	33475	Nil
Stores, Spares and Packing Material	Nil	Nil
Capital Goods	Nil	1267605

**35. EXPENDITURE IN FOREIGN CURRENCY**

	<b>2019-20</b>	<b>2018-19</b>
Repairing	Nil	Nil
Travelling	218669	179379
Capital Goods	Nil	486464

**36. FAIR VALUE MEASUREMENT (IND AS 113)**

The management assessed that fair value of all current assets and current liabilities are realizable at the value as shown in the financial statements of the company. Financial assets of the company are stated at cost. The market value of the financial assets are being disclosed in Note No. 5.

37. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current years classification/disclosure.

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**As per our report of even date**

For S .N. Gadiya & Co  
Firm Reg. No. 002052C  
Chartered Accountants

For and on behalf of the Board

**CA S. N. Gadiya**

Proprietor  
M.N. 071229  
Date: 29/06/2020  
Place: Indore

**Devendra Jain**  
Managing Director  
DIN 00232920

**Mukesh Jain**  
Whole Time Director  
DIN 00245111

**Haniska Mittal**  
Company Secretary

**Shailesh Jain**  
Chief Financial Officer