

02<sup>nd</sup> September, 2022

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

*Script Code - 532933 ; ISIN - INE386I01018*

**Sub: Submission of 30<sup>th</sup> Annual Report for the Financial Year 2021-2022 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 30<sup>th</sup> Annual Report for the Financial Year 2021-2022 along with the Notice of 30<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on Wednesday, 28<sup>th</sup> day of September, 2022 at 01:00 P.M. 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. 2021-2022 along with Notice of AGM.*

📍 **Regd. Office & Works:**

Plot No. 209 & 215, Sector-1, Industrial Area, Pithampur - 454 775. (M.P) - INDIA

📞 +91 7292 403608, 421300 ☎ +91 7292 405120

✉️ admin@porwalauto.com 🌐 www.porwalauto.com

CIN-L34300MP1992PLC006912



**30<sup>th</sup>**  

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**ANNUAL REPORT**  
**2021-2022**

**ANNUAL REPORT 2021 – 2022**

**THIRTIETH ANNUAL REPORT 2021 - 2022**

**ANNUAL REPORT 2021-22**

MR. SURENDRA UTSAVLAL JAIN	-	<b>CHAIRMAN AND WHOLE TIME DIRECTOR</b>
MR. DEVENDRA JAIN	-	<b>MANAGING DIRECTOR</b>
MR. MUKESH UTSAVLAL 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.)  
STATE BANK OF INDIA  
Pithampur, Indore (M.P.)  
ICICI BANK LTD  
Malav Paristar Indore (M.P.)

**REGISTERED OFFICE & WORKS**

CIN: L34300MP1992PLC006912  
Plot No. 209, Sector No. 1,  
Industrial Area, Pithampur,  
(M.P.) 454775  
Tel: 07292-421300  
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 49186270  
Fax: +91 22 49186060  
E Mail: rnt.helpdesk@linkintime.co.in

**NOTICE**

NOTICE is hereby given that Thirtieth Annual General Meeting of the Members of the Porwal Auto Components Limited will be held on **Wednesday, 28<sup>th</sup> September, 2022 at 01:00 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, 2022:**

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2022, 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.

**3. To Appoint M/S. HN Jhavar and Co., Chartered Accountants, Indore (FRN: 000544C) as Statutory Auditor of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of the Audit Committee and the Board of Directors, M/S. HN Jhavar and Co., Chartered Accountants, Indore (FRN: 000544C), be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors, S N Gadiya & Co., Chartered Accountants (ICAI Firm Registration No. 002052C), to hold office from the conclusion of this i.e. 30<sup>th</sup> Annual General Meeting till the conclusion of 35<sup>th</sup> Annual General Meeting of the Company, at a remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors of the Company from time to time, in addition to the out-of pocket expenses as may be incurred by them.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all the needful acts, deeds, matters and things to give effect to this resolution including filing of forms with ROC."

**SPECIAL BUSINESS:**

**4. Ratification of the remuneration payable to M/S. A. K. Jain & Associates, Cost Accountants, Indore (FRN: 101472) for the Financial Year ending March 31, 2023**

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

**"RESOLVED THAT** in accordance with the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and based on the recommendation of the Audit Committee and the approval of the Board of Directors of the Company, the remuneration payable to M/S. A. K. Jain & Associates, Cost Accountants, Indore (FRN: 101472), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost accounting records of the Company for the Financial Year ending on 31st March, 2023, amounting to Rs. 35,000/- (Rupees Thirty Five Thousand Only) plus applicable taxes, in connection with the said audit, be and is hereby ratified and confirmed;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all the needful acts, deeds, matters and things to give effect to this resolution including filing of forms with ROC."

**5. To Re-appoint Mr. Devendra Jain (DIN- 00232920) as the Managing Director of the Company.**

To consider and if thought fit, to pass the following resolution as a 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 reappointment of Mr. Devendra Jain (DIN- 00232920), who will attain the age of 70 years during his tenure, 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 1st August, 2023 to 31st July, 2026, upon the terms and conditions, including remuneration details, mentioned in the explanatory statement, with further liberty to the Board of Directors to alter, modify or revise from time to time, the terms and conditions of appointment and remuneration of Mr. Devendra Jain, as Managing Director in such manner as may be considered appropriate and in the best interests of the Company and as may be permissible at law.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any Financial Year during the aforesaid period, Mr. Devendra Jain, Managing Director shall be paid the remuneration by way of salary, perquisites and benefits, in accordance with the applicable provisions of the Act and subject to terms and conditions mentioned in the explanatory statement.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

**6. 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 a 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 reappointment 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 1st August, 2023 to 31st July, 2026, who shall be liable to retire by rotation, upon the terms and conditions, including remuneration details, mentioned in the explanatory statement, with further liberty to the Board of Directors to alter, modify or revise from time to time, the terms and conditions of appointment and remuneration of Mr. Mukesh Utsavlal Jain, Whole Time Director in such manner as may be considered appropriate and in the best interests of the Company and as may be permissible at law.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any Financial Year during the aforesaid period, Mr. Mukesh Utsavlal Jain, Whole Time Director shall be paid the remuneration by way of salary, perquisites and benefits, in accordance with the applicable provisions of the Act and subject to terms and conditions mentioned in the explanatory statement.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

**7. To Re-appoint Mr. Surendra Utsavlal Jain (DIN- 00245154) as the Chairman and Whole Time Director of the Company.**

To consider and if thought fit, to pass the following resolution as a 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 reappointment of Mr. Surendra Utsavlal Jain (DIN- 00245154), who will attain the age of 70 years during his tenure, as one of the Whole-time Key Managerial Personnel to be designated as the Chairman and Whole Time Director of the Company for a further period of three years commencing from 1st August, 2023 to 31st July, 2026, who shall be liable to retire by rotation, upon the terms and conditions, including remuneration details, mentioned in the explanatory statement, with further liberty to the Board of Directors to alter, modify or revise from time to time, the terms and conditions of appointment and remuneration of Mr. Surendra Utsavlal Jain, Chairman and Whole Time Director in such manner as may be considered appropriate and in the best interests of the Company and as may be permissible at law.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any Financial Year during the aforesaid period, Mr. Surendra Utsavlal Jain, Chairman and Whole Time Director shall be paid the remuneration by way of salary, perquisites and benefits, in accordance with the applicable provisions of the Act and subject to terms and conditions mentioned in the explanatory statement.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

**8. To approve Material Related Party Transaction(s) to be entered into during the Financial Year 2021-22, 2022-23 and 2023-24**

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

**"RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the applicable rules issued under the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Regulation 23 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI -

LODR Regulations"), the Company's Policy on "Related Party Transactions" and all other applicable laws and regulations, as amended, supplemented or re-enacted from time to time, and pursuant to the consent of the Audit Committee and the Board of Directors, the approval of the Members of the Company be and is hereby accorded to the Company to enter into contract(s)/ arrangement(s)/ agreement(s)/ transaction(s) (including any modifications, alterations or amendments thereto), in the ordinary course of business and on arm's length basis with 'PORWAL DIESELS PRIVATE LIMITED' ( herein after referred to as related party) of the Company within the meaning of the Act and the SEBI - LODR Regulations, as more particularly enumerated in the explanatory statement to the Notice, on and for an amount not exceeding in the aggregate of Rs. 50,00,00,000/- (Rupees Fifty crores only) for each of the Financial Years, i.e., 2021-2022, 2022-2023 and 2023-2024 and on such terms and conditions as may be agreed between the Company and related party;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to decide upon the nature and value of transactions of the products, goods, materials, services or other transactions etc. for transactions with the aforesaid related party, within the aforesaid limits;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all necessary acts, deeds, things and execute all such documents, undertakings as may be necessary in this regard from time to time to give effect to the above Resolution."

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

**Place:** Pithampur  
**Date:** 10<sup>th</sup> August, 2022

**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. 2/2022 dated 05.05.2022 read along with Circular No. 02/2021 dated 13.01.2021, and MCA General Circular No. 20/2020 dated 05.05.2020, 19/2021 dated 08.12.2021, 21/2021 dated 14.12.2021, read together with MCA General Circular Nos. 14/2020 & 17/2020 dated 08.04.2020 and 13.04.2020 respectively, and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13.05.2022, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15.01.2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12.05.2020 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.

Central Depository Services (India) Limited ('CDSL'), 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. 32 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. 4 to 8 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. A statement giving the relevant details of the Directors seeking appointment/re-appointment under item no. 5, 6 and 7 of the accompanying Notice, as required under 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India is annexed herewith.
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. In pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting. 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 CDSL at [www.evotingindia.com](http://www.evotingindia.com).
7. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
8. 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 **Wednesday, 21<sup>st</sup> September, 2022**, being the cut-off date.
9. 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 15<sup>th</sup> 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.
10. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial

Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

11. The report on the Corporate Governance and Management Discussion and Analysis also forms part to the report of the Directors.
12. M/S. 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 to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2022. The Board of Directors, based on the recommendation of the Audit Committee, proposed the appointment of M/S. HN Jhavar and Co., Chartered Accountants, Indore (ICAI Firm Registration No. 000544C) as the Statutory Auditors of the Company to hold office for a term of 5 consecutive years, commencing from the conclusion of this AGM until the conclusion of the 35<sup>th</sup> AGM of the Company to be held in the year 2027.
13. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and relevant documents referred to in this Notice of AGM, will be available electronically for 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. 28<sup>th</sup> September, 2022. Members seeking to inspect such documents can send an email to [investors.pacl@gmail.com](mailto:investors.pacl@gmail.com).
14. 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.

Further, in compliance with SEBI vide its circular SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25th January 2022, the following requests received by the Company in physical form will be processed and the shares will be issued in dematerialization form only:-

- i. Issue of duplicate share certificate
- ii. Claim from unclaimed suspense account
- iii. Renewal/Exchange of securities certificate
- iv. Endorsement
- v. Sub-division / splitting of securities certificate
- vi. Consolidation of securities certificates/folios
- vii. Transmission
- viii. Transposition

For this purpose, the securities holder/claimant shall submit a duly filled up Form ISR-4 which is hosted on the website of the Company as well as on the website of Link Intime India Pvt. Ltd., Registrar and share transfer agent (RTA) The aforementioned form shall be furnished in hard copy form.

**Members holding shares in physical form are requested to dematerialize their holdings at the earliest.**

15. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3<sup>rd</sup> November 2021 has made it mandatory for all shareholders holding shares in physical form to furnish nomination details to the Company / RTA:

Shareholders can register their nomination details in Form SH-13 or they can choose to give declaration to opt out of Nomination by filing Form ISR-3.

In case of shareholder holding shares in physical form wishes to change the nominee or cancel the nomination then Form SH-14 needs to be filled.

The forms mentioned above are available on the website of the Company as well as on the website of RTA.

16. SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3rd November, 2021, has made it mandatory for all holders holding shares in physical form to furnish the following documents / details to the RTA

- a) PAN
- b) Contact details, Postal address with PIN, Mobile number, E-mail address
- c) Bank account details (bank name and branch, bank account number, IFS code)
- d) Specimen signature

For furnishing the above-mentioned details, shareholder must submit Form ISR-1 and/or ISR-2 in hard copy form to the Company/ RTA. The forms are available on the website of the Company as well as on the website of RTA.

17. **BOOK CLOSURE:** The Register of Members and Transfer Books of the Company will be closed from **Thursday, 22<sup>nd</sup> September, 2022 to Wednesday, 28<sup>th</sup> September, 2022 (both days inclusive)** for the purpose of AGM.

18. 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, 2021 (29<sup>th</sup> September, 2021, date of last AGM), 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, 2017-18 & 2018-19 and thereafter.

<b>Financial Year Ended</b>	<b>Date of declaration of dividend</b>	<b>Last date for claiming unpaid/unclaimed dividend</b>
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.

19. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with RTA of the Company at Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400083, in case the shares are held by them in physical form.
20. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA of the Company at Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400083, in case the shares are held by them in physical form.
21. The MCA General Circular No. 2/2022 dated May 05, 2022 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, have granted relaxations to the companies in view of the prevailing situation and owing to the difficulties involved in dispatching physical copies of the financial statements (including Board's Report, Auditor's Report or other documents required to be attached therewith) for the Financial Year ended 31<sup>st</sup> March, 2022 pursuant to Section 136 of the Act and Notice calling the AGM pursuant to Section 101 of the Act read with the Rules framed thereunder, such statements including the Notice of AGM are 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, 19<sup>th</sup> August, 2022 being the cut-off date for sending soft copy of the Notice of 30<sup>th</sup> AGM and Annual Report for the Financial Year 2021-2022, the same will also be available on the Company's website [www.porwalaauto.com](http://www.porwalaauto.com), website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com) and on website of stock exchanges viz. [www.bseindia.com](http://www.bseindia.com), in Portable Document Format (PDF).
22. 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.
23. 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.

24. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
25. **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.
26. **Webcast:** Members who are entitled to participate in the AGM can view the proceedings of AGM by logging in the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com) using the login credentials.
27. 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.
28. 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. Wednesday, 21<sup>st</sup> September, 2022, 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.
29. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
30. 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.
31. **SCRUTINIZER FOR E-VOTING:** Ms. Shraddha Jain, Practicing Company Secretary (Membership No. ACS 39488) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
32. 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 by the Companies (Management and Administration) Amendment Rules, 2015 (including any statutory modification(s), clarifications, exemptions or reenactments thereof for the time being in force), Regulation 44 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) and in terms of relevant MCA Circulars, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited ('CDSL') on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.

The process/manner for availing e-voting facility and the instructions for members voting electronically are as under:

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER**

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Sunday, 25<sup>th</sup> September 2022 from 9:00 A.M. and ends on Tuesday, 27<sup>th</sup> September, 2022 at 5:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
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Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cDSLindia.com/myeasi/home/login">https://web.cDSLindia.com/myeasi/home/login</a> or visit <a href="http://www.cDSLindia.com">www.cDSLindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cDSLindia.com/myeasi/Registration/EasiRegistration">https://web.cDSLindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an e-Voting link available on <a href="http://www.cDSLindia.com">www.cDSLindia.com</a> home page or click on <a href="https://evoting.cDSLindia.com/Evoting/EvotingLogin">https://evoting.cDSLindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at</li> </ol>

	<p><a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual shareholders holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and shareholders other than individual shareholders holding shares in Demat Form.</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN for the relevant <PORWAL AUTO COMPONENTS LIMITED> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz;

investors.pacl@gmail.com (designated email address by Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM/EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [investors.pacl@gmail.com](mailto:investors.pacl@gmail.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [investors.pacl@gmail.com](mailto:investors.pacl@gmail.com). These queries will be replied to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company** ([investors.pacl@gmail.com](mailto:investors.pacl@gmail.com))/**RTA email id**([rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in))

2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33.

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

**Place:** Pithampur

**Date:** 10<sup>th</sup> August, 2022

Hansika Mittal  
Company Secretary

**EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013**
**ITEM NO. 03**
**Appointment of M/S. HN Jhavar and Co., Chartered Accountants, Indore (FRN: 000544C) as Statutory Auditor of the Company**

This explanatory statement is provided though strictly not required as per Section 102 of the Act. Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and SEBI (LODR) Regulations, 2015, S N GADIYA & Co., Chartered Accountants (ICAI Firm Registration No. 002052C), the present Auditors of the Company complete their five year term as Statutory Auditors at the conclusion of the ensuing 30<sup>th</sup> Annual General Meeting ("AGM") of the Company. Accordingly, the Board of Directors has based on the recommendation of the Audit Committee, proposed the appointment of M/S. HN Jhavar and Co., Chartered Accountants (ICAI Firm Registration No. 000544C) as the Statutory Auditors of the Company to hold office for a term of 5 consecutive years, commencing from the conclusion of this AGM until the conclusion of the 35<sup>th</sup> AGM of the Company to be held in the year 2027, at a remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time in addition to out of pocket expenses as may be incurred by them during the course of the audit. M/S. HN Jhavar and Co., Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be in conformity with the provisions of section 139 of the Act and that they satisfy the criteria provided in section 141 of the Act and are independent of the Management. The Board recommends the Ordinary Resolution as set out at Item No. 03 of the Notice for approval of the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution as set out at Item No. 03 of the Notice.

**BRIEF DETAIL OF STATUTORY AUDITOR SEEKING APPOINTMENT AT THE 30<sup>TH</sup> ANNUAL GENERAL MEETING:**

Pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Details
Name of the listed entity	Porwal Auto Components Limited ("the Company")
Details of the statutory auditor	M/S. HN Jhavar and Co., Chartered Accountants, Indore (M.P.) FRN: 000544C
Reason for Appointment	Appointment in place of existing Statutory Auditors M/s. S N Gadiya & Co., Chartered Accountants (ICAI Firm Registration No. 002052C), whose term shall expire at the conclusion of ensuing 30 <sup>th</sup> Annual General Meeting
Date of Appointment and Term of Appointment	Subject to approval of Shareholders, appointed for the term of 5 consecutive years from the conclusion of ensuing 30 <sup>th</sup> Annual General Meeting till the conclusion of 35 <sup>th</sup> Annual General Meeting of the Company
Brief Profile	HN Jhavar and Co., Chartered Accountants was established in the year 1952 (year of establishment) and have vast experience of Statutory Audit of various companies and tax audit of Companies, Partnership firms, Proprietorship Firms and other establishments.  The firm undertakes various matters related to Audit/Income

	tax/Company Law/Project Financing and other related matters.  The firm is empaneled with various Banks for their branch audit and also internal auditors of number of companies, Trust, Societies.
Disclosure of relationships between directors(in case of appointment of a director)	Not Applicable

**ITEM NO. 04**

**Ratification of the remuneration payable to M/S. A. K. Jain & Associates, Cost Accountants, Indore (FRN: 101472) for the Financial Year ending March 31, 2023**

The Board of Directors has, on the recommendation of the Audit Committee, approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company across various segments, for the Financial Year ending March 31, 2023, as per the following details:

<b>Name of the Cost Auditor</b>	<b>Cost Audit Fee</b>
M/S. A. K. Jain & Associates, Cost Accountants, Indore (FRN: 101472)	Rs. 35000/- plus applicable taxes

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board, has to be ratified by the members of the Company. Accordingly, ratification by the members is sought for the remuneration payable to the Cost Auditors for the Financial Year ending on March 31, 2023 by passing an Ordinary Resolution as set out at Item No. 04 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 04 of the Notice for ratification by the members.

**ITEM NO. 05**

**Re-appointment of Mr. Devendra Jain as Managing Director of the Company**

Mr. Devendra Jain was earlier appointed as Managing Director of the Company with effect from 01.08.2020 and confirmed at the Annual General Meeting dated 29.09.2020, for a period of three years ending on 31.07.2023.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 10<sup>th</sup> August, 2022 has re-appointed Mr. Devendra Jain as Managing Director of the Company for a further period of three years commencing from 1<sup>st</sup> August, 2023 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 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. He is associated with the Company since 03<sup>rd</sup> February 1992 and having 46 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 accordance with the provisions of Section 196 and Schedule V of the Companies Act, 2013 (the 'Act'), a person who has attained the age of 70 years can be appointed as a Managing Director only by passing a special resolution, in which case, the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Since Mr. Devendra Jain will attain the age of 70 years during his tenure, thus, in compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, a special resolution is set out in Item No. 05 of the notice of AGM seeking approval of the shareholders for the re-appointment of Mr. Devendra Jain as the Managing director of the Company.

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.

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 5,00,000/- (Indian Rupees Five Lacs only) per month.
- 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 on the basis of claims submitted by him.
- Telephone, Internet and 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.

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.

Mr. Devendra Jain is interested in the resolution to the extent of his appointment and remuneration payable to him, and Mr. Surendra Utsavlal Jain, Mr. Mukesh Utsavlal 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. The Board recommends to pass **Special resolution** as set out in Item No. 05 of the notice.

**ITEM NO. 06**

**Re-appointment of Mr. Mukesh Utsav Lal Jain as the Whole Time Director of the Company.**

Mr. Mukesh Utsav Lal Jain was earlier appointed as Whole Time Director of the Company with effect from 01.08.2020 and confirmed at the Annual General Meeting dated 29.09.2020, for a period of three years ended 31.07.2023.

Thus upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 10<sup>th</sup> August, 2022 has re-appointed Mr. Mukesh Utsav Lal Jain as Whole Time Director of the Company for a further period of three years commencing from 1st August, 2023 on consideration of the fact that during his term, the performance of Mr. Mukesh Utsav Lal 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 Utsav Lal 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 46 Years experience of Business & Industry. His experience, commitments and capabilities are playing a crucial role in the growth of the Company. Mr. Mukesh Utsav Lal 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 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 Utsav Lal 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. 06 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.

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 Utsav Lal 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 5,00,000/- (Indian Rupees Five Lacs only) per month.
- 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 on the basis of claims submitted by him.

- **Telephone, Internet and 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.

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.

Mr. Mukesh Utsavlal Jain is interested in the resolution to the extent of his appointment and remuneration payable to him, and Mr. Surendra Utsavlal 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. The Board recommends to pass **Special resolution** as set out in Item No. 6 of the notice.

#### **ITEM NO. 07**

#### **Re-appointment of Mr. Surendra Utsavlal Jain as Chairman and Whole time director of the Company**

Mr. Surendra Utsavlal Jain was earlier appointed as Chairman and Whole time director of the Company with effect from 01.08.2020 and confirmed at the Annual General Meeting 29.09.2020, for a period of three years ended 31.07.2023.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 10<sup>th</sup> August, 2022 has re-appointed Mr. Surendra Utsavlal Jain as Chairman and Whole time director of the Company for a further period of three years commencing from 1<sup>st</sup> August, 2023 on consideration of the fact that during his term, the performance of Mr. Surendra Utsavlal 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 Utsavlal Jain 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. He is associated with the Company since 07<sup>th</sup> June 2005 and having 48 Years experience of business & Industry. Mr. Surendra Utsavlal 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 Whole Time Director.

In accordance with the provisions of Section 196 and Schedule V of the Companies Act, 2013 (the 'Act'), a person who has attained the age of 70 years can be appointed as whole time director only by passing a special resolution, in which case, the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Since Mr. Surendra Utsavlal Jain will attain the age of 70 years during his tenure, thus, in compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, a special resolution is set out in Item No. 07 of the notice of AGM seeking approval of the shareholders for the re-appointment of Mr. Surendra Utsavlal Jain as the Chairman and Whole time director of the Company.

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.

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 Utsavlal 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 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 on the basis of claims submitted by him.
  - **Telephone, Internet and 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.

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.

Mr. Surendra Utsavlal Jain is interested in the resolution to the extent of his appointment and remuneration payable to him, and Mr. Devendra Jain, Mr. Mukesh Utsavlal 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. The Board recommends to pass **Special resolution** as set out in Item No. 7 of the notice.

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

<b>S. No</b>	<b>Particulars</b>	<b>Mr. Devendra Jain</b>	<b>Mr. Mukesh Utsavlal Jain</b>	<b>Mr. Surendra Utsavlal Jain</b>
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 Gujarati 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</b>	He is having 46 Years of experience	He is having 46 Years of experience in	He is having 48 Years of experience in

	<b>functional areas/ Job Profile and his suitability</b>	in business & Industry and earlier appointed as Managing director of the Company from 2020-2023	business & Industry and earlier appointed as Whole-time director of the Company from 2020-2023	business & Industry and earlier appointed as chairman and executive director of the Company from 2020-2023
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 Utsav Lal Jain and Mr. Surendra Utsav Lal Jain, are Brothers.		
7.	<b>List of outside Company directorship held</b>	NIL	NIL	NIL
8.	<b>Chairman / Member of the Committees of the Board of Directors of the Company</b>	NIL	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, 2022</b>	36,00,000/-	36,00,000/-	36,00,000/-

#### ITEM NO. 08

#### **Approval of Material Related Party Transaction(s) to be entered into during the Financial Year 2021-2022, 2022-23 and 2023-24.**

In accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions require prior approval of the Audit Committee and all material Related Party Transactions require approval of the shareholders through Ordinary Resolution. A transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a Financial Year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rupees one thousand crores, whichever is less. Section 188 of

the Companies Act, 2013 deals with Related party Transactions and Sub section (1) of Section 188 of the Companies Act, 2013 provides that nothing in this sub section shall apply to any transactions entered into by the Company with Related party, which are in its ordinary course of business, other than transactions which are not on arm's length basis. In our Company, all the related party transactions are in the ordinary course of business and at arm's length basis. Therefore, the approval under section 188 of the Companies Act is not required. Keeping in view the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and intent of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company have approved in their respective meetings held on 28<sup>th</sup> May, 2022 and the approval of the unrelated shareholders of the Company is being sought at its Annual General Meeting to be held on 28<sup>th</sup> September 2022 for continuation and / or entering into new transactions, arrangements, contracts with Porwal Diesels Private Limited, up to an aggregate amount of Rs. 50,00,00,000/- (Rupees Fifty crores only) for each of the Financial Years, i.e., 2021-2022, 2022-2023 and 2023-2024.

The Shareholders are requested to kindly take note of the following details required to be disclosed in accordance with the SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021.

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Type, material terms and particulars of the proposed transaction	<p>a. Sale, Purchase, Supply of any goods, materials            b. Availment and / or supply of any services</p> <p>All the transactions are proposed to be entered into are at arm's length and in the ordinary course of the business.</p>
2.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	Porwal Diesels Private Limited Enterprise of Relative of KMP
3.	Tenure of the proposed transaction (particular tenure shall be specified)	For each of the FY 2021-2022, 2022-23 and 2023-24
4.	Value of Proposed Transaction	Amount up to Rs. 50,00,00,000/- (Rupees Fifty crores only) per annum
5.	The percentage of the listed entity's annual consolidated turnover, for the immediate preceding Financial Year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);	46.67%
6.	If the transaction relates to any loan, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary : i) Details of the source of funds in connection with the proposed transaction; ii) Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, • Nature of indebtedness; • Cost of funds and • Tenure; iii) Applicable terms, including covenants, tenure, interest	N.A

	rate and repayment schedule, whether secured or unsecured ; if secured, the nature of security; and iv) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPR.	
7.	Justification as to why the RPT is in the interest of the listed entity	Arrangement is commercially beneficial and the Company has benefitted from such transactions with Porwal Diesels Private Limited in the past and hence, the Material RPTs are recommended for approval of the Members.
8.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholder.	Not Applicable

The material related party transactions entered into between the Company and Porwal Diesels Private Limited would be reviewed on a quarterly basis by the Audit Committee and the Board of Directors of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives except Mr. Devendra Jain, Managing Director; Mr. Surendra Utsavlal Jain and Mr. Mukesh Utsavlal Jain, Whole Time Directors; and Mr. Shailesh Jain, Chief Financial Officer of the Company and their relatives, are concerned or interested, financially or otherwise, in the above referred resolution.

The Board recommends the Ordinary Resolution as set out at Item No. 08 of the Notice for approval of the Members.

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

**Place:** Pithampur

**Date:** 10<sup>th</sup> August, 2022

COMPANY SECRETARY  
**HANSIKA MITTAL**

**Registered office**

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

## BOARDS' REPORT

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

Your Directors have immense pleasure in presenting 30<sup>th</sup> Boards' Report of **Porwal Auto Components Ltd**, together with the Audited Financial Statements for the year ended March 31, 2022.

**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 31.03.2022	As on 31.03.2021
Revenue from operations	10,713.28	6,967.93
Other Income	109.67	111.76
Total Expenses [excluding interest & depreciation]	10,323.97	6,275.18
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>498.98</b>	<b>804.51</b>
<b>Less:</b> Depreciation	706.80	609.10
<b>Less:</b> Interest	93.86	90.09
<b>Profit / (Loss) Before Tax</b>	<b>-301.68</b>	<b>105.32</b>
<b>Less:</b> Tax Expenses		-
Current Tax		18.80
Deferred Tax	-285.78	-6.61
<b>Net Profit / (Loss) after Tax</b>	<b>-15.90</b>	<b>93.13</b>
<b>Add:</b> Amount brought forward from Last Year	1,209.48	1,116.35
<b>Balance carried forward to Balance Sheet</b>	<b>1,192.22</b>	<b>1,209.48</b>
<b>Appropriations:</b>		
Income Tax/Wealth tax of earlier years	-1.35	0
<b>Balance carried forward to Balance Sheet</b>	<b>1,192.22</b>	<b>1,209.48</b>

Your Company's financial statements for the year ended March 31, 2022 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. 10,713.28 Lacs against the turnover of Rs. 6,967.93 in the previous year, registering increment of Rs. 3,745.35 Lacs (approx). The overall expenses of the Company have also increased from Rs. 6,275.18 Lacs to Rs. 10,323.97 Lacs. Due to increase in input cost, the cost of production has gone up but in comparison to that total selling price has not increased & therefore the Company has incurred a net loss of Rs. 15.90 Lacs as compared to profit of Rs. 93.13 Lacs in the previous year. Your Company is trying their best to uplift the profit in the coming period.

**b. Operations And Future Outlook**

The long-term growth outlook for the Indian auto industry is positive, driven by robust economic growth outlook, increasing income levels, Government focus on road and infrastructure development, current low levels of vehicle penetration, rapid urbanisation and a large, young and aspiring population. The Indian auto component industry is expected to clock 8-10 per cent growth in FY23, supported by the easing of supply-chain issues and commodity inflation in the second half of the year. For 2021-22, the revenue growth of the industry is pegged at 13-15 per cent, driven by domestic OEM, replacement, export volumes and pass-through of commodity prices. Domestic OEM demand has remained a mixed bag across segments in FY2022, with a slowdown in two-wheelers (2Ws) and semiconductor shortage dragging down overall production volumes. Over the long term, premiumization of vehicles and focus on localization will translate into healthy growth for auto component suppliers. Operating margins for auto ancillaries are likely to be impacted in the near term with elevated raw material, fuel and freight prices. While the semiconductor situation has been improving in the last 1-2 months, the Russia-Ukraine conflict could stress the globalised chip value chain. Part of the revenue growth has also come from commodity pass-through. While January to mid-February was relatively dull because of the Omicron wave, demand has picked up since April, 2022. The sector's coverage metrics is also likely to remain comfortable in 2022-23, benefitting from healthy accruals and relatively low incremental debt funding requirements. In last fiscal year, 31 auto component companies with cumulative revenues of over Rs 1,75,000 crore had registered a 23 per cent year-on-year growth in revenues, driven by domestic original equipment manufacturers (OEMs), replacement, export volumes and pass-through of commodity prices.

As per Automobile Component Manufacturers Association (ACMA), Auto Components industry exports is expected to grow at an annual rate of 23.9% to reach \$80 bn by 2026. Over the period between FY16 to FY21, automotive components industry registered a CAGR of 3.28%, reaching US\$ 45.90 billion in FY21, with exports growing at a CAGR of 4.19% during FY16-FY21 to reach US\$ 13.30 billion in FY21. The automobile component industry turnover stood at Rs. 1.96 lakh crore (US\$ 26.6 billion) between April-September 2021 and is expected to see revenue growth of 15-17% in the fiscal year. The auto components industry accounted for 7.1% of India's GDP, contributed 49% to the manufacturing GDP, and provided employment to 50 lakh people in FY21. The Auto components industry is expected to grow to US\$ 200 billion by FY26. India has a very strong position in the international market. It is the largest manufacturer of tractors, second-largest manufacturer for buses and the third largest for heavy trucks in the world. Indian automotive industry (including component manufacturing) is expected to reach between Rs. 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. Indian automobile industry (Includes automobiles and auto components) received Foreign Direct Investment (FDI) worth US\$ 30.51 billion till June 2021. A cumulative investment of Rs. 12.5 trillion (US\$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's electric vehicle (EV) ambitions. This is likely to boost the demand of auto components from local manufacturers.

In February 2022, the government received investment proposals worth Rs. 45,016 crore (US\$ 6.04 billion) from 20 automotive companies under the PLI Auto scheme. This scheme is expected to create an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion).

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 and believe that Company is likely to witness strong growth, commodity price increase and face near term challenges for the industry and are key monitorable. 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 evaluating its product portfolio and its technological readiness for the future, in the face of challenges posed by both emerging and disruptive technologies. Your Company's "Lost Foam Casting" project has been adopted and launched by the Company in the

previous year, trial production has been started and will come into use full fledgedly in the upcoming year.

The Company's central focus is to capture export opportunities, which would help to open the doors in new geographies. This could nurture and sustain relationships with potential business clients or partners. The Company may expand its share in the global auto component trade in the upcoming years emphasizing the targeted export expansion programme for key components by keeping in mind clarion call of Prime Minister of India for Atmanirbhar Bharat.

Your Company has also introduced new machinery for the smooth functioning. 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 2021-22 there was no change in capital structure of the Company. The paid up equity capital as on March 31, 2022 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, the Company did not accept any deposits within the meaning of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further, the Company has not accepted any deposit or loans in contravention of the provisions of the Chapter V of the Companies Act, 2013 and the Rules made there under.

**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. Annual Return**

Pursuant to provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company can be accessed at Company's website at weblink <http://www.porwalauto.com/Other-shareholder-information.html>

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

At the year ended March 31, 2022, the Board of Directors comprised of three Executive directors and four Non-Executive Independent Directors including one Woman Director. The Company has one Chief Financial Officer and a Company Secretary.

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 Utsavla Jain (DIN- 00245154) retires by rotation and being eligible, offers himself for reappointment at the ensuing 30<sup>th</sup> Annual General Meeting. The Board recommends his re-appointment as Whole-time Director for the consideration of the Members 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.

### **Re-appointments**

The term of office of Mr. Devendra Jain (DIN: 00232920) will expire on 31<sup>st</sup> July, 2023. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Wednesday, 10<sup>th</sup> August, 2022, proposed the reappointment of Mr. Devendra Jain (DIN: 00232920), who will attain the age of 70 years during his tenure, as a Managing Director of the Company, for a further period of three years commencing from 1<sup>st</sup> August, 2023 to 31<sup>st</sup> July, 2026. 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 Utsavla Jain (DIN: 00245111) will expire on 31<sup>st</sup> July, 2023. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Wednesday, 10<sup>th</sup> August, 2022, proposed the reappointment of Mr. Mukesh Utsavla Jain (DIN: 00245111) as a Whole Time Director of the Company, for a further period of three years commencing from 1<sup>st</sup> August, 2023 to 31<sup>st</sup> July, 2026. The Board recommends the re-appointment of Mr. Mukesh Utsavla Jain (DIN: 00245111) as a Whole Time Director of the Company at the ensuing Annual General Meeting.

The term of office of Mr. Surendra Utsavla Jain (DIN- 00245154) will expire on 31<sup>st</sup> July, 2023. Based on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on Wednesday, 10<sup>th</sup> August, 2022, proposed the reappointment of Mr. Surendra Utsavla Jain (DIN: 00245154), who will attain the age of 70 years during his tenure, as the Chairman and Whole Time Director of the Company, for a further period of three years commencing from 1<sup>st</sup> August, 2023 to 31<sup>st</sup> July, 2026. The Board recommends the re-appointment of Mr. Surendra Utsavla Jain (DIN: 00245154) as the Chairman and Whole Time Director of the Company at the ensuing Annual General Meeting.

### **Independent Directors:**

The Independent Directors on the Board of the Company comprise of Mr. Surajmal Birdichand Kucheria, Mr. Ramesh C Kashyap, Mr. Nitin Kumar Dafria & Mrs. Rajni Jain.

#### **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 and there has been no change in the circumstances which may affect their status as Independent Director during the year. Independent Directors have also submitted declaration that they have registered themselves on the online data bank of Indian Institute of Corporate Affairs (IICA) in accordance with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

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 are 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 are disqualified for holding office as director of the Company and the same 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 (dissolved w.e.f. 28<sup>th</sup> June, 2021)

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 20, 2021; June 28, 2021; August 10, 2021; November 13, 2021 and February 12, 2022.** 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 February 12, 2022.

## **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.porwalaauto.com/Other-shareholder-information.html>.

### **Other Policies:**

The other policies adopted by the Company pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations are placed on the Company's website at <http://www.porwalaauto.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 for the Financial Year ended on 31<sup>st</sup> March, 2022, 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**

The Auditors, S N Gadiya & Company, Chartered Accountants (ICAI Firm Registration No. 002052C), who were appointed for a term of five years from conclusion of the 25<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September 2017 to hold the office till the conclusion of the ensuing Annual General Meeting.

The Board of Directors of the Company at its meeting held on 10<sup>th</sup> August, 2022 proposed the appointment of M/S. HN Jhavar and Co., Chartered Accountants, Indore (ICAI Firm Registration Number: 000544C) as the Statutory Auditor of the Company to hold office for a period of 5 consecutive years from the conclusion of the 30<sup>th</sup> AGM till the conclusion of the 35<sup>th</sup> AGM to be held in the year 2027 as recommended by the Audit Committee of the Company at their meeting held on 10<sup>th</sup> August, 2022. The Shareholders' attention is drawn to a Resolution proposing the appointment of M/S. HN Jhavar and Co., Chartered Accountants, Indore (ICAI Firm Registration Number: 000544C) as Statutory Auditors of the Company which is included at Item No. 3 of the Notice convening the 30<sup>th</sup> Annual General Meeting.

The Company has received a certificate from the Statutory Auditors confirming their eligibility and willingness for their appointment and affirmation that the 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 2021-22. The Secretarial Audit Report for the Financial Year ended on March 31, 2022 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 2021-22 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**

Pursuant to Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

The Board of Directors of the Company on recommendation of Audit Committee, in pursuance of Section 148 of the Companies Act, 2013, have appointed M/s. A. K. Jain & Associates, Cost Accountants, Indore (FRN: 101472), for conducting the audit of the cost accounting records maintained by the Company for the Financial Year 2022-2023. They have confirmed that their appointment is within the limits of Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified from acting as Cost Auditors.

An appropriate Resolution has been incorporated in the Notice convening the Company's 30<sup>th</sup> Annual General Meeting for ratification of remuneration of the Cost Auditors as approved by the Board of Directors on the recommendation of the Audit Committee.

#### **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 M/S. Nishi Agrawal and Company, Chartered Accountant, Indore to conduct internal audit reviews for the Company for the FY 2022-23.

#### **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 M/S. Nishi Agrawal and Company, Chartered Accountant, Indore for the Financial Year 2022-23. 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**

During the Financial Year 2021-2022, all contracts/ arrangements/ transactions entered into by the Company with its related parties were reviewed and approved by the Audit Committee and the Board. Prior omnibus approvals were obtained from the Audit Committee for related party transactions which were of repetitive nature, entered in the ordinary course of business and on an arm's length basis. No transaction with any related party was in conflict with the interest of the Company.

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. Hence, the provisions of Section 188(1) of the Companies Act, 2013 and the Rules made thereunder were not attracted.

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act in the prescribed Form AOC-2 is annexed to the Board Report as **Annexure-I**. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's weblink [https://www.porwalaauto.com/pdf/related\\_party\\_transaction\\_policy.pdf](https://www.porwalaauto.com/pdf/related_party_transaction_policy.pdf).

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 [https://www.porwalauto.com/pdf/Vigil\\_Mechanism.pdf](https://www.porwalauto.com/pdf/Vigil_Mechanism.pdf).

**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, 2022 which is enclosed as forms the part of this Board Report.

**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 M/S. S N Gadiya & Company, Chartered Accountants (ICAI Firm Registration No. 002052C) and Ms. Shraddha Jain, Practicing Company Secretary (M. No.: ACS 39488), confirming compliance of the Corporate Governance as stipulated under the said Regulations is also enclosed herewith and forms the part of this Annual Report.

**30. Corporate Social Responsibility**

During the Financial Year under review, the provisions of Section 135 of the Act relating to the constitution of a Corporate Social Responsibility Committee are not applicable to the Company.

**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 2021-22 has been duly paid.

The Company has complied with SEBI (LODR) Regulations, 2015 including payment of Annual Listing Fees up to March 31, 2023 to BSE Limited.

### **33. Insurance**

The Company's assets are adequately insured against the loss of fire and other risks, as considered 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, 2022.

### **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 2021-22, 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. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and their status**

There are no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

#### **41. Details of difference between amount of the Valuation done at the time of One Time Settlement and the Valuation done while taking loans from the Banks or Financial Institution along with the reasons thereof**

There are no such events occurred during the period from April 01, 2021 to March 31, 2022, thus no valuation is carried out for the one-time settlement with the Banks or Financial Institutions.

#### **42. 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: 10.08.2022

Place: Pithampur

**Mukesh Utsavlal Jain**

Whole time Director  
(DIN - 00245111)

**Devendra Jain**

Managing Director  
(DIN - 00232920)

#### **Registered office**

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

**Annexure - I**
**Form No. AOC-2**
**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis: -NONE**

S. No	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NONE								

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

S. No	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Porwal Diesels Private Limited	Enterprise of Relative of KMP	a. Sale, Purchase, Supply of any goods, materials  b. Availment and / or supply of any services	Transactions of repetitive nature	Normal trade/transaction under ordinary course of business and on arm's length basis	28 <sup>th</sup> June, 2021	Nil	NA

**Date:** 10.08.2022

**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 Utsavil 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 ON 31<sup>ST</sup> MARCH, 2022**  
*[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, 2022 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 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 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,;
- 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;
- 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 Secretarial Standards relating to Board Meetings and General Meetings issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. 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, Independent Directors & Woman Director. There are no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings and Committee 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 meetings and for meaningful participation at the meetings.

All decisions at Board Meetings and Committee(s) Meetings are carried through unanimously as recorded in the meetings of the Board and Committee(s) of the Board, as the case may be.

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.

Place: Indore  
Date: 10.08.2022

**SHRADDHA JAIN**

**PRACTISING COMPANY SECRETARY**  
**M. No.: ACS 39488**  
**C P No.: 14717**  
**PR No.: 1765/2022**  
**UDIN: A039488D000776721**

NOTE: This report is to be read with Annexure A which forms an integral part of this report.

**Annexure A**

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Indore  
Date: 10.08.2022

**SHRADDHA JAIN**

**PRACTISING COMPANY SECRETARY**  
**M. No.: ACS 39488**  
**C P No: 14717**  
**PR No.: 1765/2022**  
**UDIN: A039488D000776721**

### **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, 2022 is given here below and forms part of the Boards' 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**

The Company has installed Solar Plants at its manufacturing location for using solar energy as a source in place of conventional sources.

##### **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.

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.

The Company focuses on investments aiming to reduce usage of conventional energy, energy conservation projects and increase the generation of solar energy and optimization of energy utilisation.

#### **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.

Your Company is looking forward for new technologies to be introduced by the Company soon. Further, your Company has started Trial Production and development of Components on the "Lost Foam Casting" Technology, which shall be put to use full fledgedly in the upcoming years. The Company has also begun development of new components for Locomotives and Railway Coaches.

##### **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 a change 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. 70.33 Lacs approximately towards Research and Development.

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

<b>Particulars</b>	<b>2021-22</b>	<b>2020-21</b>
Foreign exchange earnings	---	---
Foreign exchange outgo:		
Travelling Expenses	Nil	Nil
Capital Goods	16.73 Lacs	68.41 Lacs

**Date:** 10.08.2022

For and on behalf of the Board of Directors

**Place:** Pithampur

**Porwal Auto Components Limited**

**Registered office**

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

**Mukesh Utsav 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 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22 are as under:

<b>S. N.</b>	<b>Name of Director/KMP and Designation</b>	<b>Designation</b>	<b>Remuneration of Director/KMP for Financial Year 2021-22</b>	<b>% Increase/decrease in Remuneration in the Financial Year 2021-22</b>	<b>Ratio of Remuneration of each Director to median remuneration of employees</b>
1.	Mr. Devendra Jain	Managing Director	36,00,000	10.6%	28.25:1
2.	Mr. Mukesh Utsav Jain	Whole Time Director	36,00,000	10.6%	28.25:1
3.	Mr. Surendra Utsav Jain	Whole Time Director	36,00,000	10.6%	28.25:1
4.	Mr. Surajmal Birdichand Kucheria	Independent Non Executive	-	-	NA
5.	Mr. Nitin Dafria	Independent Non Executive	-	-	NA
6.	Mr. Ramesh C Kashyap	Independent Non Executive	-	-	NA
7.	Mrs. Rajni Jain	Independent Non Executive	-	-	NA
8.	Mr. Shailesh Jain	CFO	27,00,000	10.6%	NA
9.	Ms. Hansika Mittal	Company Secretary	3,60,000	27%	NA

**Note:**

None of the Independent Directors of the Company received any remuneration during the Financial Year 2021-22

(ii) **The percentage increase in the median remuneration of employees in the Financial Year:**  
26.26%

(iii) **The number of permanent employees on the rolls of Company as on March 31, 2022:** 373 employees

(iv) Average percentile increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2021-22 was 28.57% and there is also increase in the managerial remuneration for the same Financial Year was 10.6%.

- (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:** 10.08.2022

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**  
**CIN:L34300MP1992PLC006912**

**Mukesh Utsavlal Jain**      **Devendra Jain**  
**Whole Time Director**      **Managing Director**  
**(DIN: 00245111)**      **(DIN: 00232920)**

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 31<sup>ST</sup> MARCH, 2022.**

S. No .	Name	Designatio n	Remuneratio n received During the Financial Year (In Rs.)	Qualificati on and Experienc e	Date of Joining	Age	Last employment
1	Mr. Surendra Utsavlal Jain	Whole Time Director	36,00,000	B. E. (Mech), 48 Years experience of Business & Industry	07.06.2005	69 Years	Triveni Conductors Limited, Indore
2	Mr. Devendra Jain	Managing Director	36,00,000	B. E. (Mech), 46 Years experience of Business & Industry	03.02.1992	67 Years	Porwal Diesels Pvt. Ltd., Pithampur
3	Mr. Mukesh Utsavlal Jain	Whole Time Director	36,00,000	Graduate in Commerce, 46 Years experience of Business & Industry	31.03.1998	65 Years	Porwal Udyog
4	Mr. Shailesh Jain	CFO	27,00,000	B. Com; 43 Years	01.04.1999	63 Years	Porwal Diesels Pvt. Ltd., Pithampur
5	Mr. Atin Jain	Chief Operating Officer	24,00,000	MBA (Foreign), 20 Years	01.04.2014	44 Years	Porwal Diesel Pvt. Ltd., Pithampur
6	Mr. Praveen Sinha	Vice President (Oper.)	22,20,000	B. Tech , MCA ; 40 Years	25.11.2015	61 Years	Priyanshi Casting Pvt. Ltd., Siliguri
7	Mr. Anish Jain	Commercial Manager	21,00,000	BBA MBA, 14 Years	01.04.2008	34 Years	Porwal Auto Components Limited
8	Mr. Nutan Joshi	Maintanance Manager	11,16,000	B. Sc , DME ; 43 Years	05.09.2015	61 Years	Pioneer Enginee. P. Ltd. Ujjain
9	Mr. Sunil Lanjewar	Quality Manager	11,04,000	B.E. (Mech), 26 Years	19.09.2006	44 Years	Raneka Industries Ltd., Pithampur
10	Mr. Narendra Malakar	NPD Manager	10,68,000	B. E. (Mech), 24 Years	02.02.2010	41 Years	-----

11	Mr. G. L. Tirole	Accounts & Finance Manager	9,00,000	M. Com., MBA Finance; 37 years	02.02.1995	55 Years	N. K. Machines Pvt. Ltd., Indore
12	Mr. Anil Mendiratta	Marketing Manager	9,00,000	B.A. ; 33 Years	01.05.2014	54 Years	Phooltas Temper Pvt. Ltd. New Delhi
13	Mr. R. K. Sahu	H R Manager	8,40,000	B. A. 37 years	02.02.2001	51 Years	Gomtesh Engineering, Pithampur
14	Mr. B. K. Gupta	Assistant Manager (IT Deptt)	5,52,000	MCA; 18 years	01.04.2015	42 Years	Sonic Biochem Pvt Ltd
15	Mr. Ashraf Rizvi	Assistant Manager	5,10,000	B.SC. 22 years (approx)	02.07.2016	45 Years	SPM Auto, Pithampur

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 Utsavlal Jain, Mr. Devendra Jain, Mr. Mukesh Utsavlal 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:** 10.08.2022

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**  
**CIN:L34300MP1992PLC006912**

**Mukesh Utsavlal Jain**      **Devendra Jain**  
**Whole Time Director**      **Managing Director**  
**(DIN: 00245111)**      **(DIN: 00232920)**

## **ANNEXURE-VI**

### **CORPORATE GOVERNANCE REPORT 2021-22**

**[Pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

(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 Financial Year ended on March 31, 2022.

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, transparency, 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. Your Company believes in the concept of good Corporate Governance involving transparency, empowerment, accountability, equity and integrity with a view to enhance stakeholder's value in order to achieve its mission as stated below: -

**"To continually enhance the stakeholders' value through global competitiveness while contributing to society."**

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. 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. Surendra Utsavlal Jain	Chairman and Whole-Time Director
Mr. Devendra Jain	Managing Director
Mr. Mukesh Utsavlal Jain	Whole-Time Director
Mr. Nitin Dafria	Independent Non-Executive Director
Mr. Ramesh C Kashyap	Independent Non-Executive Director
Mrs. Rajni Jain	Independent Non-Executive Director
Mr. Surajmal Birdichand Kucheria	Independent Non-Executive Director

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

<b>Category</b>	<b>No. of Directors</b>	<b>Percentage</b>
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 Non-Executive Independent Directors of the Company have been appointed as per the provisions of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. Non-Executive 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 Non-Executive 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 <https://www.porwalauto.com/Other-shareholder-information.html>

All the Non-Executive 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.

The Board is a skill - based Board comprising directors who collectively have the skills, knowledge and experience to effectively govern and direct the Company. The Board has identified the skills and attributes required by Company directors which can be broadly categorised as follows:

- Governance skills (skills directly relevant to performing the Board's key functions);
- Industry skills (skills relevant to the industry/section in which the organisation predominantly operates); and
- Personal attributes/qualities that are generally considered desirable to be an effective 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. **20<sup>th</sup> May, 2021;**
- ii. **28<sup>th</sup> June, 2021;**
- iii. **10<sup>th</sup> August, 2021;**
- iv. **13<sup>th</sup> November, 2021;**
- v. **12<sup>th</sup> February, 2022**

**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, 2022 are given in the following table:**

S . N o .	Name of the Director	Catego ry	Attend ance at Board meeting	Attend ance at last AGM	No. of Directors hip (includin g this Company )	No. of Committee membership position (including this Company)		Shareho lding of Non Executive Director
						Chairm an	Member	
1	Mr. Devendra Jain (DIN:00232920)	Managing Director	5	Yes	1	-	-	-
2	Mr. Mukesh Utsavlal Jain (DIN:00245111)	Whole- Time Director	5	Yes	1	-	1	-

3	Mr. Surendra Utsavlal Jain (DIN:00245154)	Whole-Time Director	<b>5</b>	Yes	1	-	-	-
4	Mr. Surajmal Birdichand Kucheria (DIN:00027661)	Independent Non-Executive	<b>5</b>	No	2	1	5	-
5	Mr. Nitin Dafria (DIN:01560804)	Independent Non-Executive	<b>5</b>	Yes	1	2	1	-
6	Mr. Ramesh C Kashyap (DIN:06593723)	Independent Non-Executive	<b>5</b>	Yes	1	-	2	-
7	Mrs. Rajni Jain (DIN:07140288)	Independent Non-Executive	<b>5</b>	No	1	-	-	-

**NOTE:** The Corporate Social Responsibility Committee has been dissolved with the approval of the Board of Directors of the Company with effect from 28 June, 2021. Therefore, the details mentioned in the above table are as on 31<sup>st</sup> March, 2022.

**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	Non-Executive Independent Director

**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 12<sup>th</sup> February, 2022, 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 Non-Executive 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. Inter-se relationship among directors:**

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

**f. 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 <https://www.porwalaauto.com/Other-shareholder-information.html>

**g. List of core skills/ expertise/ competencies required in the Company's Board to enable it function effectively and those actually available:**

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

1. Knowledge on Company's businesses, policies and business culture major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
2. Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
3. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.
4. Financial and Management skills.
5. Technical / Professional skills and knowledge in relation to Company's business.

NAME OF DIRECTORS	SKILLS				
	Knowledge on Company's businesses etc.	Behavioural skills	Business Strategy, Sales & Marketing etc	Financial and Management skills	Technical / Professional skills etc.
Mr. Devendra Jain	√	√	√	√	√
Mr. Mukesh Utsav Lal Jain	√	√	√	√	√
Mr. Surendra Utsav Lal Jain	√	√	√	√	√
Mr. Surajmal Birdichand Kucheria	√	√	√	√	√
Mr. Nitin Dafria	√	√	√	√	√
Mr. Ramesh C	√	√	√	√	√

Kashyap					
Mrs. Rajni Jain	✓	✓	✓	✓	✓

**h. 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), Chairman and Whole Time Director retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Further, pursuant to 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, the tenure of Mr. Devendra Jain as the Managing Director, Mr. Mukesh Utsavlal Jain and Mr. Surendra Utsavlal Jain as the Whole time Directors of the Company will expire on 31<sup>st</sup> July, 2023. Thus upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors propose the re-appointment of the abovementioned Directors for a further period of three years commencing from 1<sup>st</sup> August, 2023 till 31<sup>st</sup> July, 2026 for the consideration of the Members of the Company at the ensuing Annual General Meeting.

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

The evaluation of Non-Executive 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 have 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. Corporate Social Responsibility Committee (dissolved w.e.f. 28<sup>th</sup> June, 2021)

The above mentioned Committees consist of appropriate number of Executive Directors and Non-executive 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 Non-Executive Independent Directors. The Audit Committee is chaired by Mr. Nitin Dafria, who is a Non-Executive Independent Director.

During the Financial Year ended 31<sup>st</sup> March, 2022, five Audit Committee Meetings were held and the dates on which the said meetings were held are as follows:

- i. **20<sup>th</sup> May, 2021;**
- ii. **28<sup>th</sup> June, 2021;**
- iii. **10<sup>th</sup> August, 2021;**
- iv. **13<sup>th</sup> November, 2021;**
- v. **12<sup>th</sup> February, 2022**

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

<b>Name</b>	<b>Category</b>	<b>Number of Meetings</b>	
		<b>Held</b>	<b>Attended</b>
Mr. Nitin Dafria	Chairman, Non-Executive Independent Director	5	5
Mr. Ramesh C Kashyap	Member, Non-Executive Independent Director	5	5
Mr. Surajmal Birdichand Kucheria	Member, Non-Executive Independent Director	5	5

**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 Non-Executive Independent Director. The Committee is chaired by Mr. Surajmal Birdichand Kucheria, who is a Non-Executive Independent Director.

During the Financial Year ended on 31<sup>st</sup> March, 2022, one meeting of Nomination and Remuneration Committee were held and the date on which the said meeting was held is:

### i. 28<sup>th</sup> June, 2021;

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

<b>Name</b>	<b>Category</b>	<b>Number of Meetings</b>	
		<b>Held</b>	<b>Attended</b>
Mr. Surajmal Birdichand Kucheria	Chairman, Non-Executive Independent Director	1	1
Mr. Ramesh C Kashyap	Member, Non-Executive Independent Director	1	1
Mr. Nitin Dafria	Member, Non-Executive Independent Director	1	1

## 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 Non-Executive 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 and guidelines, 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 and compliance, 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 at <https://www.porwalauto.com/Other-shareholder-information.html>

**➤ 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 on March 31, 2022 to the Executive Directors are as follows:

Name of Directors	Designation	Remuneration
Mr. Devendra Jain	Managing Director	Rs. 36,00,000
Mr. Mukesh Utsav Lal Jain	Whole Time Director	Rs. 36,00,000
Mr. Surendra Utsav Lal Jain	Chairman and Whole Time Director	Rs. 36,00,000

- The Company does not pay any fixed component and performance linked incentives to 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 terms of reference of the Stakeholders Relationship Committee includes the matters specified in Part D of Schedule II to the SEBI (LODR) Regulations, 2015 which broadly includes 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 a Non-Executive Independent Director.

During the Financial Year ended on 31st March, 2022, four meetings of Stakeholders Relationship Committee were held and the dates on which the said meetings were held are:

- i. 28<sup>th</sup> June, 2021;*
- ii. 10<sup>th</sup> August, 2021;*
- iii. 13<sup>th</sup> November, 2021;*
- iv. 12<sup>th</sup> February, 2022*

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

<b>Name</b>	<b>Category</b>	<b>Number of Meetings</b>	
		<b>Held</b>	<b>Attended</b>
Mr. Nitin Dafria	Chairman, Non-Executive Independent Director	4	4
Mr. Surajmal Birdichand Kucheria	Member, Non-Executive 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.

<b>S.NO</b>	<b>PARTICULARS OF INVESTOR GRIEVANCES</b>	<b>NUMBER OF INVESTORS GRIEVANCES</b>
1.	Complaints received during the Year	1
2.	Complaints disposed of during the Year	1
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@porwalaauto.com](mailto:admin@porwalaauto.com)  
 Telephone: 07292-421300  
 Fax: 07292-405120  
[www.porwalaauto.com](http://www.porwalaauto.com)

**d. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Corporate Social Responsibility Committee has been dissolved with the approval of the Board of Directors of the Company during the Financial Year i.e. with effect from 28<sup>th</sup> June, 2021 as per provisions of Section 135 of the Companies Act, 2013 and rules made thereunder.

**4. GENERAL BODY MEETINGS**

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

AGM/EGM	Date	Venue	Time
AGM-2019	28 <sup>th</sup> September, 2019	Registered office of the Company	01:30 PM
AGM-2020	29 <sup>th</sup> September, 2020	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	03:00 PM
AGM-2021	29 <sup>th</sup> September, 2021	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	03:00 PM

**NOTE:** The proceedings of the Annual General Meeting of the Members of the Company, held on 29<sup>th</sup> September, 2020 and 29<sup>th</sup> September, 2021, shall be deemed to be conducted at the Registered Office of the Company at Plot No. 209, Sector No. 1, Industrial Area, Pithampur, (M. P.) 454775.

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

AGM/EGM	Date	Special Business Transacted
AGM-2019	28 <sup>th</sup> September, 2019	<ul style="list-style-type: none"> <li>• Re-appointment of Mrs. Rajni Jain as an Independent Director</li> </ul>
AGM-2020	29 <sup>th</sup> September, 2020	<ul style="list-style-type: none"> <li>• Re-appointment of Mr. Devendra Jain as the Managing Director of the Company.</li> <li>• Re-appointment of Mr. Mukesh Utsav Jain as a Whole-time Director of the Company.</li> <li>• Re-appointment of Mr. Surendra Utsav Jain as a Chairman and Whole-time Director of the Company.</li> </ul>
AGM-2021	29 <sup>th</sup> September, 2021	NIL

- No Extra-ordinary General Meeting of the shareholders was held during the year.
- No special resolutions were passed nor proposed to be passed during 2021-22 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 or Financial Year.

- 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 "Chhotta 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 are made by the Company.

## **6. GENERAL SHAREHOLDERS INFORMATION**

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

The Date, Time & Venue of the 30<sup>th</sup> Annual General Meeting is Wednesday, the 28<sup>th</sup> day of September 2022 at 01:00 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, 2022: First Fortnight of August, 2022

Results for the Quarter ending 30<sup>th</sup> Sept, 2022: First Fortnight of November, 2022

Results for the Quarter ending 31<sup>st</sup> Dec, 2022: First Fortnight of February, 2023

Results for the Quarter ending 31<sup>st</sup> Mar, 2023: Last week of May, 2023

### **d. Dividend**

The Board of Directors of the Company has not declared any dividend on equity share for the Financial Year 2021-2022.

### **e. Book Closure**

Thursday, 22<sup>nd</sup> September 2022 to Wednesday, 28<sup>th</sup> September 2022 (both days inclusive) for the purpose of AGM.

### **f. Listing**

➤ **Stock Exchange:** Bombay Stock Exchange Limited

➤ **Stock Code:** 532933

➤ **ISIN No.:** INE386I01018

➤ Listing Fees has been paid for 2022-23.

### **g. Plant Location**

Plot No. 209, Sector No. 1, Industrial Area,

Pithampur, Distt. DHAR (M.P.) 454775

Tel: 07292-421300, Fax: 07292-405120

[admin@porwalauto.com](mailto:admin@porwalauto.com), [www.porwalauto.com](http://www.porwalauto.com)

### **h. 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 49186270  
 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: 07292-421300  
 Fax: 07292-405120  
 E Mail: [cs@porwalauto.com](mailto:cs@porwalauto.com)  
[www.porwalauto.com](http://www.porwalauto.com)

**i. Stock Market Data:**  
**High/Low/Close during each month in the last Financial Year**

**Monthly highs and lows Quotes at the BSE 2021-22**

Year	High(Rs.)	Low(Rs.)	Close(Rs.)
<b>Mar 2022</b>	22.60	17.45	18.55
<b>Feb 2022</b>	31.95	19.55	21.40
<b>Jan 2022</b>	32.90	25.60	30.45
<b>Dec 2021</b>	28.80	21.00	27.35
<b>Nov 2021</b>	24.95	20.50	22.40
<b>Oct 2021</b>	26.50	22.25	23.60
<b>Sep 2021</b>	27.00	22.05	24.15
<b>Aug 2021</b>	33.80	23.00	24.95
<b>Jul 2021</b>	33.40	25.15	30.45
<b>Jun 2021</b>	30.00	20.80	26.05
<b>May 2021</b>	23.10	17.00	21.25
<b>Apr 2021</b>	19.45	15.75	17.85

**j. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc;**

Published on Investing.com, 20/Jun/2022 - 12:11:42 GMT, Powered by TradingView.

Porwal Auto Components Ltd, India, BSE:PAUC, D



**k. Registrars and Share Transfer Agents**

Link Intime India Pvt Ltd.  
 C 101, 247 Park,  
 LBS Marg, Vikhroli West,  
 Mumbai 400 083  
 Tel: +91 22 49186270  
 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)

**I. Share Transfer System:**

In terms of Regulation 40(1) of the SEBI - LODR Regulations, as amended from time to time, securities can be transferred (including transmission and transposition) only in dematerialized form. Further, SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated that listed companies shall henceforth issue the securities in dematerialized form only while processing the service requests for (a) issue of duplicate securities certificate; (b) claim from Unclaimed Suspense Account; (c) Renewal/ Exchange of securities certificate; (d) Endorsement; (e) Sub-division/ Splitting of securities certificate; (f) Consolidation of securities certificates/folios; (h) Transmission, and (i) Transposition, which were earlier allowed in physical form. The necessary forms for the above request are available on the website of the Company at <https://www.porwalaauto.com/Other-shareholder-information.html>

Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Share transfer request is processed within stipulated time, subject to documents being valid and complete in all respects. A summary of transfer/ transmission of securities of the Company is placed before the Stakeholders' Relationship Committee from time to time. The Company has obtained a yearly certificate from a Company Secretary in Practice to the effect that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division,

consolidation and renewal as required under Regulation 40(9) of the SEBI – LODR Regulations and files a copy of the said certificate with the Stock Exchanges under Regulation 40(10).

**m. Distribution of shareholding as on 31<sup>st</sup> March, 2022:**

**Distribution of shareholding (Rupees)**

SHAREHOLDING OF NOMINAL SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARE AMOUNT RS.	PERCENTAGE OF TOTAL
1 – 5000	6763	78.2845	12239810	8.1058
5001 -- 10000	913	10.5684	7305890	4.8383
10001 – 20000	515	5.9613	7624880	5.0496
20001 -- 30000	141	1.6321	3619750	2.3972
30001 -- 40000	68	0.7871	2424210	1.6054
40001 -- 50000	50	0.5788	2356090	1.5603
50001 -- 100000	83	0.9608	6067530	4.0182
100001 -- *****	106	1.227	109361840	72.4251
<b>TOTAL</b>	<b>8639</b>	<b>100</b>	<b>151000000</b>	<b>100</b>

**Distribution of shareholding (Shares)**

SHAREHOLDING OF NOMINAL SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARE AMOUNT RS.	PERCENTAGE OF TOTAL
1 – 500	6763	78.2845	1223981	8.1058
501 -- 1000	913	10.5684	730589	4.8383
1001 – 2000	515	5.9613	762488	5.0496
2001 -- 3000	141	1.6321	361975	2.3972
3001 -- 4000	68	0.7871	242421	1.6054
4001 -- 5000	50	0.5788	235609	1.5603
5001 -- 10000	83	0.9608	606753	4.0182
10001 -- *****	106	1.227	10936184	72.4251
<b>TOTAL</b>	<b>8639</b>	<b>100</b>	<b>15100000</b>	<b>100</b>

**n. Dematerialization of shares as on 31.03.2022:**

CATEGORY	NO. OF SHARES	PERCENTAGE (%)
Total number of Dematerialized shares with NSDL	85,89,360	56.88
Total number of Dematerialized shares with CDSL	59,14,137	39.17
PHYSICAL	5,96,503	3.95
<b>TOTAL</b>	<b>1,51,00,000</b>	<b>100</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2022**

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters & Promoter Group	5610784	37.15751%
2.	Corporate Bodies	3616583	23.95088%
3.	Indian Public	5429720	35.95841%
4.	Clearing Member	23589	0.15622
5.	Hindu Undivided Family	332286	2.20057
6.	NRIs/OCBs	87038	0.57641%
		<b>1,51,00,000</b>	<b>100%</b>

**o. 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.

**p. 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.

**q. List of Credit Ratings obtained by the Company along with any revisions thereto during the relevant Financial Year, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad:** 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**

All transactions entered into by the Company during the year with related parties were in the ordinary course of business and on arm's length pricing basis and were approved by the Audit Committee. There are no materially significant transactions with the related parties that had potential conflict with the interest of the Company. 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 <https://www.porwalaauto.com/Other-shareholder-information.html> .

Related party transactions are disclosed in Note No. 32 to the financial statement in the Annual Report along with detail of such transaction entered by the Company with related parties have been disclosed in AOC-2. The Audit Committee had reviewed and approved the related party transactions as

mandatory requirement under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**b. Details of non-compliance by the Company, penalties, structures 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 was no such instance.

**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 <https://www.porwalauto.com/Other-shareholder-information.html>. 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 (LODR) 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 Practicing Company Secretary**

Your Company has obtained a Certificate from Ms. Shraddha Jain, Practicing Company Secretary (M. No.: ACS 39488) certifying that none of the directors on the Board of the Company as on 31<sup>st</sup> March, 2022 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. 75,000 for services provided by the Statutory Auditor during the year.

**I. 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 has 6160 shares in the Demat suspense account/unclaimed suspense account lying at the end of the year.

- 10.** Non-compliance of any requirement of corporate governance report of sub-par as (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 <https://www.porwalauto.com/Other-shareholder-information.html>. 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>, 2022.

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 <https://www.porwalauto.com/Other-shareholder-information.html> Code of Practices and procedures for fair disclosure of Unpublished Price Sensitive Information (UPSI) along with Policy for procedure of inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information (UPSI).

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.

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

Porwal Auto Components Limited

Date: 10.08.2022

Place: Pithampur

**Mukesh Utsavlal Jain**

Whole time Director  
(DIN - 00245111)

**Devendra Jain**

Managing Director  
(DIN - 00232920)

**Registered office**

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

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022**

**[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

I have examined the compliance of conditions of Corporate Governance by **PORWAL AUTO COMPONENTS LIMITED** (hereinafter called the Company), for the year ended on 31<sup>st</sup> March, 2022 as specified in Regulations 17 to 27, clauses (b) to (i) and (t) 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 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to the procedure and implementation thereof and was carried out in accordance with the guidance note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46(2) and Para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2022.

In my 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.

**Date:** 10.08.2022

**Place:** Indore

**SHRADDDHA JAIN**

**PRACTICING COMPANY SECRETARY**  
ACS: 39488  
CP. No. 14717  
PR No.: 1765/2022  
UDIN: A039488D000776851

**DECLARATION**

**(COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS)**

This is to confirm that for the year 2021-22, 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 <https://www.porwalauto.com/Other-shareholder-information.html>.

**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 on 31<sup>st</sup> March 2022 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further certify that, to the best of 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
  - i. No significant change in internal control over financial reporting during the year
  - ii. No significant change in accounting policies during the year under review and
  - iii. No instance of any fraud in the Company in which the management has any role.

**Place:** Pithampur  
**Date:** 28.05.2022

**Shailesh Jain**  
Chief Financial Officer

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

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

**CAVEAT**

Statements in the Management Discussion and Analysis, expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Further, shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Furthermore, utmost care has been taken to ensure that the opinions expressed by the management here in contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. Therefore, Shareholders are hereby advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives.

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The Indian auto-components industry has experienced healthy growth over the last few years. The auto-components industry expanded by a CAGR of 3.28% over FY16 to FY21 and the industry is expected to reach US\$ 200 billion by FY26. Due to high development prospects in all segments of the vehicle industry, the auto component sector is expected to rise by double digits in FY22. India's auto component industry recorded its highest trade surplus of \$700 mn in a financial year in 2021-22. The overall Indian auto components industry, which accounts for 2.3% of India's GDP currently, is set to become the 3rd largest globally by 2025.

Auto-components industry account for 7.1% of India's Gross Domestic Product (GDP) and employs as many as 5 million people directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favourable destination for investment.

The rapidly globalising world is opening newer opportunities for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D.

As per ACMA forecasts, automobile component export from India is expected to reach US\$ 80 billion by 2026. With shift in global supply chains, the Indian global automotive component trade is likely to expand at 4-5% by 2026. In December 2020, Power PSU JV EESL announced plan to install ~500 electric vehicle (EV) charging stations in the country in fiscal 2020-21. As of March 2021, there were 1,800 charging stations and this is expected to reach 4 lakh by 2026.

By 2026, India is expected to become the world's third-largest automotive market. 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.

The CAF norms and BSVI implementation will further push automobile companies to embrace technology that restricts emission and this will pave way for newer technology like ISG and BSG that are likely to replace alternator and generator in the automobile. The mandatory requirement to enhance safety features and premiumization of mass selling cars will also lead to the migration of electrical architecture from 12V to 48V. This research report Growth Strategy for Auto Component Manufacturers in India: Product Portfolio to tide over the anticipated disruption in the Automobile Industry, aims to provide a

perspective on how the automobile industry will shape up in the next 10 years and what should be the product portfolio of auto component manufacturers to stay relevant and grow. The report will provide detailed data, analysis, and insights on the future outlook that will enable auto component manufacturers to redraw their strategy and continue the growth trajectory it has been witnessing to date.

## **FAVOURABLE POLICY MEASURES AIDING GROWTH**

### **1. Production Linked Scheme(PLI):**

Union Cabinet approved PLI scheme in automobile and auto components with an approved financial outlay over a five-year period of Rs. 57,042 crore (US\$ 8.1 billion) for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

The Union Cabinet on 15th December, 2021 approved a production linked incentive (PLI) scheme for semiconductor and display board production in the country. The scheme envisages investment of Rs 76,000 crore in semiconductor production over the next 5-6 years.

In February 2022, the government has received investment proposals worth Rs. 45,016 crore (US\$ 6.04 billion) from 20 automotive companies under the PLI Auto scheme. This scheme is expected to create an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion)

### **2. Ministry of Heavy Industries:**

The Government of India has shortlisted 11 cities in the country for introduction of EVs in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme.

The Government of India approved FAME-II scheme with a fund requirement of Rs. 10,000 crore (US\$ 1.39 billion) for FY20-22 and extended the same until 2024.

### **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.

- Contribution of auto industry in the country's GDP will rise to over 12 per cent by 2026.
- Around 65 million incremental numbers of direct and indirect jobs will be created by 2026.
- The Automobile component industry in India foresees growth of USD 260-300 Bn by the end of FY 2026

### **4. Union Budget 2021–22:**

The Government announced opening up of the defence R&D sector to private manufacturers, which opened up a new growth segment for auto component companies in India and will help them with new revenue and growth area.

### **5. National Automotive Testing and research and development (R&D) Infrastructure Project (NATRIP):**

The chief aim of the project is:

- To generate core global competencies - state-of-art testing and R&D infrastructure.
- To enable seamless integration by driving the automobile component industry in India into global automotive excellence.

A total of USD 573 Mn investment has been done to adopt and implement global performance standards. The key focus lies in providing low-cost manufacturing and product development solutions.

### **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 29 years. Company 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 pushing 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 automobile industry is one of the most important drivers of economic growth of India and one with high participation in global value chains. The growth of this sector has been on the back of strong government support which has helped it carve a unique path among the manufacturing sectors of India. Increased buying power, huge domestic market and fast developing infrastructure have together fuelled steady growth in the Indian automotive components manufacturing segment for the last few years. However, the last two years of the pandemic forced a slowdown, which saw the automobile component industry's annual turnover dip but things are beginning to shape up again for the industry. With both imports and exports witnessing an upsurge, the first half of 2021-22 saw an almost 65% growth in the automotive components industry. Going by the current demand, both locally and internationally, the industry is likely to see double-digit growth in the coming years. There are the opportunities emerge for the auto component industry are as follows:

1. Pursue export opportunities aggressively.
2. Enhance import substitution.
3. Offer premium features at "Indian costs" more rapidly than before.
4. Focus on component categories that will contribute more to vehicle costs in the future.
5. Expand aftermarket offerings to capture value from existing vehicle parc and aftermarket exports.
6. Offer "rising star" components which could take off in the long run due to an increase in EV sales.
7. Offer new or modified features that will be in demand with increase in shared mobility penetration.
8. Develop data-enabled services and solutions.
9. Form partnerships and ecosystems to create and capture value.
10. Expand portfolio to serve adjacent industries.

The global original equipment manufacturers (OEMs) are now contemplating the China Plus One strategy to develop alternative suppliers. This provides us with adequate opportunities to enhance our production capabilities at the earliest. Forward-looking government policies have been introduced to provide a thrust

to the sector. The automotive component industry accounts for 2.3% of India's GDP and is an essential pillar of the country's economy. The Indian auto-components industry is set to become the third largest in the world by 2025.

**The Union Budget 2022** announced by the Government rolled out several measures that will benefit the Auto Component Industry, these include:

1. Enhanced allocation of Capex
2. EV Battery Policy
3. Support for MSMEs
4. Emphasis on rural economy

**Making strategic alliances** can be a smart strategy for Automobile companies. By combining different 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. Further, growing working population and expanding middle class are expected to remain key demand drivers.

**Expansion of market:** Entering and expanding Asian and BRIC countries will bring upward demand in vehicles. And this expansion may continue to other countries. As more countries are open to the automobile industry the market will keep on expanding and developing.

**Robust Demand:** By 2025, 4 million of EVs could be sold each year and 10 million by 2030. The Market is expected to reach US\$ 206 Billion by 2030.

#### **THREATS:**

The onslaught of the pandemic exacerbated the existing challenges of the automotive industry, causing unprecedented uncertainty among market players. Even though the sector has begun to witness a slight improvement in 2021 as opposed to the disastrous situation last year, there are still many critical challenges facing the automotive industry before it can reach pre-pandemic levels.

The key challenges in the auto component industry are as follows:

1. Manufacturing shutdowns accentuated the already existing automotive industry challenges of excess production and resource shortage
2. Lack of sales has led to excess inventory, high levels of debt, and demand uncertainty.
3. Many companies resorted to massive layoffs, which emerged as one of the crucial challenges of the automotive market
4. Production shutdowns and slumping sales gradually led to heavy financial losses, with OEMs operating on minimal liquidity.

The major threats faced by the Company during the year are:

**Intense Competition in the market:** The more companies are investing in the auto component industry the more competitive the market is becoming. The more players resulting in more shares of the fortune the market has to offer resulting in difficulties to get a big scoop of fortune.

**Volatility in the fuel Prices:** From the customer's side, the price of fuel always is a big factor. Mainly for developing countries where vehicles are mostly used for daily transportation, it plays a big part in the market. Also, different regulations of the government regarding alternative fuels can also affect inventories.

**Slow Economy:** Many economic situations such as sudden unemployment, pandemic (recent covid-19 situation), etc. are some factors that can break down the auto component industry.

**High fixed cost and investment in R&D:** Because of an overly competitive market, companies are trying to invest more in R & D centers. They are trying to emerge in the market by building facilities. But this investment needs to be profited out which is a big challenge. ROI needs to be capitalized. But with the uncertain world and future, it can be thought of as a potential threat.

**OUTLOOK:**

The long-term growth outlook for the Indian auto industry is positive, driven by robust economic growth outlook, increasing income levels, Government focus on road and infrastructure development, current low levels of vehicle penetration, rapid urbanisation and a large, young and aspiring population. The Indian auto component industry is expected to clock 8-10 per cent growth in FY23, supported by the easing of supply-chain issues and commodity inflation in the second half of the year. For 2021-22, the revenue growth of the industry is pegged at 13-15 per cent, driven by domestic OEM, replacement, export volumes and pass-through of commodity prices. Domestic OEM demand has remained a mixed bag across segments in FY2022, with a slowdown in two-wheelers (2Ws) and semiconductor shortage dragging down overall production volumes. Over the long term, premiumization of vehicles and focus on localization will translate into healthy growth for auto component suppliers. Operating margins for auto ancillaries are likely to be impacted in the near term with elevated raw material, fuel and freight prices. While the semiconductor situation has been improving in the last 1-2 months, the Russia-Ukraine conflict could stress the globalised chip value chain. Part of the revenue growth has also come from commodity pass-through. While January to mid-February was relatively dull because of the Omicron wave, demand has picked up since April, 2022. The sector's coverage metrics is also likely to remain comfortable in 2022-23, benefitting from healthy accruals and relatively low incremental debt funding requirements. In last fiscal year, 31 auto component companies with cumulative revenues of over Rs 1,75,000 crore had registered a 23 per cent year-on-year growth in revenues, driven by domestic original equipment manufacturers (OEMs), replacement, export volumes and pass-through of commodity prices.

As per Automobile Component Manufacturers Association (ACMA), Auto Components industry exports is expected to grow at an annual rate of 23.9% to reach \$80 bn by 2026. Over the period between FY16 to FY21, automotive components industry registered a CAGR of 3.28%, reaching US\$ 45.90 billion in FY21, with exports growing at a CAGR of 4.19% during FY16-FY21 to reach US\$ 13.30 billion in FY21. The automobile component industry turnover stood at Rs. 1.96 lakh crore (US\$ 26.6 billion) between April-September 2021 and is expected to see revenue growth of 15-17% in the fiscal year. The auto components industry accounted for 7.1% of India's GDP, contributed 49% to the manufacturing GDP, and provided employment to 50 lakh people in FY21. The Auto components industry is expected to grow to US\$ 200 billion by FY26. India has a very strong position in the international market. It is the largest manufacturer of tractors, second-largest manufacturer for buses and the third largest for heavy trucks in the world. Indian automotive industry (including component manufacturing) is expected to reach between Rs. 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. Indian automobile industry (Includes automobiles and auto components) received Foreign Direct Investment (FDI) worth US\$ 30.51 billion till June 2021. A cumulative investment of Rs. 12.5 trillion (US\$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's electric vehicle (EV) ambitions. This is likely to boost the demand of auto components from local manufacturers.

In February 2022, the government received investment proposals worth Rs. 45,016 crore (US\$ 6.04 billion) from 20 automotive companies under the PLI Auto scheme. This scheme is expected to create an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion).

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 and believe that Company is likely to

witness strong growth, commodity price increase and face near term challenges for the industry and are key monitorable. 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 evaluating its product portfolio and its technological readiness for the future, in the face of challenges posed by both emerging and disruptive technologies. Your Company's "Lost Foam Casting" project has been adopted and launched by the Company in the previous year, trial production has been started and will come into use full fledgedly in the upcoming year.

The Company's central focus is to capture export opportunities, which would help to open the doors in new geographies. This could nurture and sustain relationships with potential business clients or partners. The Company may expand its share in the global auto component trade in the upcoming years emphasizing the targeted export expansion programme for key components by keeping in mind clarion call of Prime Minister of India for Atmanirbhar Bharat.

Your Company has also introduced new machinery for the smooth functioning. 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. In India, the strong economic recovery could be hampered by the continued Russia-Ukraine conflict and the emergence of new variants of the virus. The Company's business is exposed to many internal and external risks and it has consequently put in place robust systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks. 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 behaviour, such as different mobility preferences and online shopping expectations, might remain after the crisis. COVID continues to be a cause of concern owing to the emergence of new variants which could cause hardship for the population and disrupt the progress.

Some of the immediate short-term concerns for the industry are: pandemic-related uncertainties and health of our people, global shortage of semi-conductors, rising commodity prices, upcoming fuel-efficiency and BSVI Phase-2 regulations, shortage of shipping containers, and import restrictions

- 1. COVID-19:** COVID impact continued into F22 - the second wave which hit India in Q1 F22 disrupted business because of its intensity. In F22, the Company initiated various countermeasures to minimise any short-term impact and mitigate any long-term impact on the Company.
- 2. New Regulation for Safety:** Concerns over road safety are driving legislation and regulatory reforms. Any new legislation requires technology development and incurs costs, in turn impacting vehicle prices. Your Company is geared up and is confident of meeting any new regulations introduced.
- 3. Competitive Intensity:** Keeping in mind the high growth potential of the Indian automotive market, all OEMs, home grown as well as MNCs, have presence across all vehicle segments. Today, multinational OEMs are deeply entrenched in the Indian market with local development centres, a strong local supplier base and good channel penetration.
- 4. New Products and Technologies:** To remain competitive in the market, for exceeding customer expectations and to meet requirements of legislation, your Company has a comprehensive 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.
- 5. Tax Regulations:** India has traditionally seen tax rate differential between small and large passenger vehicles. This differential is based on length of the vehicle, engine size and fuel type.

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. 10,713.28 Lacs against the turnover of Rs. 6,967.93 in the previous year, registering increment of Rs. 3,745.35 Lacs (approx). The overall expenses of the Company have also increased from Rs. 6,275.18 Lacs to Rs. 10,323.97 Lacs. The Company has incurred a net loss of Rs. 15.90 Lacs as compared to profit of Rs. 93.13 Lacs in 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, 2022, there were 373 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. Keeping employee wellbeing foremost, we have embraced the post-pandemic way of life and work. 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 2021	Ratio in Year 2022	% of Change (Compare 2021 & 2022)	Reason for Change (2022)
Trade Receivables Turnover Ratio	12.68	19.49	53.71%	Trade receivable turnover ratio in 2022 is 19.49 times as compared to 12.68 in 2021 which shows that company has offered more credits to the customers as compared to last year.
Debt Equity Ratio	0.06	0.04	-33.33%	Debt equity ratio in 2022 is 0.04 times as compared to 0.06 times in 2021 which reflects that company has repaid the loan availed from the banks as per the repayment schedule.
Net Profit Margin	0.013	-0.001	-107.69%	The net profit margin ratio has been decreased from 0.013 in 2021 to -0.001 in 2022 which shows that company has faced higher cost of production as compared to last year.
Return on networth	0.020	-0.003	-115.00%	The company has faced negative Returns on equity as compared to last year. This is because of inconsistent profit and negative net income.
Interest Coverage Ratio	8.62	5.18	-39.91%	Interest coverage ratio has been decreased from 8.62 times in 2021 to 5.18 times in 2022 because the company has less operating profits available to meet the interest expenses.
Operating Profit Margin Ratio	0.14	0.07	-50.00%	The company has faced lower Operating profit margin ratio as compared to last year because of rising COGS (Cost of Goods Sold) and higher operating cost that could not be covered by the sales prices.

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

Your Company's financial statements for the year ended 31<sup>st</sup> March, 2022 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.

**Date:** 10.08.2022

**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 Utsavlal**

**Jain**

Whole time Director  
(DIN - 00245111)

**Devendra Jain**

Managing Director  
(DIN - 00232920)

**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, 2022 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:** Indore  
**Date:** 10.08.2022

**SHRADDA JAIN**

**PRACTISING COMPANY SECRETARY**  
**ACS No:** 39488  
**C P No:** 14717  
**PR No.:** 1765/2022  
**UDIN:** A039488D000777159

### **INDEPENDENT AUDITORS' REPORT**

#### **To the Members of PORWAL AUTO COMPONENTS LIMITED**

Report on the Audit of the Financial Statements

##### **Opinion**

We have audited the accompanying financial statements of Porwal Auto Components Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2022, the **loss** 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 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 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 ethical requirements that are relevant to our audit of the 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 financial statement.

##### **Key Audit matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Sr no.</b>	<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<b>1</b>	<b>Capitalisation of Property Plant and Equipment (PPE):</b> The Company has invested in PPE during the year ended 31st March 2022. The significant level of capital expenditure requires considerations to ensure that the capitalisation of PPE meets the specific recognition criteria in Indian Accounting Standards (Ind-AS) 16 Property, Plant and Equipment.	<p>Our audit included assessing the nature of PPE capitalised by the Company to test the validity of the amounts classified with source documentation and evaluating whether assets capitalised meet the recognition criteria in Ind-AS 16.</p> <p>We have tested the design, implementation and operating effectiveness of controls in respect of capital work in progress and capitalisation of PPE.</p>

### **Information Other than the 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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 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**

- 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 financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 financial statements - Refer Note 30 (Contingent Liabilities) to the 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.
  - (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds(which are material either individually or in aggregate)have been advanced or loaned or invested(either from borrowed funds or share premium or any other sources or kinds of funds) by the Company to or in any other person or entity, including foreign entity("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the

Company("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's report) Order, 2020("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: 22071229AJUXQE6852  
Place: Indore  
Date: 28/05/2022

#### **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 2022 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, to the best of our information and according to the explanations given to us 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 2022, 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: 22071229AJUXQE6852

Date: 28/05/2022  
Place: Indore

**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 is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Intangible Assets.
- (b) The Property, Plant and Equipment have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company the Management has conducted physical verification of the inventories at reasonable intervals. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such verifications.
- (b) The Company has been sanctioned working capital limits in excess of Rs Five crores in aggregate from a bank on the basis of security of the current assets. Quarterly returns or statements filed by the Company with such bank are in agreement with the books of accounts of the Company.
- (iii) The Company has made investments in shares of various companies and units of mutual funds and granted unsecured loans to employees during the year, in respect of which:
  - (a) The Company has not provided any loans and advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.
  - (b) In our opinion and according to the information and explanations given to us, the investments made and the terms and conditions of the grant of loans, during the year are, *prima facie*, not prejudicial to the interest of the Company.
  - (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments regular as per the stipulation.
  - (d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence reporting under clause 3(iii)(f) is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loans to the parties covered under section 185 of the Act. The Company has not given any loans and guarantees but has made investments in the securities of other body corporate in respect of which provisions of section 186 of the Act have been complied with.

(v) According to the information and explanations given to us, 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) According to the information and explanations given to us, the Company has made and maintained the cost records as the Central Government has prescribed under sub-section (1) of Section 148 of the Act, for the nature of industry in which the Company is doing business.

(vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable were in arrears as at 31st March 2022 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues of Income Tax, Service Tax, Sales Tax, Excise Duty, Custom Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues as at 31st March 2022 which have not been deposited on accounts of any disputes are as follows:

Name of the statute	Nature of dues	Disputed Amount	Period to which the amount relates	Forum where dispute is pending
<b>Employee Provident Fund &amp; Mis. Provisions Act 1952</b>	Provident Fund	Rs. 8.05 Lakh	F.Y. 2005-06	Employee Provident Fund Appellate Tribunal
<b>MP VAT Tax</b>	Vat Tax	Rs. 2.48 Lakh	F.Y. 2013-14	MP Commercial Tax Appellate Board, Bhopal

<b>MP VAT Tax</b>	<b>Vat Tax</b>	<b>Rs. 2.67 Lakh</b>	<b>F.Y. 2016-17</b>	<b>Appellate Authority Additional Commissioner of Commercial Tax, Indore</b>

(viii) As per our opinion, there were no transactions that are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to the bank. The Company does not have dues to financial institution, government or debenture holders as at the balance sheet date.

(b) The Company has not been declared willful defaulter by any bank or financial institution or other lender

(c) The term loans obtained during the year by the Company have been applied for the purposes for which they were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.

(e) The Company does not have subsidiaries, associates or joint ventures. Hence the reporting requirements of paragraph 3(ix)(e) of the Order are not applicable.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence the reporting requirements of paragraph 3(ix)(f) of the Order are not applicable.

(x) (a) In our opinion, and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xi) (a) No material fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the Management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report

(c) As represented by the management, there are no whistle blower complaints received by the Company during the year

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting as per paragraph 3(xii) of the

Order is not required.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with 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 Indian Accounting Standards.

(xiv) (a) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company, in determining nature, timing and extent of our audit procedure.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence reporting requirement of paragraph 3(xvi) (a), (b) and (c) of the Order are not applicable to the Company.

(b) The Company does not have any Core Investment Companies which are part of the group.

(xvii) The Company has not incurred cash losses in the Financial Year and in the immediately preceding Financial Year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified Company in Schedule VII to the Companies Act in compliance with the provisions of Section 135 of the said Act. Further the Company has not undertaken any ongoing project as a part of CSR Accordingly, reporting under clause 3(xx)(a) and (b) of the Order are not applicable for the year.

(xxi) In our Opinion, there have not been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the Company included in the consolidated financial statements. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

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

(CA S. N. Gadiya)  
Proprietor  
M.No.071229  
UDIN: 22071229AJUXQE6852

Date: 28/05/2022  
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, 2022, 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, 2022.

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: 22071229AJUXQE6852  
Date : 28/05/2022  
Place : Indore

**Independent Auditor's Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

To  
The Board of Directors of  
Porwal Auto Components Limited

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date financial results of Porwal Auto Components Limited (the "Company") for the quarter and year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

- i.** is presented in accordance with the requirements of the Listing Regulations in this regard.
- ii.** gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2022.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Management's Responsibilities for the Financial Results**

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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 the Board of Directors- either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 control 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 with reference to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.

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

(CA S. N. Gadiya)  
Proprietor  
M.No.071229  
UDIN: 22071229AJUXQE6852  
Date : 28/05/2022  
Place : Indore

<b>Porwal Auto Components Ltd</b> <b>CIN L34300MP1992PLC006912</b> <b>Balance sheet as at 31 March 2022</b>				
	Note No.	As at		
		31 March 2022 INR	31 March 2021 INR	
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	46,78,43,931	43,42,33,359	
Capital work-in-progress	3	-	6,59,58,015	
Intangible assets	4	11,55,268	11,37,562	
Financial assets				
Investments	5	9,42,29,439	8,62,09,562	
Loans	6	1,85,67,443	2,91,61,285	
Other non-current assets	7	1,05,42,598	1,06,52,766	
		<b>59,23,38,679</b>	<b>62,73,52,549</b>	
<b>Current assets</b>				
Inventories	8	13,23,61,993	9,83,82,522	
Financial assets				
Trade receivables	9	10,99,13,819	11,27,87,682	
Cash and cash equivalents	10	4,05,288	1,93,265	
Bank balance other than cash and cash equivalents	11	8,12,894	9,37,100	
Loans	12	15,32,613	17,56,691	
Other receivables	13	18,84,394	25,97,187	
Other current assets	14	24,02,548	21,11,268	
		<b>24,93,13,549</b>	<b>21,87,65,715</b>	
<b>Total Assets</b>		<b>84,16,52,229</b>	<b>84,61,18,264</b>	
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	15	15,10,00,000	15,10,00,000	
Other equity	16	44,84,22,588	45,01,48,079	
<b>Total Equity</b>		<b>59,94,22,588</b>	<b>60,11,48,079</b>	
<b>Non-current liabilities:</b>				
Financial liabilities				
Borrowings	17	2,33,69,048	3,82,99,093	
Deferred tax liabilities (net)	18	-	2,85,77,500	
		<b>2,33,69,048</b>	<b>6,68,76,593</b>	
<b>Current liabilities:</b>				
Financial liabilities				
Borrowings	17	9,95,04,449	7,28,77,417	
Trade payables	19	6,54,82,957	3,95,53,775	
Other current financial liabilities	20	2,57,30,639	3,61,67,884	
Other current liabilities	21	2,81,42,548	2,94,94,515	
Current tax liabilities (net)		-	-	
		<b>21,88,60,593</b>	<b>17,80,93,591</b>	
<b>Total equity and liabilities</b>		<b>84,16,52,229</b>	<b>84,61,18,264</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

UDIN : 22071229AJUXQE6852

Place : Indore

Date : 28/05/2022

 Devendra Jain  
 Managing Director  
 DIN 00232920

 For and on behalf of board  
 Mukesh Utsav Jain  
 Whole Time Director  
 DIN 00245111

 Hansika Mittal  
 Company Secretary

 Shailesh Jain  
 Chief Financial Officer

<b>Porwal Auto Components Limited</b> <b>CIN L34300MP1992PLC006912</b>			
<b>Statement of Profit and Loss for the year ended 31st March, 2022</b>			
	<b>Note No.</b>	<b>Year ended 31st March, 2022</b>	<b>Year ended 31st March, 2021</b>
Revenue from operations	22	1071328242	696793220
Other income	23	10966740	11175842
<b>TOTAL INCOME</b>		<b>1082294982</b>	<b>707969062</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	622563774	342232232
Purchases of stock-in-trade	25	0	0
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	26	-31451984	-11112592
Employee benefits expenses	27	99732486	70719899
Finance costs	28	22082458	16704362
Depreciation and amortisation expenses		70679735	60910030
Other expenses	29	328856870	217983232
<b>TOTAL EXPENSES</b>		<b>1112463338</b>	<b>697437163</b>
<b>Profit before exceptional items and tax</b>		<b>-30168357</b>	<b>10531900</b>
<b>Exceptional items</b>		0	0
<b>Profit before tax</b>		<b>-30168357</b>	<b>10531900</b>
<b>Tax expenses</b>			
Current tax			1880000
Deferred tax credit/(charge)		-28577500	-661200
<b>PROFIT FOR THE YEAR</b>		<b>-1590857</b>	<b>9313100</b>
<b>Other Comprehensive Income</b>		0	0
<b>Total Comprehensive Income for the period</b>		<b>-1590857</b>	<b>9313100</b>
<b>Earnings per equity share</b>			
Basic (Face value of Re. 10 each)		-0.11	0.62
Diluted (Face value of Re. 10 each)		-0.11	0.62

**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

UDIN : 22071229AJUXQE6852

Place : Indore

Date : 28/05/2022

Devendra Jain  
Managing Director  
DIN 00232920

Mukesh Utsav Jain  
Whole Time Director  
DIN 00245111

Hansika Mittal  
Company Secretary

Shailesh Jain  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

<b>PATICULARS</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Operating Activities		
Profit before tax	-30168357	10531900
Add: Depreciation	70679735	60910030
Add: Interest/ Finance Cost	22082458	16704362
Less: Non Operating Income	-10966740	-11175842
Cash Flow from operating activities	<b>51627096</b>	<b>76970450</b>
Less Decrease CL (including bank borrowings)	40767002	37927820
Add Decrease in current assets	-30547834	-56044252
Less tax paid	28577500	-1218800
Less Interest Paid	-22082458	-16704362
<b>Net Cash from Operating Activities</b>	<b>68341306</b>	<b>40930856</b>
<b>Investing Activities</b>		
Inflow:		
Increase in Deferred Tax Liability	-28577500	-661200
Short Provision W/ o	-134634	0
Sale of Fixed Assets/Invesments	208437	0
Outflow:		
Increase in Fixed Assets	-104428635	-31911060
Decrease in Capital WIP	65958015	-38309304
Increase in Non current Assets	2684133	24585254
<b>Net Cash from Investing Activities</b>	<b>-64290184</b>	<b>-46296310</b>
<b>Financial Activities</b>		
Inflow:		
Net Change in Long term Borrowing	-14930045	-6355632
Net Non Operating Income	10966740	11175842
<b>Net Cash from Financial Activities</b>	<b>-3963305</b>	<b>4820210</b>
Opening Cash	1130365	1675609
Cash Surplus/Deficit	87816	-545244
Closing Cash	<b>1218181</b>	<b>1130365</b>

**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

For and on behalf of Board

(CA S N Gadiya)

Proprietor

M. N. 71229

UDIN : 22071229AJUXQE6852

Place : Indore

Date : 28/05/2022

Devendra Jain  
Managing Director  
DIN 0023292

Hansika Mittal  
Company Secretary

Mukesh Utsav Jain  
Whole Time Director  
DIN 00245111

Shailesh Jain  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022**
**EQUITY SHARE CAPITAL**

<b>For the year ended 31st March 2022</b>		
Balance as of 1st April 2021	Changes in Equity shares capital during the year	Balance as of 31st March 2022
151000000	0	151000000

<b>For the year ended 31st March 2021</b>		
Balance as of 1st April 2020	Changes in Equity shares capital during the year	Balance as of 31st March 2021
151000000	0	151000000

**OTHER EQUITY**

	<b>Securities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earning</b>	<b>Total</b>
<b>Balance as at 01st April 2021</b>	326000000	3200413	120947665	450148078
Profit for the year ended 31st March 2022	0	0	-1590857	-1590857
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	0	0	-134634	-134634
Transfer from retained earnings	0	0	0	0
Transfer to General Reserve	0	0	0	0
<b>Balance As at 31 March 2022</b>	326000000	3200413	119222174	448422587
<b>Balance As at 01 April 2020</b>	326000000	3200413	111634565	440834978
Profit for the year ended 31st March 2021	0	0	9313100	9313100
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	0	0	0	0
Transfer from retained earnings	0	0	0	0
Transfer to General Reserve	0	0	0	0
<b>Balance As at 31 March 2021</b>	326000000	3200413	120947665	450148078

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

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

UDIN : 22071229AJUXQE6852

Place : Indore

Date : 28/05/2022

 Devendra Jain  
 Managing Director  
 DIN 00232920

 Hansika Mittal  
 Company Secretary

 For and on behalf of board  
 Mukesh Utsav Jain  
 Whole Time Director  
 DIN 00245111

 Shailesh Jain  
 Chief Financial Officer

**PORWAL AUTO COMPONENTS LIMITED**
**Note 5: Investments**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Investments in unquoted equity Instruments</b>	1,25,000	1,25,000
<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>		
493038.126(Nil) units of Aditya Birla Sunlife Silver ETF FoF Reg-G	50,00,000	-
Nil(39460.23) units of Aditya Birla SC Pure Value Fund	-	21,37,500
508545.728(187256.554) units of Axis Special Situations Fund Reg (G)	55,00,000	19,99,900
Nil(3026.132) units of Franklin India Balanced Fund (G)	-	14,40,000
249299.906(Nil) units of DSP Global Innovation FoF Reg(g)	24,00,000	-
489269.223(Nil) Units of HDFC Banking & Financial Fund Reg(G)	50,00,000	-
Nil (238859.006) units of HDFC Balance Fund (G)	-	-
77899.094(121841.462) units of ICICI Prudential Equity and Debt (G)	95,29,439	1,35,60,000
Nil (54445.373) units of ICICI Prudential Saving Fund (G)	-	2,25,85,112
7864.511(Nil) units of ICICI Prudential Technology-G	12,00,000	
19844.630 (19844.630) units ICICI Prudential Value Discovery (G)	24,00,000	24,00,000
86503.690 (86503.690) units IDFC Core Equity Reg (G)	38,25,000	38,25,000
563027.839 (563027.839) units IDFC Balanced Advantage Reg (G)	72,00,000	72,00,000
68949.676 (14004.902) units of Invesco India Financial Services (G)	50,00,000	9,99,950
93519.237(29139.862) units of Invesco India Midcap Fund (G)	70,00,000	19,99,900
43109.499(29605.043) units Kotak Equity Opportunity Reg (G)	62,00,000	36,99,950
Nil (7393.134) L & T Equity (G)	-	-
226626.969 (188049.635) units of L & T India Value Fund (G)	81,00,000	81,00,000
351629.126 (86613.252) units of Mirae Asset Banking & Financial Services Fund Reg (G)	40,00,000	9,99,950
337253.488(100369.586) units of PGIM India Flexi Cap Reg (G)	75,00,000	19,99,900
36242.467(10549.728) units of SBI Focused Equity Fund (G)	75,00,000	19,99,900
Nil(3549.171) units Sundaram Mid Cap (G)	-	16,87,500
Nil(63758.944) units Sundaram Rural and Consumption (G)	-	27,00,000
49910.323 (47921.074) units TATA Equity PE (G)	67,50,000	67,50,000
Nil (18597.509) units of Tata Hybrid Equity (G)	-	-
(Mutual Fund Units of 37,02,533.532(16,88,605.883) units NAV as on 31.03.2022		
Rs. 12,49,78,451/- (P.Y. 10,42,87,371/-)	<b>9,42,29,439</b>	<b>8,62,09,562</b>

**Note 6: Loans**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Loans (secured good unless otherwise stated)		
Capital advances	60,21,300	56,71,534
Supplier advances paid	25,04,171	25,23,600
<b>Deposits and balances with government authorities</b>		
PF Demand	4,02,472	4,02,472
VAT Tax demand	67,000	67,000
VAT Claim Receivable	95,72,500	2,04,96,679
	<b>1,85,67,443</b>	<b>2,91,61,285</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**
**OTHER FINANCIAL ASSETS**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Deposit	87,34,014	91,20,687
GST Refund Receivable	-	-
Others	15,08,584	12,32,079
Petition Fees	3,00,000	3,00,000
	<b>1,05,42,598</b>	<b>1,06,52,766</b>

**Note 8: Inventories**

Raw materials (at cost)	3,86,28,462	3,89,11,778
Work in progress (at cost)	1,62,98,359	39,44,270
Finished goods (at lower of cost and net realisable value)	6,37,16,686	4,39,74,024
Stores and spares	1,37,18,486	1,15,52,450
	<b>13,23,61,993</b>	<b>9,83,82,522</b>

**Note 9: Trade and other receivables**
**Trade receivables**

<b>31 March 2022</b>	<b>31 March 2021</b>
<b>10,99,13,819</b>	<b>11,27,87,682</b>
<b>10,99,13,819</b>	<b>11,27,87,682</b>
<b>31 March 2022</b>	<b>31 March 2021</b>

**Trade receivables**
**Undisputed Trade Receivables - Considered Good**

Not Due		
Less Than 6 Months	10,99,13,819	11,27,87,682
6 Months - 1 year	-	-
1 Year- 2 year	-	-
2 Year - 3 year	-	-
More Than 3 Years	-	-
<b>Total trade receivables</b>	<b>10,99,13,819</b>	<b>11,27,87,682</b>

**Note 10: Cash and cash equivalents**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Balances with banks		
In current accounts	2,96,908	43,985
In deposit accounts		
Cheques on hand	1,08,380	1,49,280
Cash on hand	<b>4,05,288</b>	<b>1,93,265</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**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Margin money with banks	8,12,894	9,37,100
Earmarked bank balance towards dividend	<b>8,12,894</b>	<b>9,37,100</b>

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

**Note 12: Loans**

Loans to employees

	<b>31 March 2022</b>	<b>31 March 2021</b>
	15,32,613	17,56,691
	<b>15,32,613</b>	<b>17,56,691</b>

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

Advance for trade

Advance for capital goods

	<b>31 March 2022</b>	<b>31 March 2021</b>
	13,32,218	3,32,078
	5,52,176	22,65,109
	<b>18,84,394</b>	<b>25,97,187</b>

**Note 14: Other current assets**

GST Refund Receivable (Cess)

Prepaid expenses

Advance tax and TDS and TCS

	<b>31 March 2022</b>	<b>31 March 2021</b>
	5,642	2,000
	10,94,189	11,86,025
	13,02,717	9,23,243
	<b>24,02,548</b>	<b>21,11,268</b>

**Statement of changes in equity for the year ended 31 March 2022**
**Note 15: Share Capital**

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Authorised 20,00,000 Equity Shares of Rs. 10/- Each (20,00,000 Equity Shares of Rs. 10/- Each)	20,00,00,000	20,00,00,000
Issued and Subscribed and Paid up capital 15,100,000 Equity shares of Rs. 10/- Each (15,100,000 Equity shares of Rs. 10/- Each)	15,10,00,000	15,10,00,000

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.

**(a) Reconciliation of Equity Shares**

<b>Equity Shares</b>	<b>As at 31 March 2022</b>		<b>As at 31 March 2021</b>	
	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
Balance as at the beginning of the year	1,51,00,000	15,10,00,000	1,51,00,000	15,10,00,000
Balance as at the end of the year	1,51,00,000	15,10,00,000	1,51,00,000	15,10,00,000

**(b) Shareholders holding more than 5% shares in the company**

<b>Shares held by</b>	<b>As at 31 March 2022</b>		<b>As at 31 March 2021</b>	
	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
Flag Vittawas Limited	27,50,000	18.21%	27,50,000	18.21%
Porwal Finsec Private Limited	32,88,300	21.78%	32,88,300	21.78%

**(c) Shareholding of promoters at the end of the year**

Promoter Name	As at 31 March 2022			As at 31 March 2021		
	No. of Shares	% of Total Shares	% change during the year	No. of Shares	% of Total Shares	% change during the year
Flag Vittawas Limited	27,50,000	18.21%	-	27,50,000	18.21%	-
Surendra Utsavlal Jain	3,89,280	2.58%	-	3,89,280	2.58%	-
Devendra Jain	3,52,299	2.33%	-	3,52,299	2.33%	-
Mukesh Utsavlal Jain	2,81,105	1.86%	-	2,81,105	1.87%	-
Gajendra Utsavlalji Jain	2,75,989	1.83%	-	2,75,989	1.83%	-
Shailesh Jain	2,19,716	1.46%	-	2,19,716	1.46%	-
Chandanbai Utsavlal Jain	1,64,000	1.09%	-	1,64,000	1.08%	-
Sunita Jain	1,14,600	0.76%	-	1,14,600	0.76%	-
Pramila Jain	1,10,000	0.73%	-	1,10,000	0.73%	-
Manju Jain	1,09,266	0.72%	-	1,09,266	0.72%	-
Pushpa Jain	95,000	0.63%	-	95,000	0.63%	-
Premlata Jain	92,000	0.61%	-	92,000	0.61%	-
Atin Jain	78,500	0.52%	-	78,500	0.52%	-
Santosh Aidasani	75,000	0.50%	-	75,000	0.50%	-
Arshui Jain	72,500	0.48%	-	72,500	0.48%	-
Devendra Jain HUF	69,000	0.46%	-	69,000	0.46%	-
Gajendra Jain HUF	66,000	0.44%	-	66,000	0.44%	-
Mukesh Utsavlal Jain HUF	59,000	0.39%	-	59,000	0.39%	-
Sejal Jain	34,500	0.23%	-	34,500	0.23%	-
Sonali Parekh	30,800	0.20%	-	30,800	0.20%	-
Parul Atin Jain	26,500	0.18%	-	26,500	0.18%	-
Richa Devendra Jain	24,000	0.16%	-	24,000	0.16%	-
Reema Devendra Jain	23,000	0.15%	-	23,000	0.15%	-
Shailesh Jain HUF	20,500	0.14%	-	20,500	0.14%	-
Surendra Utsavlal Jain HUF	19,500	0.13%	-	19,500	0.13%	-
Cherry Sanman Kapale	17,500	0.12%	-	17,500	0.12%	-
Rohan Mukesh Utsavlal Jain	17,500	0.12%	-	17,500	0.12%	-
Anish Jain	14,060	0.09%	-	14,060	0.09%	-
Riti Dawra	9,000	0.06%	-	9,000	0.06%	-
Shikha Gawade	669	0.00%	-	669	0.00%	-
<b>Total</b>	<b>5610784</b>	<b>37.16%</b>		<b>0</b>	<b>5610784</b>	<b>37.16%</b>
						<b>0</b>

**16. Other equity**
**Securities premium account**
**At 31 March 2021**

326000000

Add: Premium on issue of shares allotted pursuant to exercise of ESOP

-

Add: Premium on QIP and preferential allotment of equity shares

-

**At 31 March 2022**

326000000

<b>General reserve</b>	
<b>At 31 March 2021</b>	3200413
<b>At 31 March 2022</b>	3200413
 <b>Retained earnings</b>	
<b>At 31 March 2021</b>	120947665
Add: Profit during the year	-1590857
Add: Other Comprehensive Income	0.00
Less: Income tax/Wealth tax of earlier years	-134634
Less: Transfer to debenture redemption reserve	
<b>At 31 March 2022</b>	<u>119222174</u>
 <b>Total other equity</b>	
<b>At 31 March 2022</b>	448422588
<b>At 31 March 2021</b>	<u>450148079</u>

**Note 17: Borrowings**

	<b>Effective interest rate</b>	<b>Maturity</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>Term loans</b>				
ICICI Bank	8.10%	Repayable in 72 monthly installments ending on Dec 2024	1,03,12,527	2,40,62,523
SBI SSI CCEL	7.10%	Repayable in 18 monthly installments ending on June 2021	-	9,58,354
SBI SSI INDORE GECL	7.50%	Repayable in 48 monthly installments ending on June 2025	22,04,141	23,56,380
State Bank of India (LFC)	7.65%	Repayable in 54 monthly installments ending on March 2025	60,19,658	1,00,99,374
SBI SSI INDORE NEW GECL	7.40%	The State Bank of India CCEL Loan was availed in the year 2021-22 to be repaid by 2021-22.	48,32,722	-

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 @ 8.55% p.a. The loan is further secured by way of personal guarantee of three directors.

The State Bank of India CCEL Loan was availed in the year 2020-21 to be repaid by 2021-22. Total no of 18 monthly installments are repayable of Rs. 416667/- each. Rate of interest applicable on this loan 7.10% p.a.

The State Bank of India GECL Loan was availed in the year 2020-21 to be repaid by 2024-25. Total no of 48 monthly installments are repayable of Rs. 111111/- each. Rate of interest applicable on this loan 7.40% p.a.

The Term Loan taken by State Bank of India was availed in the year 2020-21 to be repaid by March 2025. The loan is repayable in 54 monthly installments. Installment for first 30 months is Rs. 800000, Rs. 1000000 for next 23 months and Rs. 1500000 for the last installment. The rate of interest applicable on this loan is @ 8% p.a. This loan is secured by way of first charge over the fixed assets of the company situated at Plot No. 209 Sector I, Pithampur. 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.	-	1,20,954
Axis Bank Car Loan(Skoda)	8.86%	To be repaid by March 2023 in 36 monthly installments of Rs. 62330/- each.	-	7,01,508

(All loans secured by hypothecation of specific vehicles)

<b>Total secured loans</b>	<b>2,33,69,048</b>	<b>3,82,99,093</b>
<b>Total non-current interest bearing loans and borrowings</b>	<b>2,33,69,048</b>	<b>3,82,99,093</b>

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

Working capital loan from  
banks

From SBI SSI Branch Indore	64497945	31993069
From SBI Pithampur Branch	204017	-8695
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 @ 8.00% p.a.		

<b>Loan from other Body Corporates</b>	<b>6,47,01,962</b>	<b>3,19,84,374</b>
Porwal Diesels Pvt. Ltd.	34802487	40893044

**Current maturity of long term loans**

From ICICI Bank	13749993	13749996
SBI SSI CCEL	650650	5000004
SBI SSI INDORE GECL A/C	0	1333332
STATE BANK OF INDIA TERM LOAN(LFC)	9600000	9600000
From Axis Bank Ltd (Ford)	120954	714499
From Axis Bank Ltd (Skoda)	713507	670287
<b>Total current borrowings</b>	<b>12,43,39,553</b>	<b>10,39,45,536</b>
Less: Amount clubbed under "other current liabilities"	2,48,35,104	3,10,68,118
<b>Net current borrowings</b>	<b>9,95,04,449</b>	<b>7,28,77,418</b>

**Note 18: Deffered Tax**

Deferred tax relates to the following:

	<b>Balance Sheet</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
Accelerated depreciation for tax purposes	-	3,84,87,200
Disallowances and Losses available for offsetting against future taxable income	-	15,03,200
MAT credit entitlement	-	84,06,500

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

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

	<b>31 March 2022</b>	<b>31 March 2021</b>
Deferred tax assets	-	(99,09,700)
Deferred tax liabilities	-	3,84,87,200
<b>Deferred tax liabilities, net</b>	<b>-</b>	<b>2,85,77,500</b>

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.

**Note 19: Trade payables**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Trade payables	<b>6,54,82,957</b>	<b>3,95,53,775</b>
MSME		
Not Due	-	-
Less Than 1 Year	2,88,79,585	2,01,58,714
1 Year - 2 Year	-	-
2 year - 3 year	-	-
More than 3 year	-	-
Others		
Not Due		
Less Than 1 Year	3,66,03,372	1,93,95,061
1 Year - 2 Year	-	-
2 year - 3 year	-	-
More than 3 year	-	-
	<b>6,54,82,957</b>	<b>3,95,53,775</b>

**Note 20: Other current financial liabilities**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Current maturities of long term debt	2,48,35,104	3,10,68,118
Payables for capital expenditure	8,95,535	50,99,766
	<b>2,57,30,639</b>	<b>3,61,67,884</b>

**Note 21: Other current liabilities**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>(a) Provision for employee benefits</b>		
Bonus Payable	34,06,137	22,89,364
Leave Encashment (unfunded)	56,11,602	37,23,459
E.S.I.C. Payable	1,68,151	1,39,394
Good Work Reward	10,17,712	11,65,776
Professional Tax Payable (Company)	17,023	9,400
Provident Fund Payable	3,81,985	3,25,816
Salary and Wages Payable	62,65,867	53,76,273
Director Sitting Fees Payable	-	24,000
<b>(b) Others (Specify nature)</b>		
Provision for Income Tax	-	18,80,000

TDS Payable	8,35,174	6,86,303
Power & Fuel Payable	63,48,527	66,04,494
Fixed Charges Payable (MPPKVCL)	-	4,45,705
Diversion Tax Payable	-	-
Freight Payable	1,98,100	2,42,158
Telephone Expenses Payable	7,911	8,443
Audit Fees Payable	75,000	75,000
Professional Charges Payable	50,000	77,000
Water Charges Payable	1,23,153	1,63,747
GST Audit Fees Payable	20,000	-
GST Payable	36,16,206	62,58,183
	<b>2,81,42,548</b>	<b>2,94,94,515</b>

**22. Revenue from operations**
**Sale of products**

	<b>31 March 2022</b>	<b>31 March 2021</b>
CI & SG Iron Automobile Components	1,03,79,51,900	66,94,39,497
Solar Power	3,33,76,342	2,73,53,723
Scarp	-	-
	<b>1,07,13,28,242</b>	<b>69,67,93,220</b>

**23. Other income**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest income	45,169	61,257
Income from Sale of Mutual Funds	1,08,52,196	1,11,14,585
Profit on Sale of Fixed Assets	69,375	
	<b>1,09,66,740</b>	<b>1,11,75,842</b>

**24. Cost of materials consumed**
**Raw Material Consumed**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Inventory at the beginning of the year	2,89,55,305	1,11,15,319
Add: Purchases	59,12,84,861	34,18,89,253
Less: inventory at the end of the year	(2,93,16,756)	(2,89,55,305)
	<b>59,09,23,410</b>	<b>32,40,49,267</b>

**Details of stores and consumables consumed**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Inventory at the beginning of the year	1,15,52,450	1,02,04,028
Add: Purchases	3,38,06,400	1,95,31,387
Less: inventory at the end of the year	(1,37,18,486)	(1,15,52,450)
	<b>3,16,40,364</b>	<b>1,81,82,965</b>

**Total Consumption**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Inventory at the beginning of the year	-	-
Add: Purchases	-	-
Less: inventory at the end of the year	-	-

**25. Purchases of stock-in-trade**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Inventory at the beginning of the year	-	-
Add: Purchases	-	-
Less: inventory at the end of the year	-	-

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

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Opening Stock</b>		
Work-in-Process	39,44,270	48,33,959
Finished Goods	4,39,74,024	3,62,46,936
Stock-in-Trade	99,56,473	56,81,280
<b>Less: Closing Stock</b>		
Work-in-Process	1,62,98,359	39,44,270
Finished Goods	6,37,16,686	4,39,74,024
Stock-in-Trade	93,11,706	99,56,473
	<b>(3,14,51,984)</b>	<b>(1,11,12,592)</b>

**27. Employee benefits expenses**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Salaries, wages and bonus	9,22,90,868	6,35,33,793
Contribution to provident and other funds	54,60,614	40,23,816
Gratuity expense	-	2,00,000
Staff welfare expense	19,81,004	29,62,290
	<b>9,97,32,486</b>	<b>7,07,19,899</b>

**28. Finance costs**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest		
- On fixed period loan	93,86,222	90,09,331
<b>Finance charges</b>		
Interest and bank charges	3,14,601	3,63,025
Bank charges and bill discounting charges	1,23,81,635	73,32,006
<b>Total interest expense</b>	<b>2,20,82,458</b>	<b>1,67,04,362</b>
<b>Total finance cost</b>	<b>2,20,82,458</b>	<b>1,67,04,362</b>

**29. Depreciation and amortization expense**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Depreciation of tangible assets	7,06,79,735	6,09,10,030
	<b>7,06,79,735</b>	<b>6,09,10,030</b>

**30. Other expenses**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Manufacturing Expenses</b>		
Commission	54,12,970	36,83,050
Contract Wages	5,55,17,294	3,40,93,776
Freight Inward	1,31,57,638	77,21,587
Insurance Expenses	9,66,124	10,91,127
Job work Charges	11,81,42,404	7,10,70,828
Miscellaneous Factory Overhead	16,11,112	18,32,931
Power & fuel	9,94,30,568	7,18,41,142
Provident Fund Contractor	36,879	28,060
Repairs & Maintenance	66,42,859	44,00,448
Telemetry Expenses	2,84,744	4,27,066
<b>Selling &amp; Distribution Expenses</b>		
Advertisement Expenses	1,50,473	1,13,675
Business Promotion	5,50,000	-
Computer software Development expense	2,78,144	1,53,800

Customer Entertainment Expenses	1,10,328	1,08,092
Exhibition Expense	27,000	18,000
Freight Outward	1,07,11,710	64,63,117
GST Expense Audit Objection	1,90,573.00	
Inspection and Testing	96,000.00	
Selling Expenses	9,239	8,663
Solar Power Line Charges	1,26,333	1,18,000
Tax Expenses (CST)	3,183	82,673
Website Design Expense	68,249	-
<b>Establishment Expenses</b>		
GST Audit Fees	20,000	-
Auditor's Remuneration	75,000	75,000
Books & Periodicals	34,769	-
Consultancy Fees	23,60,734	27,53,677
Conveyance Expenses	62,486	17,350
CSR Activity	-	28,88,032
Gratuity Insurance Premium	-	28,398
Land allotment cancellation charges	-	1,16,068
Late Delivery Charges (L.D.)	31,67,169	30,88,150
Lease Rent	2,45,249	2,08,243
Legal Expenses	20,41,907	12,39,108
Membership & Subscription	1,89,309	1,62,310
Motor Car Running Expenses	25,150	
Mutual Fund Investment Charges	(741)	3,515
Office Expenses	3,97,520	2,96,645
Postage & Courier Charges	55,965	36,079
Professional fees	9,06,621	7,02,281
Property Tax	3,85,016	-
Registration for filing fees	41,695	96,671
Stationary & printing	6,16,921	3,41,129
Sundry Balances written off	71,321	2,68,959
Telephone Expenses	3,44,848	4,09,789
Tender Fees	5,456	6,126
Training & seminar	3,30,853	79,986
Travelling Expenses	25,29,395	10,00,439
Vehicle Running & Maintenance	14,26,403	9,09,243
	<b>32,88,56,870</b>	<b>21,79,83,232</b>

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

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

**Details of CSR expenditure:**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Gross amount required to be spent by the group during the year	Nil	Nil
Amount spent during the year ending on 31 March 2022	<b>Nil</b>	<b>Nil</b>
Construction/acquisition of any asset	-	-
On purposes other than above	-	-
Amount spent during the year ending on 31 March 2021	<b>Nil</b>	<b>Nil</b>
Construction/acquisition of any asset	-	-
On purposes other than above	-	-

PONWAL AUTO COMPONENTS LIMITED  
 Note 3: Property, Plant and Equipment

Particulars	Manufacturing Division															
	Freehold Land	Leasehold Land	Building at Plot No.	Building at Plot No.	Plant & Machinery	Material Handling Equipments	Tools and Patterns	Installations	Auxiliary Equipments	Furniture and Fixtures	Office equipments	Computer	Vehicles	Air Pollution Equipment	Plant and Machinery	
Cost																
At 31 March 2021	153,461.0	246,188.8	10083213	23897248	38337640.55	45492047	35101420	18750483	4389459	156292577	1384623	66011571	596121	16568937	551704	
Additions	33,691.2		30277073	1773933	2852295	9020442	9325637	4346305	38621	38574065	73950	512138	649160	379495	0	
Deposits													30000.0			
At 31 March 2022	159,931.2	246,188.8	131159205.7	25671241	41784935	553294083	45106107	23295348	468800	190203642	1402673	711309	6645281	20664852	551704	15556165
Depreciation and impairment																
At 31 March 2021	0	0	479461.6	1880471	2621075	1731573	14075565	7655411	272104	6533246	1070667	5754614	5533281	7315213	4011876	11664447
Depreciation charge for the year			42551.51	75746	2191607	5320803	3582125	2065838	30854	2265408	31785	324344	334828	2139564	245988	1051617
Deposits														20375		
At 31 March 2022	0	0	52139767	2637217	28402662	22636016	18461530	9721249	3029573	107389154	1104452	607853	593889	9145402	5057764	129153064
Net Book Value																
At 31 March 2022	159,931.2	246,188.8	7859319	2924024	1338253	2458073	2724547	1573099	1458502	2224538	301221	1034611	76472	1078450	43940	644110
At 31 March 2021	153,461.0	246,188.8	52971597	20215777	17215565	2017534	20901915	1094652	1658445	6524539	259956	946956	412210	9254724	765328	16951718

**PORWAL AUTO COMPONENTS LIMITED**  
**Note 3: Property, Plant and Equipment**

Particulars	Solar Plant - Division 1			Solar Plant - Division 2			Computer	Total
	Land[Freehold]	Factory Building	Solar Plant	Land[Freehold]	Factory Building	Office Equipments		
<b>Cost</b>								
At 31 March 2021	2405250	3832027	114874665	6331913	1478125	141721	127480783	52277
Additions								256596761
Disposals								0
<b>At 31 March 2022</b>	<b>2405250</b>	<b>3832027</b>	<b>114874665</b>	<b>6331913</b>	<b>1478125</b>	<b>141721</b>	<b>127480783</b>	<b>52277</b>
<b>Depreciation and impairment</b>								
<b>At 31 March 2021</b>	<b>0</b>	<b>717623</b>	<b>55928507</b>	<b>0</b>	<b>176260</b>	<b>7854</b>	<b>26761632</b>	<b>31910</b>
Depreciation charge for the year								83694486
Disposals								0
<b>At 31 March 2022</b>	<b>0</b>	<b>813022</b>	<b>63493439</b>	<b>0</b>	<b>234138</b>	<b>107225</b>	<b>34855415</b>	<b>43120</b>
<b>Net Book Value</b>								99526359
<b>At 31 March 2022</b>	<b>2405250</b>	<b>3019005</b>	<b>51381226</b>	<b>6331913</b>	<b>1243987</b>	<b>34496</b>	<b>92645368</b>	<b>9157</b>
<b>At 31 March 2021</b>	<b>2405250</b>	<b>3114404</b>	<b>58946158</b>	<b>6331912</b>	<b>1301865</b>	<b>63167</b>	<b>100719151</b>	<b>20367</b>
								17902274

**Net Book Value**
**Details of Capital Work in Progress**

Particulars	At 31 March 2022	At 31 March 2021
Building	0	21001279
Plant, property and equipment	0	33555036
Pre-operative Expenses	0	11401700
	0	65958015

**Note 4: Intangible assets**

Particulars	Softwares and licenses
<b>Cost</b>	
<b>At 31 March 2021</b>	1729767
Additions	192800
Disposals	
<b>At 31 March 2022</b>	1922567
<b>Amortization and impairment</b>	
<b>At 31 March 2021</b>	592205
Additions	175094
Disposals	
<b>At 31 March 2022</b>	767299
<b>Net Book Value</b>	
<b>At 31 March 2022</b>	1155268
<b>At 31 March 2021</b>	1137562

## **PORWAL AUTO COMPONENTS LIMITED**

### **Notes to the Ind AS financial statements for the year ended March 31, 2022**

#### **NOTE 1**

##### **1.1 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.

##### **1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with the Indian Accounting Standards (herein referred to as 'IND AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act 2013, read with Companies (Indian Accounting Standards) Rules 2015 (as amended).

The financial statements have been prepared and presented under historical cost convention, on accrual and going concern basis of accounting. The Accounting policies are applied consistently in presenting these financial statements.

The classification of assets and liabilities of the Company into current or non-current is based on the specified in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

##### **(a) Functional and Presentation currency:**

The financial statements are prepared in Indian Rupees, which is the Functional and Presentation currency for the Company.

##### **(b) Use of Estimates:**

The preparation of Financial Statement in accordance with IND AS requires use of estimates and assumptions for some items, which might have effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as Management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized, and if material, their effects are disclosed in the notes to financial statements.

##### **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 recognized 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 recognized 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 recognized when the right to receive payment is established. Interest income is recognized 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 recognized 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 recognized 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 recognized 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 derecognized.

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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized 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 recognized in the statement of profit and loss when the asset is derecognized.

**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 conditions 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.

**I) 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. 8,12,894/- (Rs. 7,54,714/-)
b.	Vendor bill discounting limit with Bank	Nil (Nil)

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. 11,78,700/- (Rs. 36,90,000/-)
e.	VAT tax demand for financial year 2011-12	Nil (Nil)
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	Nil (Nil)
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/- (Rs. 3,00,000/-)

### 31. EARNING PER SHARE—

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
Profit after tax as per Profit & Loss Account (Rs.)	-15,90,857	93,13,100
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.)	-0.11	0.62

### 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

- Key Managerial Personnel and Relatives  
Mr. Devendra Jain, Managing Director
- Relatives of Key Management personnel and their enterprises where transactions have taken place
  - ❖ Mr. Surendra Utsavlal Jain, Brother
  - ❖ Mr. Shailesh Jain, Brother
  - ❖ Mr. Mukesh Utsavlal Jain, Brother

## Porwal Diesels Pvt. Ltd.

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

Particulars	With Management Personnel	Key Entities owned or significanl y influenced by Key Managem ent Personnel	Relative of Management Personnel/Director and their enterprises	Key Associate and subsi diary comp anies
Remuneration	Rs. 36,00,000/- (Rs. 32,55,000/-)	Nil (Nil)	Rs. 99,00,000/- (Rs. 89,51,250/-)	Nil (Nil)
Purchase of Goods	Nil (Nil)	Nil (Nil)	Rs. 1,31,80,778/- (Rs. 44,82,065/-)	Nil (Nil)
Sale of Goods	Nil (Nil)	Nil (Nil)	Rs. 1,95,585/- (Rs. 20,21,045)	Nil (Nil)
Job work paid	Nil (Nil)	Nil (Nil)	Rs. 7,56,88,485/- (Rs. 4,75,51,451/-)	Nil (Nil)
Interest received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest Given	Nil (Nil)	Nil (Nil)	Rs. 34,47,208/- (Rs. 38,84,372/-)	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	Rs. 36,00,000/-	Rs. 32,55,000/-
Mr. Mukesh Utsavlal Jain	Rs. 36,00,000/-	Rs. 32,55,000/-
Mr. Surendra Utsavlal Jain	Rs. 36,00,000/-	Rs. 32,55,000/-
Mr. Shailesh Jain	Rs. 27,00,000/-	Rs. 24,41,250/-

Purchase of Goods

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	Rs. 1,31,80,778/-	Rs. 44,82,065/-

Job Work Paid

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	Rs. 7,56,88,485/-	Rs. 4,75,51,451/-

**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.	Rs. 34,47,208/-	Rs. 38,84,372/-

**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.	Rs. 2,95,25,000/-	Rs. 2,73,35,000/-

**Sundry Creditors (Cr)**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	Rs. 1,59,62,264/-	Rs. 82,05,848/-

**Sundry Debtors (Dr)**

Related Party	Current Year	Previous Year
Porwal Diesels Pvt. Ltd.	Nil	Rs. 7,17,145/-

**33. VALUE OF STORES, SPARES AND PACKING MATERIAL CONSUMED**

	2021-22		2020-21	
	Amount in Rs	% of Consumption	Amount in Rs	% of Consumption
Imported	0	0	0	0
Indigenous	3,16,40,364/-	100	1,81,82,965/-	100
<b>TOTAL</b>	<b>3,16,40,364/-</b>	<b>100</b>	<b>1,81,82,965/-</b>	<b>100</b>

**34. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**

	2022-21	2020-21
Raw Material and Stock in trade	Nil	Rs. 1,42,979/-
Stores, Spares and Packing Material	Nil	Nil
Capital Goods	Rs. 17,23,523/-	Rs. 69,30,463/-

**35. EXPENDITURE IN FOREIGN CURRENCY**

	2021-22	2020-21
Repairing	Nil	Nil
Travelling	Nil	Nil
Capital Goods	Rs. 16,73,343/-	Rs. 68,41,195/-

**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.

**38. UTILISATION OF BORROWED FUNDS, SHARE PREMIUM OF ANY OTHER SOURCE OF FUNDS**

- i. No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries").
- ii. No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties").

**39. RELATIONSHIP WITH STRUCK OFF COMPANIES**

The Company does not have any transactions or balances with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year and previous year.

**40.** The Company does not have any transactions not recorded in books of accounts that has been surrendered or disclosed as income during the year and previous year in the tax assessments under the Income Tax Act, 1961.

**41.** The Company has not traded or invested in any crypto currency or virtual currency during the year and previous year.

**42.** There has been no fraud by the Company or on the Company during the year and previous year.

**43.** Previous year's figures have been have been regrouped / restated wherever necessary to confirm to current year's presentation.

**44.** Solvency Ratios

<b>Sno.</b>	<b>Particulars</b>	<b>Year 2021-22</b>	<b>Year 2020-21</b>	<b>Variance</b>	<b>Ratio Formula</b>
<b>1</b>	Current Ratio	1.14	1.23	-7.32%	Current Assets/Current Liabilities
<b>2</b>	Debt Equity Ratio	0.04	0.06	-33.33%	Long Term Debt/Equity Shareholders Fund

3	Debt Service Coverage ratio	0.52	0.62	-16.13%	(Profit Tax+Non Items)/(Interest+In stallment)	after Cash
4	Return on Equity ratio	-0.003	0.020	-115.00%	Profit after Tax/Equity Shareholders Fund	
5	Inventory Turnover Ratio	7.50	6.08	23.36%	Cost of goods sold/Inventory	
6	Trade Receivable Turnover Ratio	19.49	12.68	53.71%	Credit Sales/ Accounts Receivables	
7	Trade Payables Turnover Ratio	11.90	6.88	72.97%	Credit Purchase/Accounts payable	
8	Net Capital Turnover Ratio	1.79	1.16	54.31%	Revenue from Operations/Equity Shareholders Fund	
9	Net Profit Ratio	-0.001	0.013	-111.11%	Profit after Tax/Revenue from Operations	
10	Return on Capital Employed	-0.135	0.132	-202.27%	Earnings before Interest & Tax/Capital Employed	
11	Return on Investment	-0.002	0.011	-117.17%	Profit after Tax/Total Assets	

**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  
 UDIN: 22071229AJUXQE6852  
 Date: 28/05/2022  
 Place: Indore

**Devendra Jain**  
 Managing Director  
 DIN 00232920

**Mukesh Utsavlal Jain**  
 Whole Time Director  
 DIN 00245111

**Haniska Mittal**  
 Company Secretary

**Shailesh Jain**  
 Chief Financial Officer