



PRECISION CAMSHAFTS LIMITED

20th Annual Report 2011-2012

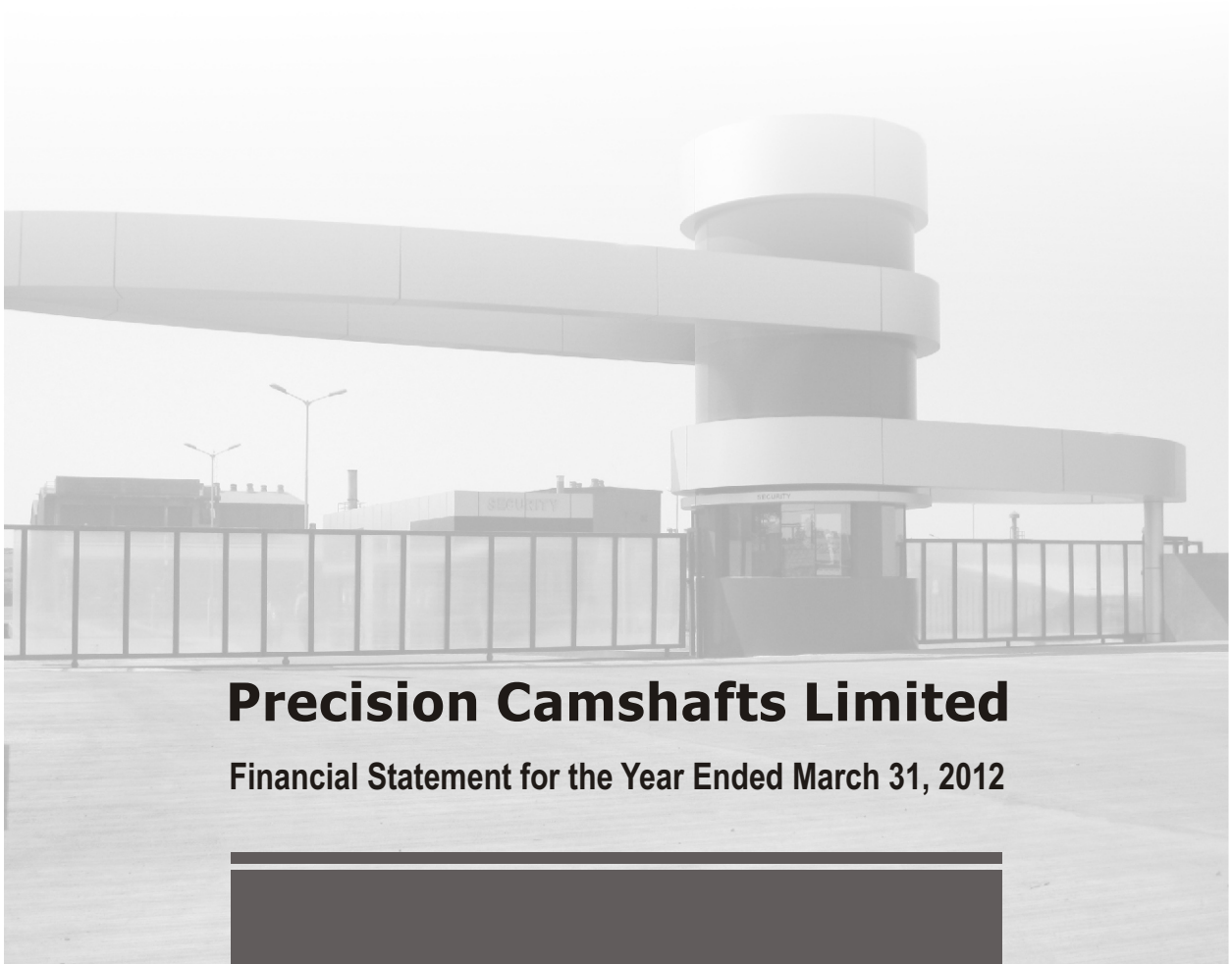




PRECISION CAMSHAFTS LIMITED

E - 102 / 103, M I D C	(100% EOU)
Akkalkot Road	D - 5, M I D C, Chincholi
Solapur - 413 006	Solapur - 413 255
Ph. 0217 - 3295433 / 34 / 35	Ph. 0217 - 3295430 / 31 / 32

www.pclindia.in



Precision Camshafts Limited

Financial Statement for the Year Ended March 31, 2012



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BOARD OF DIRECTORS

Mr. Yatin S. Shah, Chairman & Managing Director

Mr. Jayant V. Aradhye, Director

Mr. Mahesh J Risbud, Director

Mr. Ravindra R Joshi, Director

Mr. P C Bandivadekar, Nominee Director (nominee of Tata Capital Ltd.)

Dr. Suhasini Y Shah, Additional Director

AUDITORS

M/s. S R B C & Co.

Chartered Accountants, Pune

COMPANY SECRETARIAL CONSULTANT

Mr. Atul Kulkarni, Solapur

BANKERS

Bank of India,
Mid Corporate Finance Branch, Pune

Bank of Baroda
Solapur Main Branch, Chati Galli, Branch,
Solapur

REGISTERED OFFICE

E - 102/103, M. I. D. C.,
Akkalkot Road, Solapur 413006.
Tel: 3295433, 34, 35, Fax: (0217) 2653398
E-mail: info@pclindia.in

FACTORIES

- 1) E- 90, M. I. D. C., Akkalkot Road, Solapur: 413 006
- 2) E-102/103, M. I. D. C., Akkalkot Road, Solapur: 413 006
- 3) D-5, MIDC Chincholi, Solapur 413255 (EOU Division)
- 4) D-6, 7 MIDC, Chincholi, Solapur 413255 (EOU Division)

DIRECTOR'S REPORT

To,
The Members,
PRECISION CAMSHAFTS LIMITED

Your Directors are pleased to present their **TWENTIETH ANNUAL REPORT** and the audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	2011-2012	2010-2011
Turnover	31146.16	27728.36
Net Profit before Tax	2859.03	2610.32
Provision for Tax	811.64	728.98
Minimum Alternative Tax Credit	0.0	0.0
Deferred Tax (charge) / reversal	60.54	98.58
Fringe Benefit Tax	0.0	0.0
Wealth Tax	0.0	0.0
Net Profit after Tax and before prior period items	1986.85	1782.75
Prior Period Items	0	46.29
Net Profit	1986.85	1829.04
Balance in Profit & Loss Account (Opening)	3134.23	2333.37
Available for Appropriation	5121.08	4162.41
Appropriations		
Less: Transfer to General Reserve	0.0	0.0
Less: Proposed Dividend on Preference Shares	0.0	0.0
Less: Dividend paid on Redeemed Preference Shares	0.0	92.25
Less: Tax on dividend on Redeemed Preference Shares	0.0	15.37
Less: Proposed Dividend on Equity shares	30.92	30.92
Less: Dividend Tax	5.02	5.02
Less: Transfer to Preference Share Redemption Reserve	0.0	0.0
Less: Capital Redemption Reserve	0.0	884.62
Balance to be Carried Forward	5085.14	3134.23

The net profit before tax, provision for tax and wealth tax as per the Director's report of 2010-11 were Rs. 2615.54 Lacs, Rs. 731.25 Lacs and Rs. 2.95 Lacs respectively. In the above stated disclosure of financial results for the previous year 2010-11, they have been changed to Rs. 2610.32, Rs. 728.98 and Rs. 0 respectively, because of the recent amendment in the format of schedule VI as per the provisions of Companies Act, 1956.

The turnover of the company grew by 12.33 % over the last financial year however the profitability before tax as percentage of turnover decreased from 9.41% for the last financial year to 9.18 % for the current year.

This decreased profitability can be attributed to the following:

Increased prices of raw materials.

Increased cost of electricity per unit during the year.

This was set off to some extent by better realization of export sales due to a weaker rupee and resulting in foreign exchange gain.

DIVIDEND:

Your Board recommends a dividend of 10% on equity shares (Rs. 10 per equity share) as final dividend.

OPERATIONS:

PCL Unit I and Unit II at MIDC Akkalkot Road, Solapur

There was an increase in export sales by 28.46 % in the foundry division (PCL Unit II) as compared to the last financial year due to increased requirement from M/s Schleicher, Germany for Part - Rotax 312. However there was an overall decrease in sale of camshafts in domestic market by 4.63% as some models of Leewon and Maruti were phased out.

Camshafts that required more precision in machining were shifted from the domestic machine shop to the EOU division resulting in a decrease in sale of total number of camshafts from PCL Unit I.

New Camshafts have been developed for Escorts and Leewon Precision, India which will help to gain additional business in future.

The overall focus was on safety, less accidents, environment, training & education to all operators, staff and technicians.

PCL EOU Division

There was an increase in total sales from the EOU division by 7.27% as compared to last financial year.

There was a decrease in the total number of camshafts exported during the year due to slow down in the European market. However the value of export sale increased by 1.47% because of better realization of the export sales.

Total sales to domestic customers from EOU division increased by 51.62% as compared to last financial year due to shifting of sales from PCL I & II to EOU division.

A new type of Camshaft with a fuel lobe in chilled cast iron was developed for an esteemed customer of the company- Ford VEP.

Foundry 3, which was commissioned in the last financial year, consistently produced around 2.30 Lacs camshafts per month.

Machine shop at the EOU

The production capacity at the machine shop was increased by 50% as compared to last financial year with installation of Line 5 and Line 6 for General Motors, India and Tata Motors Ltd, India. The total number of camshafts sold during the year from EOU machine shop increased by 19.38%.

Additional capital investment of Rs. 1653.80 Lacs was made during the financial year and the production process was supplemented with additional 61 workers and other staff including Plant head.

5 new camshafts were developed during the financial year and TML (PCBU), Pantnagar; GM Korea; GM Uzbekistan were the new customers added during the year.

Expansion Plan at EOU

Work started on a major expansion of manufacturing facility on plot D 7 admeasuring 10 acres. A new foundry (Foundry 4) with a manufacturing capacity of 300,000 camshafts per month and a machine shop for machining 100,000 camshafts per month is being commissioned with a project outlay of Rs. 147 Crores

The Foundry will be commissioned in September 2012 and the machine shop will be commissioned in November 2012.

This investment will cater to the new projects awarded to PCL by various customers.

PCL entered into new partnership with:

1. GM Korea - for supply of 5.0 Lacs fully machined BDOHC camshafts per annum for GM-Uzbekistan plant starting from April 2012;
2. GM India - for supply of 3.0 Lacs fully machined diesel engine camshafts per annum starting from April 2012;
3. Ford India for supply of 2.0 Lacs fully machined 1.6L TiVCT camshafts per annum starting from Sept 2012;
4. GM Korea - for supply of 2.0 Lacs fully machined Fam 0 camshafts per annum starting from Jan 2013;
5. Maruti for supply of 2.40 Lacs K10B engine camshaft per annum in ascast condition from mid of 2012.

A total investment of Rs. 3852.29 Lacs was made during the financial year on Building,

Machinery and other equipments.

Quality Certifications

All units of PCL are certified with ISO / TS 16949:2002, ISO:14001:2004 and BS OHSAS 18001:2007.

ISO/ TS 16949:2002 is a quality system, which certifies consistent manufacturing practices and defect free products.

ISO:14001 is related to EMS (Environmental Management System) and shows the steps taken towards protecting the Environment.

BS OHSAS: 18001 is related to Occupational Health & Safety Management System. (Based on British Standard, OHSAS - Occupational Health, Safety Assessment Series) and clearly shows the intent of your company in this area.

PCL is also under the process of obtaining customer specific certification like Ford - Q1, GM - QSB, MMOG, 5 S etc.

HRD UPDATE:

A) Orbit 2013

- PCL launched “Orbit 2013” People's Operations Strategy, aligned to its Business Strategy. It is the endeavor of the Company to be known equally for its people practices and not just for quality camshafts. We are working towards aligning personal vision and aspirations of our employees to the organization's vision. We are committed to invest in the skill development and eventually the growth of our employees.
- We will bring to our company the best global practices for our employees and aim at being a “Great Place to Work for”. Through this initiative our employees will get an opportunity to learn the best technology, to work on the best of projects and gain personally through self-development.
- PCL launched “Nalanda PCL Learning Academy” with its first management program "Unleashing the Winner in you".
- PCL launched IGNITE - Our Knowledge building series. As a part of IGNITE we bring to PCL one guest speaker as a faculty every quarter to share with our employees some of the best industry practices.
- PCL launched 'Utkarsh' a Rewards and Recognition Program, employees are rewarded based on the monthly performance.

Training on 'Values & Vision'

PCL conducted a 2 days training program on “Values & Vision” for all “Line Leaders &

Supervisors” on 17th and 18th October, 2011. In this program, training was imparted for aligning the vision, values, culture of PCL with that of the participant and helping them create a personal vision in line with the vision of the organization. The concept of 'Corporate protocol' was explained in detail.

B) i-manage

In an endeavor to make its people's operations more process driven, PCL invested in “i-Manage” a people operations tool that covers the entire life cycle of an employee from joining to exit on a system. It covers key processes like appraisals, requisitions, policies and leave management on a system and shifts away from any people dependency.

C) Manpower : The total workforce at PCL is as follows:

EOU		Domestic		Total
Foundry	Machine Shop	PCL - I	PCL - II	Group
1102	180	226	349	1857

SPECIAL ACHIEVEMENTS:

PCL'S FORAY IN CHINA.

PCL entered into a joint venture agreement with a Chinese auto component company, 'Ningbo Shenglong Powertrain Co. Ltd.' on February 10, 2012 and the JV Company '**Ningbo Shenglong PCL Camshafts Co. Ltd.**' was incorporated in April 2012.

PCL will provide technology support and also will exclusively supply camshaft castings to the JV Company from India while Shenglong will look after the day to day management of the JV Company. This joint venture will exclusively manufacture 1.2 Million per annum machined camshafts for 'Ford' in China.

CORPORATE SOCIAL RESPONSIBILITY:

Various social, educational and environmental activities were conducted through “Precision Foundation”. During the year 2011-2012, monetary incentive to the tune of Rs. 1,83,000/- was extended to 61 employees towards family planning and help for funeral of immediate family member.

Educational scholarships were given to 375 wards of employees securing more than 75%

marks in their school / college final examinations, amounting to Rs. 1,46,800/-

Health monetary help in cases of critical illnesses was extended to 9 employees amounting to Rs. 57,486/-

Employee welfare Medical claims in 213 cases of employees and their families amounting to Rs. 15,26,181 were sanctioned.

"Precision Guppa" the yearly social event was organized on 22nd, 23rd and 24th October, 2011 which helped in bringing together on one forum the achievers from different walks of life. Famous actors Mr. Atul Kulkarni and Mr. Sandeep Kulkarni participated in this program. 'Precision Social Recognition Award' was presented to Mr. Dnyaneshwar Bhosale of Bharat Mata Paradhi Vikas Pratishthan for his work in the field of upliftment of paradhi children. He was honoured at the hands of Dr. Prakash & Dr. Mandakini Amte. Mr. Sudhir Gadgil interviewed the Amte family on this occasion.

A special award 'Late Subhash Raoji Shah Memorial Award' was presented to Dr. Digant & Dr. Anagha Amte at the hands of Mr. Yatin Shah & Dr. Suhasini Shah.

PCL organized a one day training program for Corporators of Solapur Municipal Corporation on 4th June, 2011. Eminent trainers from *Rambhau Mhalagi Prabodhini*, Mumbai Mr. **Ramesh Medhekar** (Ex. Deputy Mayor, BMC), Mr. **Milind Arolkar** (Program Ex. RMP) and **Mr. Ramesh Thakar imparted training to** Corporators for understanding their **role & responsibilities towards the city and the people.**

Precision Foundation, in association with Maharashtra State Lawn Tennis Association built a Pavilion at the District Sports Complex, Solapur. It was inaugurated **at the hands of** Ms. Praniti Shinde (MLA, Solapur), Dr. Suhasini Shah (President, Precision foundation) and Mr. Rajeev Desai (President, MSLTA, Solapur Chapter) on 9th July, 2011.

DEPOSITS:

The Company has accepted deposits from public and shareholders in compliance of the section 58A of the Companies Act, 1956 and rules thereof. At the end of the year, there are no outstanding undisputed deposits that are matured and unpaid.

DIRECTORS

Mr. Yatin Shah, Chairman and Managing Director, who retires by rotation at the ensuing Annual General Meeting, being eligible, offers himself for re-appointment. Members are requested to re-appoint him as a Director at the ensuing Annual General Meeting.

Mr. Ravindra Joshi, Whole time Director, who retires by rotation at the ensuing Annual General Meeting, being eligible, offers himself for re-appointment. Members are requested to re-appoint him as a Director at the ensuing Annual General Meeting.

Dr. Suhasini Shah, Additional director, whose appointment is till the ensuing Annual General Meeting, being eligible, offers herself for re-appointment. Members are requested to re-appoint her as a Director at the ensuing Annual General Meeting.

BHARAT RATNA J R D TATA UDYOG RATNA AWARD:

Mr. Yatin Shah, Chairman and Managing Director of Precision Camshafts Ltd, was conferred with 'Bharat Ratna JRD Tata Udyogratna Award' on 26th December, 2011 instituted by Maharashtra Udyog Vikas Parishad, Pune. He received the award at the hands of Dr. P C Shejwalkar, the well-known Management Guru.




ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to energy conservation, technology absorption and foreign exchange earnings and outgo required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, for the year ended 31st March, 2012, is given in annexure I and forms part of this report.


AUDITORS:

The auditors M/s S R B C & Co, Chartered Accountants, Pune, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT:

-  In preparation of the annual accounts, the applicable accounting standards have been followed.
-  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 this financial year and the profit made by the Company for that period, subject to the explanation given above.
-  The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safe guarding the assets of the Company and for preventing and detecting any fraud and other

irregularities.

 The Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES- The information as required under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules , 1975 for the year ended 31st March, 2012 :

Name & Qualification	Age in Yrs	Designation	Remuneration received	Experience (Yrs)	Date of Commencement of employment	Company Designation Last Employed
Yatin S Shah B.Com., MBA	50	Managing Director	Rs. 4,46,40,806	26	Since incorporation of the Company	Precision Valvetrain Pvt. Ltd. Managing Director

The nature of employment of Mr. Yatin S Shah is contractual. Mr. Yatin S Shah is son of Mr. Subhash R Shah, Late Chairman of PCL. The above remuneration includes remuneration received by Mr. Yatin S Shah, Company's contribution to Provident Fund, Superannuation fund and Commission but excludes gratuity.

ACKNOWLEDGMENTS:

Your Directors wish to place on record their appreciation and sincere thanks to all the creditors and suppliers, sub-contractors, shareholders, Depositors, bankers for their

**For and on behalf of the Board of Directors of
Precision Camshafts Limited**

Sd/-

**YATIN S SHAH
(Chairman & Managing Director)**

Place: Solapur

Date: September 5th, 2012

ANNEXURE I TO THE DIRECTORS' REPORT

Disclosure under the Companies (Disclosure of Particulars in report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY:

a) Energy Conservation Measures taken

During the first 2 quarters of the financial year 2011-2012, The power factor was maintained at unity in manual mode in EOU Foundry Division i.e. Foundry 1, 2, 3 where as in Machine Shop it is been maintained to unity using automatic PF controller, This resulted in getting full incentive from MSEB amounting to approximately Rs 96 Lacs. On the other hand, in the last 2 quarters, power factor could not be maintained at unity, as it involved a very high risk of failing of Transformers. This resulted in loss of approximately Rs 60 Lacs.

Power consumption was well in control. The effect of increase in cost per unit of power by Government during the year was neutralized to some extent by its proper utilization.

The following efforts were continued in order to save energy:

- Average power factor was maintained at 0.986 throughout the year. There have been continuous efforts to improve it further. It is ensured that auto power factor controller unit is always in working condition.
- Maximum demand is monitored in order to avoid demand penalty.
- Natural air ventilation system has been installed on all manufacturing sheds. Apart from saving in energy, human working comfort has been achieved.
- It is ensured that motors used are of the right capacity.
- Capacitors of correct capacity are installed wherever required and faulty capacitors are repaired or replaced immediately.
- Individual switches are provided for the plant lighting instead of group switches.
- A study on the optimization of LPG heating has been conducted for LPG conservation. The energy meters were recalibrated to ensure the correctness of the readings.

b) Additional investments and proposals being implemented.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: There was a very marginal effect on the cost of production.

d) Total energy consumption and energy consumption per unit of production as per Form A of the annexure in respect of industries specified in the schedule thereto. : Not

Applicable.

B) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B is given below:

Research and Development (R & D)

The company undertakes development and manufacture of camshafts in accordance with the design supplied by the customer. Thus, there is no research but only development of new components.

The company developed about 16 new Camshafts during the year 2011-2012. These would translate into sizeable addition to the annual sales from next financial year onwards.

Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption, adaptation and innovation

New LPG system equipped with world class safety equipment like Gas leak detector, Temperature sensor, Low & high pressure sensor, Liquid trap detector, Compressor for unloading and Vaporizers of higher capacity with more safety equipment & remote operating valve is installed and commenced in EOU division.

Auto sensor to detect gas leakage, liquid in system & increase in temperature & pressure in system and also fire safety equipment like water pump of higher capacity - 2000 LPM & sprinkler on bullets is installed.

High speed CBN grinding wheel equipment at a speed of 160 meters/Second or 600 Km/Hr is used for Journal & Cam lobe grinding of newly introduced customers like General motors - India and Tata Motors Limited.

300 bar internal Bore jet cleaning process was introduced to ensure sand free core hole for oil gallery application on camshafts.

Centralized coolant system is implemented where De-Mineral water is used which results into sump life improvement.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

These machining lines have resulted in the following improvements in the working:

- Reduction in development time.
- Reduction in development cost.
- More efficient manufacturing line.
- Minimal manpower is required.

3. Imported Technology: The Company is looking for new technology for manufacturing camshafts and is in the process of tying up with a Korean company for the transfer of technology.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products, services and export plans.

The company is planning to enter new markets through its “associates” in Europe, North America and South East Asia.

2. Total Foreign Exchange Used and earned :

(Rs. Lacs)

Used	3954.87
Earned	20396.24

**For and on behalf of the Board of Directors of
Precision Camshafts Limited**

Sd/-

**YATIN S SHAH
(CHAIRMAN & MANAGING DIRECTOR)**

Place: Solapur

Date: September 5th, 2012

AUDITORS' REPORT

To

The Members of Precision Camshafts Limited

1. We have audited the attached Balance Sheet of Precision Camshafts Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting

principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SRBC & Co

Firm registration number: 324982E
Chartered Accountants

per Paul Alvares

Partner
Membership No.: 105754

Place: Pune
Date: September 5, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Precision Camshafts Limited (the 'Company')

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by management during the year and no material discrepancies were identified on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.

- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

- (iii)
 - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii)(a), 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
 - (b) The Company has taken unsecured loans from seven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 7,300,000 and the year-end balance of loans taken from such parties was Rs. 1,800,000.
 - (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.
 - (d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- (v)
 - (a) According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of camshafts, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	2,889,919 (of the above Rs. 1,945,000 has been deposited with tax authorities)	2006-2007	ITAT, Pune
Income Tax Act, 1961	Income tax	6,013,212	2005-2006	CIT (Appeals), Pune
Bombay Sales Tax Act, 1959	Sales tax	423,161	2003-2004	Sales Tax Tribunal (Mumbai)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of financial institution or debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund /society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanations given to us by management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the year.

For SRBC & Co

Firm registration number: 324982E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: September 5, 2012

PRECISION CAMSHAFTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2012
 (All amounts in rupees unless otherwise stated)

	Schedule	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	30,92,800	30,92,800
Reserves and Surplus	4	834,930,213	639,838,721
		865,851,013	670,759,521
Non-current Liabilities			
Long-term borrowings	5	1,422,419,334	412,556,859
Deferred tax liabilities (net)	6	66,924,243	60,870,317
Long-term provisions	7	8,774,210	10,941,698
		1,498,117,787	484,368,874
Current Liabilities			
Short-term borrowings	8	154,223,595	263,119,644
Trade payables	9	338,934,986	416,671,937
Other current liabilities	9	497,774,542	353,355,981
Short-term provisions	7	13,918,173	11,759,818
		1,004,851,296	1,044,907,380
Total		3,368,820,095	2,200,035,775
ASSETS			
Non-Current Assets			
Fixed Assets		1,035,329,518	931,950,899
Tangible Assets		425,221	800,456
Intangible Assets	10	517,795,467	34,260,586
Capital Work in progress	10	1553,550,206	967,011,941,
		6,987,775	125,000
Non-current Investment		159,971,740	23,300,189
Long-term loans and advances		49,809,478	62,160,682
Other non-current assets		1,770,319,199	1,052,597,812
Current Assets			
Inventories	15	201,346,926	199,413,087
Trade receivables	13	561,494,668	685,121,578
Cash and bank balances	16	774,085,977	181,495,670
Short-term loans and advances	12	46,020,270	76,280,290
Other current assets	14	15,553,055	5,127,338
		1,598,500,896	1,147,437,963
Total		3,368,820,095	2,200,035,775
Summary of significant accounting policies	2.1		

As per our report of even date

For S R B C & Co

Firm registration number: 324982E

Chartered Accountants

**For and on behalf of Board of Directors of
Precision Camshafts Limited****per Paul Alvares**
Partner**Yatin S Shah**
Managing Director**Dr. Suhasini Y Shah**
Director

Membership No.: 105754

Place: Pune

Date: September 5, 2012

Place: Solapur

Date: September 5, 2012

Place: Solapur

Date: September 5, 2012

PRECISION CAMSHAFTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012
(All amounts in rupees unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
Cash flow from operating activities		
Profit before tax and prior period items	285,903,096	261,031,771
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization	120,441,016	100,737,973
Provision for doubtful debts	15,869,424	(2,138,524)
Bad debts written off	--	8,140,388
Loss on assets sold /discarded, net	11,898,730	1,834,097
Prior period income (gross)	--	6,931,200
Dividend income on long-term investments	(5,000)	(12,500)
Interest expense	92,999,490	79,221,313
Interest income	(11,048,813)	(15,609,027)
Early redemption charges on redemption of preference shares	--	2,300,002
Unrealised exchange differences	6,862,236	(6,015,675)
	237,017,083	175,389,247
Operating profit before working capital changes	522,920,179	522,920,179
Movements in working capital :		
Increase/(decrease) in trade payables	(73,936,337)	123,855,608
Increase/(decrease) in long-term provisions	(2,167,488)	964,219
Increase/(decrease) in short-term provisions	2,339,275	4,855,817
Increase/(decrease) in other current liabilities	17,894,555	26,918,918
Decrease/(increase) in trade receivables	105,209,280	(166,811,093)
Decrease/(increase) in inventories	(1,933,839)	(97,712,885)
Decrease/(increase) in long-term loans and advances	(6,666,833)	(11,129,483)
Decrease/(increase) in short-term loans and advances	13,789,337	(5,210,843)
Decrease/(increase) in other current assets	(7,819,591)	(1,647,606)
Decrease/(increase) in other non-current assets	(10,310,877)	--
Change in working capital	36,310,877	(125,917,348)
Cash generated from operations	559,317,661	310,503,670
Direct taxes paid (net of refunds)	(62,583,523)	(53,871,884)
Net cash flow from operating activities (A)	496,732,138	256,631,786
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets and capital work in progress	(686,973,543)	(165,171,681)
Proceeds from sale of fixed assets	541,704	1,664,458
Investment in subsidiary	(6,857,775)	--
Purchase of long term investments	(5,000)	--
Share application money pending allotment in subsidiary	(1,925,290)	--
Investment in bank deposits (original maturity of more than three months)	(293,235,962)	23,502,836
Advances given to subsidiary	(2,288,700)	--
Interest received	18,882,986	16,756,052
Dividend received	5,000	12,500
Net cash used in investing activities (B)	(971,890,580)	(123,235,835)

PRECISION CAMSHAFTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012
(All amounts in rupees unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
Cash flow from financing activities		
Proceeds from long term borrowings	1,244,317,482	521,019,969
Repayment of long term borrowings	(276,728,587)	(521,629,266)
Proceeds/(repayment) of short term borrowings (net)	(108,896,049)	72,915,167
Redemption of preference shares (including premium)	--	(115,000,080)
Early redemption charges on redemption of preference shares	--	(2,300,002)
Interest paid	(103,697,069)	(71,655,906)
Dividend paid on shares	(3,092,080)	(26,957,932)
Tax on dividend paid	(501,613)	(4,482,571)
Net cash flow from/(used in) financing activities (C)	751,402,084	(148,090,621)
Net increase in cash and cash equivalents (A+B+C)	276,243,642	(14,694,670)
Cash and cash equivalents as at beginning of year	20,316,686	35,616,382
Effect of exchange differences on cash and cash equivalents held in foreign currency	448,621	(605,026)
Cash and cash equivalents as at year end	297,008,948	20,316,686
Components of cash and cash equivalents:	31 March 2012	31 March 2011
Balances with banks:		
On current accounts	46,224,939	19,646,448
Deposit with original maturity of less than 3 months	250,554,795	--
Cash in hand	229,215	670,238
Total cash and cash equivalents (refer note 16)	297,008,949	20,316,686

As per our report of even date

For S R B C & Co

Firm registration number: 324982E
Chartered Accountants

**For and on behalf of Board of Directors of
Precision Camshafts Limited**

per Paul Alvares
Partner

Yatin S Shah
Managing Director

Dr. Suhasini Y Shah
Director

Membership No.: 105754
Place: Pune
Date: September 5, 2012

Place: Solapur
Date: September 5, 2012

Place: Solapur
Date: September 5, 2012

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
NOTE 3: SHARE CAPITAL		
Authorised shares 775,000 (Previous Year: 775,000) Equity Shares of Rs. 100 each (Previous Year: Rs. 100 each)	77,500,000	77,500,000
2,125,000 (Previous Year 2,125,000) Optionally Convertible Redeemable Cumulative Preference shares of Rs. 100 each (Previous Year: Rs. 100 each)	212,500,000	212,500,000
	290,000,000	290,000,000
Issued, Subscribed and fully paid-up shares 309,208 (Previous Year: 309,208) Equity Shares of Rs. 100 each (Previous Year: Rs. 100 each)	30,920,800	30,920,800
Total	0	--

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

Equity shares	31 March 2012		31 March 2011	
	Numbers	Amount (RS)	Numbers	Amount (RS)
At the beginning of the year	309,208	30,920,800	309,208	30,920,800
Issued during the year	--	--	--	--
Outstanding at the end of the year	309,208	30,920,800	309,208	30,920,800
Preference Shares				
At the beginning of the year	--	--	884,616	88,461,600
Issued during the year	--	--	--	--
Redeemed during the year	--	--	(884,616)	(88,461,600)
Outstanding at the end of the year	--	--	--	--

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 100 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.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 10 (31 March 2011 : Rs. 10) 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.

Equity shares of Rs. 100 each fully paid	31 March 2012		31 March 2011	
	Numbers	% holding in the Class	Numbers	% holding in the Class
Tata Capital Limited	80,394	26.00%	80,394	26.00%
Jayant Vasudeo Aradhye	56,010	18.11%	56,010	18.11%
Yatin Subhash Shah jointly with Dr. Suhasini Yatin Shah	56,000	18.11%	--	--
Yatin Subhash Shah	52,929	17.12%	33,189	10.73%
Dr. Suhasini Yatin Shah	20,966	06.78%	20,966	06.78%
Arvind Ganesh Chitale	11,520	03.73%	67,520	21.84%
Subhash Raoji Shah	-	--	19,740	06.38
	277,819	89.85%	277,819	89.85%

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve		
SICOM Capital Incentive Subsidy	2,500,000	2,500,000
Securities Premium		
Balance as per last financial statements	87,426,687	102,568,474
Less: Utilised for premium on redemption of preference shares	--	15,141,790
Closing Balance	87,426,687	87,426,684
General Reserve		
Balance as per last financial statements	55,720,031	55,720,031
Add: Amount transferred from surplus balance in the statement of profit and loss	--	--
Closing Balance	55,720,031	55,720,031
Capital Redemption Reserve		
Balance as per last financial statements	180,769,200	92,307,600
Add : Transferred from statement of profit and loss	--	88,461,600
Closing Balance	180,769,600	180,769,200
Capital Share Redemption Reserve		
Balance as per last financial statements	--	11,396,690
Less : Utilised for redemption of preference shares	--	11,396,690
Closing Balance	--	--
Surplus /(deficit) in the statement of profit and loss		
Balance as per last financial statements	313,422,806	233,337,006
profit for the year	198,685,184	182,903,942
Less : Appropriations		
Proposed final equity dividend	3,092,080	3,092,080
(amount per share Rs. 10/- (31 March 2011 : Rs 10/-)	--	9,225,457
Dividend paid on preferences shares	501,613	2,039,005
Tax on dividend	--	88,461,600
Transfer to Capital Redemption Reserve	3,593,693	102,818,142
Total appropriations	--	--
Net surplus in the statement of profit and loss	508,514,298	313,422,806
Total reserve and surplus	834,930,213	639,838,721

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 5: LONG-TERM BORROWINGS	Non - current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Term Loans				
- Indian rupee loans from banks (Secured)	197,891,742	187,717,818	101,418,944	101,286,858
- Foreign currency loan from banks (Secured)	1,169,410,462	198,853,723	65,192,500	47,500,000
- Loan from Tata Capital Limited (Unsecured)	20,832,400	--	25,000,800	--
Vehicle loans (Secured)	3,784,730	806,261	4,017,570	2,534,461
Deposits (Unsecured)				
- Deposits from shareholders	500,000	4,500,000	1,200,000	1,975,000
- Deposits from others	30,000,000	20,679,057	23,663,893	12,674,695
	1,422,419,334	412,556,859	220,493,707	165,971,014
The above amount includes				
Secured borrowings	1,371,086,934	387,377,802	170,629,014	151,321,319
Unsecured borrowings	51,332,400	25,179,057	49,864,693	14,649,695
Amount disclosed under the head "other current liabilities" (refer note 9)			(220,493,707)	(165,971,014)
Net Amount	1,422,419,334	412,556,859	--	--

1. Indian rupee loans from banks carry interest at the rate of 12.75% to 15.00% p.a. The loans are repayable in monthly/quarterly installments along with interest. The loans are secured by first pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at Plot No.s D5, MIDC Chincholi, Solapur, Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Further, the loans are collaterally secured by way of extension of pari passu charge on current assets. Also, the loans have been guaranteed by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah.
2. Foreign currency loan of Rs. 1,129,700,000/- carries interest at the rate of LIBOR plus 380 bps p.a. The tenure of the loan is 7 years and is repayable in 20 quarterly installments commencing after 24 months of the weighted average draw down date. The loan is secured by pari passu charge on all moveable and immoveable fixed assets and that created by the proposed loan and also all future fixed assets, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. Remaining foreign currency loan carries interest at the rate of LIBOR plus 700 bps p.a. and is repayable in monthly instalments of Rs. 33,35,000/- along with interest. The loan is secured by first pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at Plot No.s D5, MIDC Chincholi, Solapur, Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Further, all the loans have been guaranteed by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah.
3. Loan from Tata Capital Limited carries interest at the rate of Long Term Lending Rate minus 4.00% i.e. 14.00% p.a. floating interest rate. The loan is repayable in 24 monthly installments of Rs. 2,083,400 along with interest. The loan is guaranteed by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah.
4. Vehicle loans carry interest at the rate of 11.25% to 12.75% p.a. The tenure of the loans range from 3 to 4 years. The loans are repayable in monthly installments along with interest. The loans are secured against vehicles purchased.
5. Deposits from shareholders and others carry interest at the rate of 11.5% to 12.00% p.a. and are repayable after 2 to 3 years from the respective dates of deposit.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 6: DEFERRED TAX LIABILITIES (NET)		
	31 March 2012	31 March 2011
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization for the financial reporting.	80,111,544	71,816,582
Others		
Gross deferred tax liability	80,111,544	71,816,582
Deferred tax assets		
Provision for doubtful debts and advances	6,442,451	1,293,617
Employee related costs allowed for tax purposes on payment basis	3,593,860	9,652,648
Others	3,150,990	--
Gross deferred tax assets	13,187,301	10,946,265
Net deferred tax liability	66,924,243	60,870,317
Deferred tax charge for the year		
Closing deferred tax liability, net	66,924,243	60,870,317
Less: opening deferred tax liability, net	60,870,317	51,012,138
Deferred tax charge for the year	6,053,926	9,858,179

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 7: PROVISIONS	Long-term		Short-term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for gratuity (refer note 26)	--	--	--	1,748,754
Provision for leave benefit	8,774,210	10,941,698	7,195,092	3,107,063
	8,774,210	10,941,698	7,195,092	4,855,817
Other provisions				
Provision for Income tax	--	--	3,129,388	3,310,308
Proposed equity dividend	--	--	3,092,080	3,092,080
	--	--	501,613	501,613
Provision for tax on proposed equity dividend	--	--	6,723,808,51	6,904,001
	8,77,210	10,941,698	13,918,173	11,759,818

NOTE 8: SHORT-TERM BORROWINGS

	31 March 2012	31 March 2011
Cash credit from banks (Secured)	44,346,085	61,786,456
Other loan from banks (Secured)	109,877,510	201,333,188
	154,223,595	263,119,644

Cash credit and other loans from banks are secured by first pari passu charge by way of hypothecation of current assets including stocks and book debts. Further, the facilities are collaterally secured by extension of pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at Plot No.s D5, MIDC Chincholi, Solapur, Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Also, the facilities have been guaranteed by the personal guarantee of the managing director of the company. The cash credit is repayable on demand and carries interest at the rate of 12.50% to 15.50% p.a. Other loans from banks carry interest at the rate of 11.25% to 12.25%.

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 9: OTHER CURRENT LIABILITIES

	31 March 2012	31 March 2011
Trade payables (including acceptances) (refer note 32 for details of dues to micro and small enterprises)	338,934,986	416,671,937
Other liabilities		
Current maturities of long-term borrowings (refer note 5)	220,493,707	165,971,014
Interest accrued but not due on borrowings	7,458,311	--
Interest accrued and due on borrowings	5,50,978	7,111,183
Unpaid matured deposits#	10,600,000	6,600,000
Advances from customers	29,970,893	30,854,438
Sundry creditors for capital goods purchased	111,016,056	44,642,964
Employee benefits payable (including commission)	34,436,038	37,395,347
Book overdraft	52,894,828	44,823,475
Tax deducted at source payable	15,474,174	13,458,843
Others	9,928,557	2,498,717
	497,774,542	353,355,981
TOTAL	836,709,528	770,027,918

There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 10 : FIXED ASSETS

Particulars	TANGIBLE ASSETS							INTANGIBLE ASSETS
	Leasehold land	Buildings	Plant and Machinery	Office Equipments	Furniture and Fixtures	Vehicles	Total Tangible Assets	
Gross block								
At 1 April 2010	18,603,119	234,336,887	814,116,266	22,862,106	10,416,728	15,097,137	1,115,432,543	7,973,458,
Additions	--	29,092,091	216,191,954	2,983,173	1,887,592	1,789,887	251,944,697	439,393
Disposals	--	--	(12,862,850)	--	--	(845,265)	(13,708,115)	--
Other adjustments	--	--	--	--	--	--	--	--
- Exchange Differences	--	--	--	--	--	--	--	--
- Borrowing costs	--	--	--	--	--	--	--	--
At 31 March 2011	18,603,119	263,428,978	1,017,445,370	25,845,279	12,304,320	16,042,059	1,353,669,125	8,412,851
Additions	--	--	209,609,994	1,160,110	1,788,450	11,181,800	223,740,354	241,300
Disposals	--	--	(23,578,734)	--	--	(1,191,060)	(24,769,794)	--
Other adjustments	--	--	--	--	--	--	--	--
- Exchange Differences	--	--	11,413,461	--	--	--	11,413,461	--
- Borrowing costs	--	--	489,719	--	--	--	489,719	--
At 31 March 2012	18,603,119	263,428,978	1,017,445,370	27,005,389	14,092,770	26,032,799	1,564,542,865	8,654,151
Depreciation / Amortization								
At 1 April 2010	1,42,828	27,565,680	284,978,489	10,365,984	4,636,336	2,983,839	331,952,156	6,850,052
Charges for the year	200,895	8,138,338	87,229,758	2,257,837	769,508	1,379,294	99,975,630	762,343
Disposals	--	--	(9,826,547)	--	--	(383,013)	(10,209,560)	--
At 31 March 2012	1,622,723	35,704,018	362,381,700	10,365,984	5,405,844	3,980,120	421,718,226	7,612,395
Charges for the year	200,957	8,596,213	105,807,288	2,521,831	787,785	1,910,407	119,824,481	616,535
Disposals	--	--	(11,744,688)	--	--	(584,672)	(12,329,360)	--
At 31 March 2012	1,823,680	44,300,231	456,444,300	15,145,652	6,193,629	5,305,855	529,213,347	8,228,930
Net Block								
At 31 March 2011	16,980,396	227,724,960	655,063,670	13,221,458	6,898,476	12,061,939	931,950,899	800,456
At 31 March 2012	16,779,439	219,128,747	758,935,510	11,859,737	7,899,141	20,726,944	1,035,329,518	425,221

* Refer note 27 for expenses capitalised during the year.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 11: NON-CURRENT INVESTMENTS

	31 March 2012	31 March 2011
Trade Investment (valued at cost) (Unquoted equity instruments)		
Investment in subsidiary PCL (Shanghai) Co. Ltd. (Investment of USD 150,000 as Registered and Paid up Capital) (Previous Year Nil)	6,857,775	--
Non-trade investments (valued at cost) (Unquoted equity instruments)		
Shares in Laxmi Co-op. Bank Limited (5,000 Equity shares of Rs. 25 each fully paid - up) (Previous Year 5,000 Equity Shares of Rs. 25 each)	125,000	125,000
Shares in Solapur Janata Sahakari Bank Limited (500 Equity Shares of Rs. 10 each fully paid - up) (Previous Year Nil)	5,000	--
	6,987,775	125,000

NOTE 12: LOANS AND ADVANCES

	Non - current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(Unsecured, considered good)				
Capital advances	134,649,646	6,467,209	--	--
Security deposit	15,649,418	6,229,008	--	--
Loans and advances to related parties (refer note 31)	--	--	2,288,700	--
Share application money to subsidiary pending allotment (refer note 31)	1,959,290	--	--	--
Advances recoverable in cash or kind	4,693,642	7,797,228	22,148,900	7,404,613
Other loans and advances				
Income tax deposited with tax authorities (refer note 29)	1,945,000	1,595,00	--	--
Minimum alternate tax credit entitlement	--	--	--	18,759,383
Balances with statutory/government authorities	--	--	21,580,670	50,116,294
Other advances (refer note 29)	1,211,744	1,211,744	--	--
	3,156,744	2,806,744	21,582,670	68,875,677
Total	159,971,740	23,300,189	46,020,270	76,280,290

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 13: TRADE RECEIVABLES

	31 March 2012	31 March 2011
Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	--	--
- Doubtful	19,360,450	1,306,019
	19,360,450	1,306,019
Less : Provision for doubtful receivables	19,360,450	1,306,019
(A)	--	--
Other receivables		
- Unsecured, considered good	561,494,668	685,121,578
- Doubtful	496,079	2,681,087
	561,99,747	687,802,665
Less : Provision for doubtful receivables	496,079	2,681,087
(B)	561,494,668	685,121,578
Total (A - B)	561,494,668	685,121,578

NOTE 14: OTHER ASSETS	Non - current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Non-current bank balance (refer note 16)	39,498,601	62,160,682	--	--
Unamortized expenditure (ancillary cost of borrowings)	10,310,877	--	3,733,660	--
Interest accrued on fixed deposit	--	--	3,043,558	437,432
Other claims and receivables	--	--	8,775,837	4,689,906
	49,809,478	62,160,682	15,553,055	5,127,338

NOTE 14: INVENTORIES	31 March 2012	31 March 2011
(At lower of cost and net realisable value)		
Raw materials and components	16,370,798	22,361,141
Stores, spares and packing materials	22,276,160	19,031,708
Semi-finished goods	57,742,043	41,799,601
Finished goods	104,957,925	116,220,637
	201,346,926	199,413,087

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 16: CASH AND BANK BALANCES	Non - current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Cash and cash equivalents				
Balance with Banks:				
On Current Accounts	--	--	46,224,939	19,646,448
Deposits with original maturity of less than 3 months	--	--	250,554,795	--
Cash in hand	--	--	229,215	670,238
	--	--	297,008,949	20,316,686
Other bank balances				
Deposits with original maturity for more than 12 months*	39,498,601	62,160,682	168,333,778	161,178,984
Deposits with original maturity for more than 3 months but less than 12 months	--	--	308,743,250	--
	39,498,601	62,160,682	477,077,028	161,178,984
Amount disclosed under non current assets (refer note 14)	39,498,601	62,160,682	--	--
Total	--	--	774,085,977	181,495,670

*Held as lien by banks against bank guarantees Rs. 62,907,731 (Previous year: Rs. 56,949,947)

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

Note 17: REVENUE FROM OPERATIONS	31 March 2012	31 March 2011
Sale of Finished goods	3,095,258,239	2,777,918,409
Sale of Services	15,955,072	17,325,037
Other operating revenue		
Tooling Income	32,108,250	29,565,352
Scrap sales	1,210,312	487,346
Revenue from operations (gross)	3,144,531,873	2,825,296,144
Less: Excise duty	115,055,837	94,697,136
Revenue from operations (net)	3,029,476,036	2,029,476,036
Details of Finished goods sold		
Casting Camshafts	2,064,672,563	1,901,342,886
Machined Camshafts	1,030,585,676	876,575,523
	3,095,258,239	2,777,918,409
Details of services rendered		
Job work charges	15,955,072	17,325,037
	15,955,072	17,325,037

Note 18: OTHER INCOME	31 March 2012	31 March 2011
Interest income on		
Bank deposits	10,709,096	15,299,324
Others	339,717	309,703
Dividend Income on long-term investments	5,000	12,500
Exchange Differences (net)	71,372,204	21,262,615
Bad debts earlier written off, now written back	1,933,970	1,968,471
Miscellaneous Income	779,925	3,384,872
	85,139,912	42,237,485

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 19: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	31 March 2012	31 March 2011
Inventory at the beginning of the year	23,361,141	15,897,165
Add: Purchases	1,218,990,919	1,142,178,523
	1,241,352,060	1,158,075,688
Less: Inventory at the end of the year	16,370,798	22,361,141
Cost of raw material and components consumed	1,224,981,262	1,135,714,547
Detail of raw material and components consumed		
Resin Coated Sand	533,976,710	501,863,041
Pig Iron	302,860,711	270,481,658
M.S Scrap	210,268,704	204,508,271
Others	177,875,137	158,861,577
	1,224,981,262	1,135,714,547

NOTE 20: (INCREASE) / DECREASE IN INVENTORIES

	31 March 2012	31 March 2011
Opening Stock:		
Finished goods	116,220,637	48,994,332
Semi-finished goods	41,799,601	23,036,933
	158,020,238	72,031,265
Closing Stock:		
Finished goods	104,957,925	116,220,637
Semi-finished goods	57,742,043	41,799,601
	162,699,968	158,020,238
	(4,679,930)	(85,988,973)

NOTE 21: EMPLOYEE BENEFIT EXPENSE

	31 March 2012	31 March 2011
Salaries, wages, bonus and commission	276,922,689	254,118,124
Contribution to provident fund and superannuation fund	19,015,654	16,635,009
Gratuity expense (refer note 26)	3,673,286	3,026,234
Staff welfare expenses	4,515,248	4,056,894
	304,126,877	277,836,261

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 22: OTHER EXPENSES

	31 March 2012	31 March 2011
Consumption of stores and spares	286,651,391	260,678,532
Packing Material	50,715,545	48,946,503
Increase / (decrease) in excise duty on inventory	4,690,759	181,135
Power and fuel expenses	401,264,187	348,392,547
Job work expenses	60,834,807	63,649,550
Freight outward charges	67,185,838	72,172,199
Rent	717,960	867,850
Rates and taxes	3,569,057	3,939,141
Insurance	5,803,391	3,691,396
Repairs and Maintenance		
Plant and Machinery	30,726,191	25,757,457
' Building	3,380,758	18,291,821
Others	19,826,133	15,646,913
Advertisement and sales promotion	378,868	297,578
'Sales commission	52,299,257	68,898,877
Travelling and conveyance	27,861,482	23,433,675
'Communication costs	2,746,272	2,228,140
Legal and Professional fees	10,048,337	7,109,781
Auditors' remuneration and expenses	--	--
Statutory audit	1,000,000	1,300,000
Out of pocket expenses	20,115	59,252
Bad debts written off	--	8,140,388
Provision for doubtful debts	15,869,424	(2,138,524)
Loss on assets sold /discarded, net	11,898,730	1,834,097
Miscellaneous expenses	21,123,630	22,19,403
	1,078,723,132	995,697,711

NOTE 23: DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2012	31 March 2011
Depreciation of tangible assets	119,824,481	99,975,630
Amortization of intangible assets	616,535	762,343
	120,441,016	100,737,973

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 24: FINANCE COST

	31 March 2012	31 March 2011
Interest on borrowings	91,768,346	78,994,201
Other Interest	1,231,144	227,112
Bank charges	12,120,805	8,585,890
	105,120,295	87,807,203

NOTE 25: EARNING PER SHARE

	31 March 2012	31 March 2011
The following reflects the profit and share data used in the basic and diluted EPS computation		
Total operations for the year		
Profit after tax	198,685,184	182,903,942
Less: Dividend on preference shares	--	9,225,458
Less: Tax on dividend on preference shares	--	1,537,392
Net profit for calculation of basic EPS	198,685,184	172,141,092
Net profit as above	198,685,184	172,141,092
Add: Dividend on preference shares	--	9,225,458
Add: Tax on dividend on preference shares	--	1,537,392
Net profit for calculation of diluted EPS	198,685,184	182,903,942
Weighted average number of equity shares in calculating basic EPS		
Effect of dilution:		
Convertible preference shares	--	34,918
Weighted average number of equity shares in calculating diluted EPS	309,208	344,126
Earnings Per Share		
Basic (Rupees/share)	642.56	556.72
Diluted (Rupees/share)	642.56	531.50

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 26: GRATUITY**The disclosures as per AS 15, Employee benefits notified under the Rules are as follows:-**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2012	31 March 2011
Defined benefit obligation at the beginning of the year	22,671,603	18,728,872
Current service cost	5,305,585	4,117,938
Interest cost	1,742,611	1,646,016
Actuarial (gain)/loss on obligation	(1,186,258)	(781,893)
Past service cost	--	--
Benefits paid	(2,684,435)	(857,330)
Defined benefit obligation at the end of the year	25,849,106	22,671,603

Changes in the fair value of plan assets are as follows:

Particulars	31 March 2012	31 March 2011
Fair value of plan assets at the beginning of the year	20,922,749	15,802,743
Expected return on plan assets	2,010,847	1,572,831
Contribution by employer	5,524,423	4,203,629
Benefits paid	(2,684,423)	(857,330)
Actuarial gain/(loss) on plan assets	177,805	200,876
Fair value of plan assets at the end of the year	14,951,389	20,922,749

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31 March 2012	31 March 2011
Investment with Insurer (Life Insurance Corporation of India)	100%	100%

Balance Sheet**Benefit asset / liability**

Particulars	31 March 2012	31 March 2011
Defined Benefit Obligation	25,849,106	22,671,603
Fair Value of Plan Assets	25,951,389	20,922,749
Plan Asset / (Liability)	102,283	(1,748,854)

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 26: GRATUITY**Net employee benefit expense recognised in the Statement of profit and loss:**

Particulars	31 March 2012	31 March 2011
Current Service cost	5,305,585	4,117,938
Interest cost on benefit obligation	1,742,611	1,464,016
Net actuarial (gain) / loss recognised in the year	(1,364,063)	(982,769)
Expected return on plan assets	(2,010,847)	(1,572,831)
Contribution by employer	--	--
Net benefit expense	3,673,286	3,026,354

Amounts for the current and previous four periods are as follows:

Particulars	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Defined benefit obligation	25,849,106	22,671,603	18,728,872	13,292,932	12,952,831
Plan assets	25,951,389	20,922,749	15,802,743	10,228,173	8,547,967
Surplus / (deficit)	102,283	(1,748,854)	(2,926,129)	(3,064,759)	(4,404,864)
Experience adjustments on plan liabilities	(1,186,258)	(286,831)	(140,434)	--	--
Experience adjustments on plan assets	177,805	200,876	178,237	--	--

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	31 March 2012	31 March 2011
Discount rate	8.71%	8.17%
Expected rate of return on plan asset	9.25%	9.00%
Increase in Compensation cost	6.00%	6.00%
Employee Turnover	3.00%	3.00%

The estimated increase in compensation cost, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 28: CAPITAL AND OTHER COMMITMENTS

Particulars	31 March 2012	31 March 2011
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	507,306,207	128,424,071
Commitment relating to investment in Ningbo Shenglong PCL Camshaft Co. Ltd.	19,256,250	--

NOTE 29: CONTINGENT LIABILITIES

- A. The Collector of Stamps, Solapur has demanded payment of stamp duty of Rs. 3,178,389 (Previous Year: Rs. 3,178,389) for cancellation and issue of equity shares after amalgamation of Precision Valvetrain Components Limited (PVPL) with the Company in year 2007-2008. The Company has filed an appeal against demand made by the Collector of Stamps, Solapur with Controlling Revenue Authority, Pune.
- B. The Company is in appeal and the application is pending with "Hon'ble High Court of Judicature Appellate" against the claim made under Employees provident Funds and Miscellaneous Provision Act, 1952 for Rs. 24,23,488 (Previous Year 24,23,488). The Company has deposited an amount of Rs. 1,211,744 (Previous Year 1,211,744) under protest which has been shown under Loans and Advances.
- C. The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai claiming refund of service tax of Rs. 675,224 (Previous Year Rs. 675,224) paid on behalf of foreign sale commission agents.
- D. The Additional Commissioner of sales tax has vide order dated March 30, 2009 disallowed set-off of Rs. 423,161 (Previous Year Rs. 423,161) availed under rule 42AD of the Sales Tax Rules for the financial year 2003-2004. The Company has filed an appeal against the same with the Sales Tax Tribunal (Mumbai).
- E. During the year the Company has received an order from the Joint Commissioner Income Tax (Transfer Pricing Officer II) for assessment years 2003-04 and 2005-06 making additions of Rs. 28,800,000 on account of transfer pricing adjustments. The Company has filed its objections with Dispute Resolution Panel-II (DRP), Mumbai against the said adjustments. The total tax liability that may arise on account of this and other matters is Rs. 6,013,212.
- F. The Assistant Commissioner of Income Tax, Solapur had raised demand against the Company for Rs. 2,889,919 (Previous Year Rs. 2,889,919) vide order dated December 30, 2009 for the financial year 2006-2007. The Company had made an appeal with the Commissioner of Income Tax (Appeals) Pune which has ruled in favour of the department. The Company has filed an appeal with ITAT, Pune against the order of CIT (Appeals). Out of the total demand, the Company has deposited Rs. 1,945,000 (Previous Year Rs. 1,595,000) with the Income tax authorities.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 30: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**(a) Derivatives outstanding as at the balance sheet date**

Year ended	Currency Type	Foreign Currency	INR Amount	Purpose
'March 31, 2012	USD	1,281,149	67,959,727	Hedge of trade receivables
	EUR	1,442,947	99,209,523	Hedge of trade receivables
	GBP	850,732	68,816,311	Hedge of trade receivables
'March 31, 2011	USD	--	--	
	EUR	--	--	
	GBP	--	--	

(b) Particulars of unhedged foreign currency exposure as at balance sheet date

Category	Currency Type	'March 31, 2012		'March 31, 2011	
		Foreign Currency	INR Amount	Foreign Currency	INR Amount
Long term borrowings	USD	24,042,901	1,234,602,962	5,496,513	246,353,723
Import payables	USD	120,546	6,190,021	132,576,09	5,942,060,35
	EUR	248,084	17,033,475	227,282,31	14,466,519,03
	GBP	14,558	1,196,117	79,669,82	5,776,061,95
	JPY	70,500,000	44,245,800	--	--
Other current liabilities	USD	138,055	7,089,134	18,057	809,301
Trade receivables	USD	420,165	21,369,615	2,491,676	110,256,655
	EUR	1,306,395	88,286,168	4,423,214	276,450,871
	GBP	--	--	2,333,885	166,429,312
Cash and bank balances	USD	428,393	21,634,329	411,943	18,228,464
	GBP	2,494	202,102	1,468	104,687
Advances to subsidiary	USD	45,000	2,288,700	--	--

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 31: RELATED PARTY DISCLOSURES**Names of related party and related party relationship:****a. Related parties where control exists****(i) Subsidiary**

PCL (Shanghai) Co. Ltd.

b. Related parties with whom transactions have taken place during the year**(i) Entity having significant influence**

Tata Capital Limited

(ii) Key management personnel (KMP)

Mr. Yatin S Shah

Dr. Suhasini Y Shah

Mr. Subhash Shah

Mr. Ravindra R. Joshi

(iii) Relatives of key management personnel (RKMP)

Mrs. Urmila Subhash Shah

Mr. Karan Y Shah

Ms. Tanvi Y Shah

(iv) Entities where key management personnel / relative of key management personnel have significant influence

Subhash R. Shah (HUF)

Yatin S. Shah (HUF)

Precision Foundation

(v) Individual having significant influence

Mr. Jayant Aradhya

(vi) Relatives of individual having significant influence

Mr. Maneesh Aradhya

Dr. Sunita Aradhya

Mr. Rama Aradhya

Mr. Vijay Aradhya

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012
(All amounts in rupees unless otherwise stated)

The transactions with related parties during the year and their outstanding balances are as follows:

Sr. No.	Particulars	Entity having significant influence		Key management personnel		Relatives of Key management personnel		Entities where have significant:
		11-12	10-11	11-12	10-11	11-12	10-11	
	Transactions							
1	Remuneration**	-	-	49,546,555	46,519,938	-	-	-
2	Dividend paid on equity shares	803,940	803,940	541,550	722,950	282,030	100,630	16,000
3	Investment in equity shares	-	-	-	-	-	-	-
4	Share application money to subsidiary pending allotment	-	-	-	-	-	-	-
5	Redemption of preference shares (including premium)	-	115,000,080	-	-	-	-	-
6	Loans taken	50,000,000	-	-	-	-	-	-
7	Loans and advances given	-	-	-	-	-	-	-
8	Repayment of deposits	-	-	4,275,000	1,200,000	925,000	1,775,000	300,000
9	Interest paid on deposits	-	-	284,768	518,782	242,893	326,717	14,885
10	Interest paid on loans	1,688,469	-	-	-	-	-	-
11	Dividend paid on preference shares	-	9,225,457	-	-	-	-	-
12	Rent paid	-	-	240,000	240,000	-	-	-
13	Sale of goods	-	-	-	-	-	-	-
14	Deposits taken (including renewals and transfers)	-	-	-	700,000	-	1,575,000	-
15	Early redemption charges paid on redemption of preference shares	-	2,300,002	-	-	-	-	-
16	Donation given	-	-	-	-	-	-	2,450,000
	Outstanding Balances							
1	Remuneration payable (gross)	-	-	34,436,305	32,378,454	-	-	-
2	Investment in equity shares	-	-	-	-	-	-	-
3	Share application money to subsidiary pending allotment	-	-	-	-	-	-	-
4	Loan outstanding (including interest payable)	46,202,377	-	-	-	-	-	-
5	Loans and advances	-	-	-	-	-	-	-
6	Deposits outstanding	-	-	-	4,275,000	1,800,000	2,725,000	-
7	Trade Receivables	-	-	-	-	-	-	-

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

Disclosure in respect of material related party transaction during the year:

Sr. No.	Particulars	Relationship	11 - 12	10 - 11
1.	Remuneration** Mr. Yatin Shah	Key management personnel	44,640,806	43,207,109
2.	Dividend paid on Equity shares Tata Capital Limited Mr. Yatin Shah Mr. Jayant Aaradhye	Entity having significant influence Key management personnel Individual having significant influence	803,940 331,890 560,100	803,940 331,890 560,100
3.	Investment in equity shares PCL (Shanghai) Co. Ltd.	Subsidiary	6,857,775	--
4.	Share application money to subsidiary pending allotment PCL (Shanghai) Co. Ltd.	Subsidiary	1,959,290	--
5.	Redemption of preference shares (including premium) Tata Capital Limited	Entity having significant influence	--	115,000,080
6.	Loans taken Tata Capital Limited	Entity having significant influence	50,000,000	--
7.	Loans and advances given PCL (Shanghai) Co. Ltd.	Subsidiary	2,288,700	--
8.	Repayment of deposits Mr. Yatin Shah Mr. Subhash Shah Mr. Jayant Aradhye Dr. Suhasini Shah Ms. Tanvi Shah	Key management personnel Key management personnel Individual having significant influence Key management personnel Relatives of Key management personnel	2,400,000 675,000 -- 1,200,000 825,000	600,000 400,000 600,000 400,000 1,475,000

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

Disclosure in respect of material related party transaction during the year:

Sr. No.	Particulars	Relationship		
9.	Interest paid on deposits			
	Mr. Yatin Shah	Key management personnel	163,118	295,401
	Dr. Suhasini Shah	Key management personnel	89,397	143,221
	Mr. Karan Shah	Relatives of Key management personnel	98,901	132,750
	Ms. Tanvi Shah	Relatives of Key management personnel	126,000	126,000
10.	Interest paid on			
	Tata Capital Limite	Entity having significant influence	1,688,469	--
11.	Dividend paid on preference shares			
	Tata Capital Limited	Entity having significant influence	--	9,225,457
12.	Rent paid			
	Mr. Yatin Shah	Key management personnel	240,000	240,000
13.	Sale of goods			
	PCL (Shanghai) Co. Ltd.	Subsidiary	15,289,535	--
14.	Deposits taken (Renewal and Transfers)			
	Mr. Yatin Shah	Key management personnel	--	300,000
	Dr. Suhasini Shah	Key management personnel	--	400,000
	Ms. Tanvi Shah	Relatives of Key management personnel	--	1,475,000
15.	Early redemption charges paid on redemption of preference shares			
	Tata Capital Limited	Entity having significant influence	--	2,300,002
16.	Donation given			
	Precision Foundation	Entities where KMP / RKMP have significant influence	2,450,000	1,827,000

** As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the company as a whole, the remuneration does not include the same.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 32: DETAIL OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

Particulars	'March 31, 2012	'March 31, 2011
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year Principal amount due to micro and small enterprises	34,945,064	37,779,027
Interest due on above	648,396	--
(ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006. The amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	7,050,480	4,047,055
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	7,050,480	4,047,055

NOTE 33: VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	'March 31, 2012	'March 31, 2011
Raw Materials	12,512,858	--
Components and spare parts	10,623,339	17,095,847
Capital goods	158,517,430	40,384,642
	181,653,627	57,480,489

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012
(All amounts in rupees unless otherwise stated)

NOTE 34: EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	'March 31, 2012	'March 31, 2011
Travelling and conveyance	1,489,989	2,866,787
Interest expense	30,170,619	15,653,895
Bank charges	1,252,863	2,356,637
Fee paid for availing foreign currency term loans	14,570,000	--
Sales commission	49,556,369	62,064,810
Legal and professional fees	2,796,531	2,029,737
Job work expenses	42,807,140	8,151,130
Freight outward charges	5,127,906	6,600,555
Repairs and maintenance	1,615,749	1,198,773
Testing fees	--	92,805
	149,387,166	101,015,129

NOTE 35: IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Year ended 31 March 2012	%of total consumption 31 March 2011	Value 31 March 2012	%of total consumption 31 March 2011	Value 31 March 2012
Raw Material				
Imported	0.94%	11,532,108	0.07%	743,849
Indigenously obtained	99.06%	1,213,449,154	99.93%	1,134,970,698
	100.00%	1,224,981,262	100.00%	1,135,714,547
Components and Spare Parts				
Imported	3.51%	10,048,361	19.08%	49,744,215
Indigenously obtained	96.49%	276,603,030	80.92%	210,934,317
	100.00%	286,651,391	100.00%	260,678,532

NOTE 36: EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	'March 31, 2012	'March 31, 2011
F.O.B. value of exports	2,007,515,818	1,846,844,008

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

(All amounts in rupees unless otherwise stated)

NOTE 37: SEGMENT REPORTING

The Company's operations predominantly comprise of only one segment. i.e. Camshafts. In view of the same, separate segmental information is not required to be disclosed as per the requirement of Accounting Standard 17.

Secondary Segment: Geographical Segment

The geographical segments considered for disclosure are as follows:

- '- Sales within India include sales to customers located within India.
- '- Sales outside India include sales to customers located outside India.

a) Details of segment revenue

Particulars	'March 31, 2012	'March 31, 2011
Sales within India	937,585,613	830,077,056
Sales outside India	2,091,890,423	1,900,521,952
	3,029,476,036	2,730,599,008

b) Details of carrying amount of segment assets by geographical locations

Particulars	'March 31, 2012	'March 31, 2011
Sales within India	2,979,873,827	1,791,091,093
Sales outside India	388,946,268	390,185,291
	3,368,820,095	2,181,276,384

c) Total cost incurred during the year to acquire segment assets (fixed assets including intangible assets) that are expected to be used for more than one year

Particulars	'March 31, 2012	'March 31, 2011
Sales within India	854,842,001	166,017,250
Sales outside India	--	--
	854,842,001	166,017,250

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012
(All amounts in rupees unless otherwise stated)

NOTE 38: PRIOR PERIOD ITEMS

Particulars	'March 31, 2012	'March 31, 2011
Foreign exchange gain	--	6,931,200
Less: Tax impact	--	(2,302,371)
Prior period items (net)	--	4,628,829

As per our report of even date

For S R B C & Co

Firm registration number: 324982E
Chartered Accountants

**For and on behalf of Board of Directors of
Precision Camshafts Limited**

per Paul Alvares
Partner

Membership No.: 105754
Place: Pune
Date: September 5, 2012

Yatin S Shah
Managing Director

Place: Solapur
Date: September 5, 2012

Dr. Suhasini Y Shah
Director

Place: Solapur
Date: September 5, 2012

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 1. CORPORATE INFORMATION

Precision Camshafts Limited ('the company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is primarily engaged in the manufacture and sale of camshaft castings and machined camshafts to the Auto industry and the Railways.

NOTE 2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Change in accounting policies***Presentation and disclosure of financial statements*

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(c) Tangible fixed assets**

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

From April 1, 2011, the company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

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

(d) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is provided on straight line method, unless otherwise stated, pro-rata to the period of use of the assets and is based on management's estimate of useful lives of the fixed assets or at rates specified in Schedule XIV to the Act, whichever is higher

Cost of leasehold land is amortised over the period of lease.

Assets costing up to Rs. 5,000 per unit are depreciated at the rate of 100% in the year of addition.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(e) Intangible assets**

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

Intangible asset - Computer Softwares are amortized over a period of two years from the date the asset is available to the Company for its use. Intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

(f) Leases

Where the company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(g) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost except for exchange differences arising on long-term foreign currency monetary items referred to in para 46A of Accounting Standard - 11. Ministry of Corporate Affairs (MCA) vide its circular no. 25/2012 dated August 9, 2012 has clarified th para 6 of Accounting Standard - 11 and para 4(e) of Accounting Standard - 16 shall not apply to a company which is applying para 46A of Accounting Standard - 11.

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 respective asset. All other borrowing costs are expensed in the period they occur.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(h) Impairment of tangible and intangible 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) net selling price and its value in use. The 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. Where 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit'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.

(i) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Inventories

Raw materials, components, stores and spares and packing materials are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares and packing material is determined on a weighted average basis.

Semi-finished goods and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenue from services is recognised as and when services are rendered. The company collects service

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Tooling Income

Tooling income is recognized when the tool has been developed and necessary completion approvals have been received from customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the company's right to receive dividend is established by the reporting date.

Export Benefits

Export incentive benefits, by way of Duty Entitlement Pass Book Scheme (DEPB), are recognized as income on the basis of receipt of proof of export.

(I) Foreign currency translation*Foreign currency transactions and balances**(i) Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency,

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

From April 1, 2011, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(1) and (iii)(2).

Translation of integral and non-integral foreign operation

The company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

exchange rates prevailing at the dates of transactions or weighted average monthly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The company operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method as at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(n) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the company is entitled to a tax holiday, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(o) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2012

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

(s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance costs and tax expense.

