



PRECISION CAMSHAFTS LIMITED

21st Annual Report 2012 -2013





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 |
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www.pclindia.in



Precision Camshafts Limited

**Financial Statement
for the Year Ended
March 31, 2013**





CONTENTS

| CONTENTS | |
|-------------------------------|----|
| Board of Directors | 3 |
| Directors Report | 4 |
| Annexure to Director's Report | 12 |
| Auditors Report | 15 |
| Annexure to Auditors Report | 17 |
| Financials | 22 |
| Financials of the subsidiary | 61 |

BOARD OF DIRECTORS

Mr. Yatin S. Shah, Chairman & Managing Director

Mr. Jayant V. Aradhye, Director

Mr. Ravindra R Joshi, Director

Dr. Suhasini Y Shah, Director

Mr. Sarvesh N Joshi, Additional Director

AUDITORS

M/s. S R B C & Co. LLP

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, D 7, D 7-1 MIDC, Chincholi, Solapur 413255 (EOU Division)



DIRECTOR'S REPORT

To,
The Members,
PRECISION CAMSHAFTS LIMITED

Your Directors are pleased to present their **TWENTY FIRST ANNUAL REPORT** and the audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS:

(Rs. In Lacs)

| Particulars | 2012-2013 | 2011-2012 |
|---|-----------------|-----------------|
| Turnover | 36559.46 | 31146.16 |
| Net Profit before Tax | 3754.12 | 2859.03 |
| Provision for Tax | 780.29 | 877.53 |
| Minimum Alternative Tax Credit | 0.0 | 0.0 |
| Deferred Tax (charge) / reversal | 487.37 | 60.54 |
| Fringe Benefit Tax | 0.0 | 0.0 |
| Wealth Tax | 0.0 | 0.0 |
| Net Profit after Tax and before prior period items | 2486.46 | 1920.96 |
| Prior Period Items | 0.0 | 0.0 |
| Net Profit | 2486.46 | 1920.96 |
| Balance in Profit & Loss Account (Opening) | 5019.25 | 3134.23 |
| Available for Appropriation | 7505.71 | 5055.19 |
| Appropriations | | |
| Less: Proposed Dividend on Equity shares | 30.92 | 30.92 |
| Less: Dividend Tax | 5.25 | 5.02 |
| Balance to be Carried Forward | 7469.54 | 5019.25 |

The turnover of the company grew by **17.38%** over the last financial year and the profitability before tax as percentage of turnover increased from **9.18%** for the last financial year to **10.27%** for the current year.

This increased profitability can be attributed mainly to the depreciating Rupee and also due to improved operational controls, strict control on raw material cost, development of alternate sources for raw materials etc.

However the better realization of foreign exchange on account of exports was compensated to a large extent by increase in the cost of metals and increased cost of electricity per unit during the year.

DIVIDEND:

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

OPERATIONS:

PCL EOU Division

With a strict control on operational efficiencies, the productivity was increased from about 26 camshafts/ man/ day to 30 camshafts/ man/ day.

With the commissioning of Foundry 4, there was an increase in the total sales from the EOU division by 22 % as compared to last financial year. The Export sales increased by 30% while the Domestic sale increased by 10%.

The total number of camshafts exported during the year increased by about 10% despite the slow down in the European market. This was because of adding new customers in different geographies like Spain and China.

Number of Camshafts sold in the Domestic market decreased marginally.

Machine shop at the EOU

The production capacity at the machine shop was further increased by 75% over the capacity for the last financial year with installation of 4 new machining lines for General Motors, Uzbekistan and Ford India. The total number of camshafts sold during the year from EOU machine shop increased by 28% while the sales in value increased by about 40%.

Four new camshafts were developed during the financial year for Tata Motors Ltd, Ford India and GM India.

Expansion of Manufacturing Capacity at EOU

The expansion of manufacturing facility on plot D 7 by adding 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 was commissioned during the year.

Out of the total capital outlay of Rs. 13500 Lacs, a sum of Rs. 3852.29 Lacs were invested during the previous financial year. A capital investment of Rs. 9670.47 Lacs was made during the financial year in Foundry 4 and Machine Shop 2 and was supplemented with additional 350 workers and other staff including Plant heads.

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

There was a marginal decrease in the sales 2 % in the foundry division (PCL Unit II) as



compared to the last financial year. Sales to Machine shop decreased by about 12 % due to shifting of production of certain parts to the EOU division.

There was 15 % decrease in the number of machined camshafts sold from PCL Unit 1, however the realization was more by about 10% New Camshafts were developed for Escorts, Tata Motors and New Holland.

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.

6 | The new Machine Shop at the EOU division received the QSB Compliant status from General Motors.

HRD UPDATE:

A) **Orbit 2015**

- 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.
- The period of the initiative was extended to 2015 considering the large number of employees covered under this program.
- Various initiatives like Nalanda, Utkarsha etc continued during this year.

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.

The process of appraisal for the staff was carried out successfully on iManage .

Other processes such as requisitions, policies and leave management were also driven by this system.

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

| EOU | | Domestic | | Total |
|---------|--------------|----------|----------|-------|
| Foundry | Machine Shop | PCL - I | PCL - II | Group |
| 1134 | 367 | 224 | 336 | 2061 |

Out of this about 50% are employed by PCL while 50% are contract workers.

SPECIAL ACHIEVEMENTS:

Another step in CHINA: (Huzhou) PCL Shenglong Specialized Castings Co. Ltd.

Your Company entered into another joint venture agreement again with 'Ningbo Shenglong Automotive Powertrain Co. Ltd.' on March 26, 2013 and the JV Company '**Huzhou PCL Shenglong Specialized Castings Co. Ltd.**' will be incorporated soon.

With this joint venture, PCL will set up a Foundry in China to manufacture 4 Million camshafts per annum for 'Ford' in China. These will be machined at Ningbo Shenglong PCL Camshafts Co Ltd.

A 16 acre land has been acquired in Huzhou for this project and the foundry will be commissioned in third quarter of 2014.

Technology Transfer to (Ningbo) Shenglong PCL Camshafts Co. Limited (SL PCL).

The 'Lean/Mean/Agile' manufacturing technology developed by PCL in house was transferred to SLPCL – the first joint venture project in China - for machining of Ford Camshafts in China - under a Technology Transfer Agreement. This facility became operational in January 2013.

CORPORATE SOCIAL RESPONSIBILITY:

Various social, educational and environmental activities were conducted through "Precision Foundation". During the year 2012-2013, monetary incentive to the tune of Rs. 2,22,000/- was extended to 73 employees towards family planning and help for funeral of immediate family member.

Educational scholarships were given to 419 wards of employees securing more than 75% marks in their school / college final examinations, amounting to Rs. 1,70,900/-

Health – monetary help in cases of critical illnesses was extended to 9 employees amounting to Rs. 66,480/-



PRECISION

21st Annual Report
2012 -2013

Employee welfare – Medical claims in 309 cases of employees and their families amounting to Rs. 27,77,863 were sanctioned.

"Precision Guppa" the yearly social event was organized on 26th, 27th and 28th October, 2012 which helped in bringing together on one forum the achievers from different walks of life.

Famous Marathi Music composer Mr. Kaushal Inamdar presented his journey through 'Kaushal Katta',

Noted theatre and film personalities Dr Jabbar Patel, Dr Mohan Agashe and Mr. Satish Alekar shared the nostalgia of 40 years of the famous play "Ghashiram Kotwal".

An interview with Dr. Ramesh Panse, noted educationist was organized especially for parents and teachers and received a great response.

'Precision Social Recognition Award' was presented to Mrs. Mangal tai Shah of 'Palavi' Pandharpur, a home for HIV affected children. She was honored at the hands of Ms. Nileema Mishra, Ramen Magsaysay awardee from Bahadurpur known for her NGO Bhagini Nivedita Gramin Vigyan Niketan, which helps poor women through micro financing apart from many other social initiatives. A special award 'Late Subhash Raoji Shah Memorial Award' was presented to Ms. Nileema Mishra at the hands of Mr. Yatin Shah & Dr. Suhasini Shah.

8 | The foundation donated a battery operated 'Golf Cart' to the Solapur Railway station on October 26, 2012. This cart is made available for the use of old and invalid people.

PCL organized a one-day training program 'Mul Shikate Kase?' for parents and teachers on 28th April 2013. Eminent trainers from Grammangal, Dr Ramesh Panse, Mrs. Aditi Natu and Ms. Varsha Kulkarni imparted training to parents and teachers on constructive education and how a child develops his learning ability and how to and how not to teach.

Precision Foundation has adopted a school in the settlement areas of Solapur where most residents are from the lowest strata of the society. The foundation has donated Rs. 20,00,000/- to this school for acquiring land for approach road and for infrastructure development.

The primary teachers were sent for a training program by Grammangal at Aina and we have started implementing the constructive / brain based education system at the 'Sona Mata' school with the help of Grammangal for KG and 1st std for the academic year 2013-14.

Precision Foundation, in association with Maharashtra State Lawn Tennis Association built a 'Lounge' for players at the District Sports Complex, Solapur, where a 'Pavilion' was built during the last year. Solapur could host its first International Lawn Tennis tournaments for Women (ITF Women's \$10k) in December 2012 because of availability of this facility.

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. Mahesh Risbud, Director resigned from the post of Director due to personal reasons. The board takes on record his contribution during his tenure as a director for 5 years.

Mr. Pradeep Bandivadekar resigned from the post of a nominee Director on August 21, 2013 as Tata Capital Ltd ceases to be a member of the Company with effect from August 21, 2013. The Board takes on record his immense contribution in the growth of PCL.

Mr. Yatin Shah, 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. Sarvesh Joshi, Additional director, whose appointment is till 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.

PCL Shanghai Co. Ltd.

PCL Shanghai Co. Ltd., a wholly owned subsidiary of the company was incorporated in China in March 2011.

The authorized share capital of PCL Shanghai is USD 300,000 while the paid up capital is USD 230,000.

The nature of business of the subsidiary is 'Trading'. This company was formed because the Chinese customers required the invoices for supplies to be in RMB (Chinese currency) as per their laws and regulations.

PCL Shanghai purchases Camshaft castings from PCL India, takes care of custom clearance, warehousing and sells these to the end customer in China as per their requirements.

The audited financials of the subsidiary are annexed to the director's report.

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 LLP, Chartered Accountants, Pune, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT:

1. In preparation of the annual accounts, the applicable accounting standards have been followed.
2. 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.
3. 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.
4. 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 2013:

| Name & Qualification | Age in Yrs | Designation | Remuneration received (Rs.) | Experience (Yrs) | Date of Commencement of employment | Company & Designation Last Employed |
|-------------------------------------|------------|------------------------------|-----------------------------|------------------|------------------------------------|--|
| Yatin S Shah B. Com MBA (Fin) | 51 | Chairman & Managing Director | Rs. 43,404,656 | 27 | Since incorporation of the Company | Precision Valvetrain Pvt. Ltd. – Managing Director |

The nature of employment of Mr. Yatin S Shah is contractual. 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 Customers, Suppliers, Sub-contractors, Shareholders, Depositors, bankers for their co-operation and support.

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

sd/-

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

**Place: Solapur
Date: September 23rd 2013**



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 financial year 2012-2013, the power factor was maintained at unity by installing new **Auto Power Factor Unit** HT yard at EOU Foundry Division for Foundry 1, 2 and 3 and Machine shop 1. Whereas power factor was maintained at unity in manual mode in Foundry 4 and Machine Shop 2. This resulted in getting full incentive from MSEB amounting to approximately Rs. 50 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 and fume extractors have 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.
- **New LPG Yard** was commissioned & installed with modern process & safety equipment to ensure that all the equipment of foundry gets good quality LPG while safety of entire plant is ensured.
- Safety equipments including Gas leak detector, Temperature sensor, Pressure sensor, Safety valve, Pressure Switch, Flow sensor, Control Panel Room, Bullet Capacity Switch & Remote Operate Valve etc. work in an automated system.
- A separate control Panel room was made to house the LPG system.
- The reliability, performance & efficiency of the utility equipment was improved remarkably. Maintenance cost & consumable cost of the utility equipment was reduced by more than 50 %. This was achieved by carrying out Preventive Maintenance, Predictive Maintenance, Training & awareness to staff & operators.

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 has undertaken a project to development and manufacture assembled fuel lobe on cast iron camshaft jointly with Ford, North America. There is a great amount of research involved in developing this technology.

The company is also working on development of a new material – Ductile Iron for a premium customer and has succeeded in developing these camshafts for Toyota, India.

About 16 new varieties of Camshafts were developed during the year 2012-2013. 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 an American 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 | 4962.86 |
| Earned | 24622.24 |

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

sd/-

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

**Place: Solapur
Date: September 23rd 2013**

INDEPENDENT AUDITOR'S REPORT

To

The Members of Precision Camshafts Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Precision Camshafts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and there as on able ness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Miami, USA.
Date: September 23, 2013

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" 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 five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3,400,000 and the year-end balance of loans taken from such parties was Rs. 3,400,000.
- (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.



PRECISION

21st Annual Report
2012 -2013

- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, 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, 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 except for transactions relating to construction of fixed assets for which comparative quotes for those items are not made available to us and hence, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time and in respect of the technical support fee received from Ningbo Shenglong PCL Camshafts Co. Ltd. during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transaction was made at 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. We have not, however, made a detailed examination of the same.
- (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 (of the above Rs. 3,007,000 has been deposited with tax authorities) | 2005-2006 2002-2003 2004-2005 | CIT (Appeals), Pune ITAT, Pune ITAT, Pune |



PRECISION

21st Annual Report
2012 -2013

- 20
- (ix) 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 or financial institution. The Company did not have any outstanding dues in respect of 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 and hence not commented upon.
 - (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 and hence not commented upon.
 - (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 the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in short term fixed deposits with banks. The maximum amount of idle/surplus funds invested during the year was Rs. 600,000,000 of which Rs. 5,000,000 was outstanding at the end of the year.
 - (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. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (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 and hence not commented upon.
- (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 S R B C & CO LLP
Chartered Accountants**

ICAI Firm Registration Number: 324982E

per Tridevlal Khandelwal

Partner

Membership Number: 501160

Place of Signature: Miami, USA.

Date: September 23, 2013



PRECISION CAMSHAFTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2013

(All amounts in rupees unless otherwise stated)

| | Notes | As at March 31, 2013 | As at March 31, 2012 |
|--|-------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 30,920,800 | 30,920,800 |
| Reserves and Surplus | 4 | 1,073,370,264 | 828,341,389 |
| | | 1,104,291,064 | 859,262,189 |
| Non-current Liabilities | | | |
| Long-term borrowings | 5 | 1,288,523,335 | 1,422,419,334 |
| Deferred tax liabilities (net) | 6 | 115,660,992 | 66,924,243 |
| Trade payables | 7 | 7,377,750 | - |
| Long-term provisions | 7 | 3,240,602 | 8,774,210 |
| | | 1,414,802,680 | 1,498,117,787 |
| Current Liabilities | | | |
| Short-term borrowings | 8 | 243,602,042 | 154,223,595 |
| Trade payables | 9 | 559,368,313 | 338,934,986 |
| Other current liabilities | 9 | 567,978,309 | 497,774,542 |
| Short-term provisions | 7 | 47,468,972 | 20,506,996 |
| | | 1,418,417,635 | 1,011,440,119 |
| Total | | 3,937,511,379 | 3,368,820,095 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | | 1,984,183,200 | 1,035,329,518 |
| Intangible Assets | 10 | 4,930,141 | 425,221 |
| Capital Work in progress | 10 | 222,803,968 | 517,795,467 |
| | | 2,211,917,309 | 1,553,550,206 |
| Non-current Investment | | 31,391,480 | 6,987,775 |
| Long-term loans and advances | 11 | 93,298,976 | 159,971,740 |
| Other non-current assets | 12 | 27,705,689 | 49,809,478 |
| | 14 | 2,364,313,454 | 1,770,319,199 |
| Current Assets | | | |
| Inventories | 15 | 362,851,139 | 201,346,926 |
| Trade receivables | 13 | 836,765,455 | 561,494,668 |
| Cash and bank balances | 16 | 249,763,293 | 774,085,977 |
| Short-term loans and advances | 12 | 103,645,874 | 46,020,270 |
| Other current assets | 14 | 20,172,164 | 15,553,055 |
| | | 1,573,197,925 | 1,598,500,896 |
| Total | | 3,937,511,379 | 3,368,820,095 |
| Summary of significant accounting policies | 2.1 | | |

22

As per our report of even date

For S R B C & Co LLP
Firm Registration Number: 324982E
Chartered Accountants

per Tridevial Khandelwal
Partner
Membership Number: 501160
Place: Miami, USA
Date: September 23, 2013

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

Yatin S Shah
Managing Director
Place: Solapur
Date: September 23, 2013

Dr. Suhasini Y Shah
Director
Place: Solapur
Date: September 23, 2013

PRECISION CAMSHAFTS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013
(All amounts in rupees unless otherwise stated)

| | Notes | As at March 31, 2013 | As at March 31, 2012 |
|---|-------|-------------------------|-------------------------|
| INCOME | | | |
| Revenue from operations (gross) | 17 | 3,719,391,288 | 3,144,531,873 |
| Less: Excise duty | 17 | 152,439,412 | 115,055,837 |
| Revenue from operations (net) | 18 | 3,566,951,876 | 3,029,476,036 |
| Other income | | 88,993,923 | 85,139,911 |
| Total (I) | | 3,655,945,799 | 3,114,615,947 |
| EXPENSES | | | |
| Cost of raw material consumed | 19 | 1,487,841,359 | 1,224,981,262 |
| (Increase)/decrease in inventories | 20 | (140,148,544) | (4,679,730) |
| Employee benefits expenses | 21 | 387,832,786 | 304,126,877 |
| Other expenses | 22 | 1,250,434,835 | 1,078,723,132 |
| Total (II) | | 2,985,960,436 | 2,603,151,541 |
| Earning before interest, tax, depreciation and amortization (EBITDA) (I) - (II) | 23 | 669,985,363 | 511,464,406 |
| Depreciation and a mortisation expense | 24 | 189,351,722 | 120,441,016 |
| Finance costs | | 105,221,395 | 105,120,295 |
| Profit before tax | | 375,412,246 | 285,903,095 |
| Tax expense | | | |
| Current tax | | 78,029,044 | 87,752,809 |
| Deferred tax | | 48,736,749 | 6,053,926 |
| Total tax expense | | 126,765,793 | 93,806,735 |
| Profit for the year | | 248,646,454 | 192,096,360 |
| Earnings per equity Share [nominal value of share Rs. 100 each (31 March 2012: Rs. 100 each)] | 25 | | |
| Basic and diluted | | | |
| Computed on the basis of profit for the year | | 804.14 | 621.25 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the financial statements | | | |

As per our report of even date

For S R B C & Co LLP
Firm Registration Number: 324982E
Chartered Accountants

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Miami, USA
Date: September 23, 2013

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

Yatin S Shah
Managing Director
Place: Solapur
Date: September 23, 2013

Dr. Suhasini Y Shah
Director
Place: Solapur
Date: September 23, 2013



PRECISION CAMSHAFTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in rupees unless otherwise stated)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 375,412,246 | 285,903,096 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and amortization | 189,351,722 | 120,441,016 |
| Provision for doubtful debts | 1,304,188 | 15,869,424 |
| Loss on assets sold /discarded, net | 13,317,325 | 11,898,730 |
| Dividend income on long-term investments | (5,050) | (5,000) |
| Interest expense | 89,720,559 | 92,999,490 |
| Interest income | (20,662,415) | (11,048,813) |
| Unrealised exchange differences | (6,399,074) | 6,862,236 |
| | 266,627,255 | 237,017,083 |
| Operating profit before working capital changes | 642,039,501 | 522,920,179 |
| Movements in working capital : | | |
| Increase/(decrease) in trade payables | 230,426,878 | (73,936,337) |
| Increase/(decrease) in long-term provisions | 5,533,608 | (2,167,488) |
| Increase/(decrease) in short-term provisions | 18,787,160 | 2,339,275 |
| Increase/(decrease) in other current liabilities | 13,821,884 | 17,894,555 |
| Decrease/(increase) in trade receivables | (293,968,354) | 105,209,280 |
| Decrease/(increase) in inventories | (161,504,213) | (1,933,839) |
| Decrease/(increase) in long-term loans and advances | (5,389,433) | (6,666,833) |
| Decrease/(increase) in short-term loans and advances | (63,491,157) | 13,789,337 |
| Decrease/(increase) in other current assets | 2,282,126 | (7,819,591) |
| Decrease/(increase) in other non-current assets | 2,513,868 | (10,310,877) |
| Change in working capital | (250,987,635) | 36,397,482 |
| Cash generated from operations | 391,051,867 | 559,317,660 |
| Direct taxes paid (net of refunds) | (64,672,400) | (62,585,523) |
| Net cash flow from operating activities (A) | 326,379,468 | 496,732,138 |
| Cash flow from investing activities | | |
| Purchase of fixed assets, including intangible assets and capital work in progress | (656,657,217) | (686,973,543) |
| Proceeds from sale of fixed assets | 821,157 | 541,704 |
| Investment in subsidiary | (2,231,210) | (6,857,775) |
| Investment in Joint Venture | (20,213,205) | - |
| Purchase of long term investments | - | (5,000) |
| Share application money pending allotment in subsidiary | - | (1,959,290) |
| Investment / redemption of bank deposits (original maturity of more than three months)(net) | 368,316,038 | (293,235,962) |
| Advances given to / repaid by subsidiary (net) | 659,841 | (2,288,700) |
| Interest received | 34,909,692 | 18,882,986 |
| Dividend received | 5,050 | 5,000 |
| Net cash used in investing activities (B) | (274,389,855) | (971,890,580) |

PRECISION CAMSHAFTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in rupees unless otherwise stated)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| Cash flow from financing activities | | |
| Proceeds from long term borrowings | -- | 1,244,317,482 |
| Repayment of long term borrowings | (195,113,942) | (276,728,587) |
| Proceeds/(repayment) of short term borrowings (net) | 89,378,446 | (108,896,049) |
| Interest paid | (119,746,366) | (103,697,069) |
| Dividend paid on shares | (3,092,080) | (3,092,080) |
| Tax on dividend paid | (501,613) | (501,613) |
| Net cash flow from/(used in) financing activities (C) | 229,075,555 | 751,402,084 |
| Net increase in cash and cash equivalents (A+B+C) | (177,085,942) | 276,243,642 |
| Cash and cash equivalents as at beginning of year | 297,008,949 | 20,316,686 |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 888,316 | 448,621 |
| Cash and cash equivalents as at year end | 120,811,322 | 297,008,949 |
| Components of cash and cash equivalents: | 31 March 2013 | 31 March 2012 |
| Balances with banks: | | |
| On current accounts | 28,373,996 | 46,224,939 |
| Deposit with original maturity of less than 3 months | 91,980,132 | 250,554,795 |
| Cash in hand | 457,194 | 229,215 |
| Total cash and cash equivalents (refer note 16) | 120,811,322 | 297,008,949 |

As per our report of even date

For S R B C & Co LLP
Firm Registration Number: 324982E
Chartered Accountants

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

per Tridevial Khandelwal
Partner
Membership Number: 501160

Yatin S Shah
Managing Director

Dr. Suhasini Y Shah
Director

Place: Miami, USA
Date: September 23, 2013

Place: Solapur
Date: September 23, 2013

Place: Solapur
Date: September 23, 2013



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| NOTE 3: SHARE CAPITAL | | |
| Authorised shares 775,000 (31 March 2012: 775,000) Equity shares of Rs. 100 each (31 March 2012: Rs. 100 each) | 77,500,000 | 77,500,000 |
| 2,125,000 (31 March 2012: 2,125,000) optionally convertible redeemable cumulative Preference shares of Rs. 100 each (31 March 2012: Rs. 100 each) | 212,500,000 | 212,500,000 |
| | 290,000,000 | 290,000,000 |
| Issued, Subscribed and fully paid-up shares 309,208 (31 March 2012: 309,208) Equity shares of Rs. 100 each (31 March 2012: Rs. 100 each) | 30,920,800 | 30,920,800 |
| Total | 30,920,800 | 30,920,800 |

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

| Equity shares | 31 March 2013 | | 31 March 2012 | |
|------------------------------------|----------------|-------------------|----------------|-------------------|
| | 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 |

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 2013, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 10 (31 March 2012 : 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.

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

| Equity shares of Rs. 100 each fully paid | 31 March 2013 | | 31 March 2012 | |
|---|----------------|---------------------------|----------------|---------------------------|
| | Numbers | % holding in the Class | Numbers | % holding in the Class |
| Tata Capital Limited | 80,394 | 26.00% | 80,394 | 26.00% |
| Jayant Vasudeo Aradhya | 56,010 | 18.11% | 56,010 | 18.11% |
| Yatin Subhash Shah jointly with Dr. Suhasini Yatin Shah | 56,000 | 18.11% | 56,000 | 18.11% |
| Yatin Subhash Shah | 62,992 | 20.37% | 52,992 | 17.12% |
| Dr. Suhasini Yatin Shah | 20,966 | 6.78% | 20,966 | 6.78% |
| | 276,362 | 89.37% | 266,299 | 86.12% |

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| 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 | 87,426,684 | 87,426,684 |
| Movement during the year | -- | -- |
| Closing Balance | 87,426,684 | 87,426,684 |
| General Reserve | | |
| Balance as per last financial statements | 55,720,031 | 55,720,031 |
| Movement during the year | -- | -- |
| Closing Balance | 55,720,031 | 55,720,031 |
| Capital Redemption Reserve | | |
| Balance as per last financial statements | 180,769,200 | 180,769,200 |
| Add : Transferred from statement of profit and loss | -- | -- |
| Closing Balance | 180,769,200 | 180,769,200 |
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 501,925,474 | 313,422,806 |
| profit for the year | 248,646,454 | 192,096,361 |
| Less : Appropriations | | |
| Proposed final equity dividend (amount per share Rs. 10/- (31 March 2012 : Rs 10/-) | 3,092,080 | 3,092,080 |
| Tax on dividend | 525,499 | 501,613 |
| Transfer to general reserve | -- | -- |
| Total appropriations | 3,617,579 | 3,593,693 |
| Net surplus in the statement of profit and loss | 746,954,349 | 501,925,474 |
| Total reserves and surplus | 1,073,370,264 | 828,341,389 |

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

| NOTE 5: LONG-TERM BORROWINGS | Non - current portion | | Current maturities | |
|--|-----------------------|----------------------|--------------------|--------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Term Loans | | | | |
| - Indian rupee loans from banks (Secured) | 101,713,195 | 197,891,742 | 88,428,047 | 101,418,944 |
| - Foreign currency loan from banks (Secured) | 1,152,239,601 | 1,169,410,462 | 121,995,000 | 65,192,500 |
| - Loan from Tata Capital Limited (Unsecured) | -- | 20,832,400 | 20,832,400 | 25,000,800 |
| Vehicle loans (Secured) | 1,670,539 | 3,784,730 | 2,814,645 | 4,017,570 |
| Deposits (Unsecured) | | | | |
| - Deposits from shareholders | 1,300,000 | 500,000 | 400,000 | 1,200,000 |
| - Deposits from others | 31,600,000 | 30,000,000 | 100,000 | 23,663,893 |
| | 1,288,523,335 | 1,422,419,334 | 234,570,092 | 220,493,707 |
| The above amount includes | | | | |
| Secured borrowings | 1,255,623,335 | 1,371,086,934 | 213,237,692 | 170,629,014 |
| Unsecured borrowings | 32,900,000 | 51,332,400 | 21,332,400 | 49,864,693 |
| Amount disclosed under the head "other current liabilities" (refer note 9) | | | (234,570,092) | (22,493,707) |
| Net Amount | 1,288,523,335 | 1,422,419,334 | -- | -- |

28

1. Indian rupee loans from banks carry interest at the rate of 13.50% 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. 1,202,300,000/- 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 immovable 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 of Rs. 71,934,601 carries interest at the rate of LIBOR plus 750 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 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 12% to 12.50% 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 12.00% p.a. and are repayable after 3 years from the respective dates of deposit.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

NOTE 6: DEFERRED TAX LIABILITIES (NET)

| | 31 March 2013 | 31 March 2012 |
|--|--------------------|-------------------|
| Deferred Tax Liability | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortization for the financial reporting. | 178,709,663 | 80,111,544 |
| Others | | |
| Gross deferred tax liability | 178,709,663 | 80,111,544 |
| Deferred tax assets | | |
| Provision for doubtful debts and advances | 7,192,528 | 6,442,450 |
| Employee related costs allowed for tax purposes on payment basis | 6,926,804 | 3,593,860 |
| Others | 48,929,339 | 3,150,990 |
| Gross deferred tax assets | 63,048,670 | 13,187,300 |
| Net deferred tax liability | 115,660,992 | 66,924,244 |
| Deferred tax charge for the year | | |
| Closing deferred tax liability, net | 115,660,992 | 66,924,244 |
| Less: opening deferred tax liability, net | 66,924,244 | 60,870,317 |
| Deferred tax charge for the year | 48,736,749 | 6,053,927 |

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

| NOTE 7: PROVISIONS | Long-term | | Short-term | |
|---|------------------|------------------|-------------------|-------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Provision for employee benefits | | | | |
| Provision for gratuity (refer note 26) | 3,240,602 | -- | 6,834,874 | -- |
| Provision for leave benefit | -- | 8,774,210 | 19,147,378 | 7,195,092 |
| | 3,240,602 | 8,774,210 | 25,982,252 | 7,195,092 |
| Other provisions | | | | |
| Provision for Income tax | -- | -- | 17,869,141 | 9,718,211 |
| Proposed equity dividend | -- | -- | 3,092,080 | 3,092,080 |
| Provision for tax on proposed equity dividend | -- | -- | 525,499 | 501,613 |
| | -- | -- | 21,486,720 | 13,311,904 |
| | 3,240,602 | 8,774,210 | 47,468,972 | 20,506,996 |

NOTE 8: SHORT-TERM BORROWINGS

| | 31 March 2013 | 31 March 2012 |
|----------------------------------|--------------------|--------------------|
| Cash credit from banks (Secured) | 46,886,995 | 44,346,085 |
| Other loan from banks (Secured) | 196,715,047 | 109,877,510 |
| | 243,602,042 | 154,223,595 |

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 13.00% to 15.50% p.a. (31 March 2012 : 12.50% to 15.50% p.a.) Other loans from banks carry interest at the rate of 11.50% to 12.25% p.a. (31 March 2012 : 11.25% to 12.25% p.a.)

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

NOTE 9: OTHER LIABILITIES

| | Non Current | Current | |
|---|------------------|----------------------|--------------------|
| | 31 March 2013 | 31 March 2013 | 31 March 2012 |
| Trade payables (including acceptances) (refer note 32 for details of dues to micro and small enterprises) | 7,377,750 | 559,368,313 | 338,934,986 |
| Other liabilities | | | |
| Current maturities of long-term borrowings (refer note 5) | -- | 234,570,092 | 220,493,707 |
| Interest accrued but not due on borrowings | -- | 8,269,197 | 7,458,311 |
| Interest accrued and due on borrowings | -- | 1,474,649 | 2,372,408 |
| Unpaid matured deposits and interest accrued thereon # | -- | 13,729,570 | 13,729,570 |
| Advances from customers | -- | 16,516,825 | 29,970,893 |
| Sundry creditors for capital goods purchased | -- | 154,639,569 | 111,016,056 |
| Employee benefits payable (including commission) | -- | 25,789,207 | 34,436,038 |
| Book overdraft | -- | 95,858,799 | 52,894,828 |
| Tax deducted at source payable | -- | 7,213,627 | 15,474,174 |
| Value added tax payable | -- | 7,597 | -- |
| Others | -- | 9,909,176 | 9,928,557 |
| | -- | 567,978,309 | 497,774,542 |
| TOTAL | 7,377,750 | 1,127,346,622 | 836,709,528 |

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 2013
(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 | Computer Software |
| Cost or valuation At 31 March 2011 | 18,603,119 | 263,428,978 | 1,017,445,372 | 25,845,278 | 12,304,320 | 16,042,059 | 1,353,669,126 | 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 | -- | -- | 11,413,461 | -- | -- | -- | 11,413,461 | -- |
| - Exchange Differences | -- | -- | 489,719 | -- | -- | -- | 489,719 | -- |
| - Borrowing costs | -- | -- | -- | -- | -- | -- | -- | -- |
| At 31 March 2012 | 18,603,119 | 263,428,978 | 1,215,379,812 | 27,005,388 | 14,092,770 | 26,032,799 | 1,564,542,866 | 8,654,151 |
| Additions | -- | 302,004,595 | 693,166,596 | 4,404,342 | 3,747,525 | 489,571 | 1,003,812,629 | 6,900,481 |
| Disposals | -- | -- | (61,901,418) | (1,072,125) | -- | (1,805,677) | (64,779,220) | -- |
| Other adjustments | -- | -- | 98,512,741 | -- | -- | -- | 132,538,697 | -- |
| - Exchange Differences | -- | 34,025,956 | 10,516,175 | -- | -- | -- | 13,597,001 | -- |
| - Borrowing costs | -- | 3,080,826 | -- | -- | -- | -- | -- | -- |
| At 31 March 2013 | 18,603,119 | 602,540,355 | 1,955,673,906 | 30,337,605 | 17,840,295 | 24,716,693 | 2,649,711,973 | 15,554,632 |
| Depreciation / Amortization | | | | | | | | |
| 31 March 2011 | 1,622,723 | 35,704,018 | 362,381,700 | 12,623,821 | 5,405,844 | 3,980,121 | 421,718,227 | 7,612,395 |
| Charge 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 | -- | -- | (11,744,686) | -- | -- | (584,672) | (12,329,360) | -- |
| At 31 March 2012 | 1,823,680 | 44,300,231 | 456,444,300 | 15,145,652 | 6,193,629 | 5,305,856 | 529,213,348 | 8,228,930 |
| Charge for the year | 200,958 | 13,820,488 | 166,702,439 | 2,782,303 | 952,782 | 2,497,191 | 186,956,161 | 2,395,561 |
| Disposals | -- | -- | (48,885,148) | (951,468) | -- | (804,120) | (50,640,736) | -- |
| At 31 March 2013 | 2,024,638 | 58,120,719 | 574,261,591 | 16,976,487 | 7,146,411 | 6,998,927 | 665,528,773 | 10,624,491 |
| Net Block | | | | | | | | |
| At 31 March 2013 | 16,578,481 | 544,419,636 | 1,381,412,315 | 13,361,118 | 10,693,884 | 17,717,766 | 1,984,183,200 | 4,930,141 |
| At 31 March 2012 | 16,779,439 | 219,128,746 | 758,935,512 | 11,859,736 | 7,899,141 | 20,726,943 | 1,035,329,518 | 425,221 |

Refer Note 27 for expenses capitalized during the year.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

NOTE 11: NON-CURRENT INVESTMENTS

| | 31 March 2013 | 31 March 2012 |
|--|-------------------|------------------|
| Trade Investment (valued at cost) (Unquoted equity instruments) | | |
| Investment in subsidiary PCL (Shanghai) Co. Ltd. (Investment of USD 230,000 as paid up capital) (31 March 2012: USD 150,000 as paid up capital) | 11,048,275 | 6,857,775 |
| Other trade investment Ningbo Shenglong PCL Camshafts Co. Ltd. (Investment of USD 375,000 as paid up capital) (31 March 2012: Nil) | 20,213,205 | -- |
| 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) (31 March 2012 : 5,000 equity shares of Rs. 25 each fully paid-up) | 125,000 | 125,000 |
| Shares in Solapur Janata Sahakari Bank Limited (500 Equity Shares of Rs. 10 each fully paid - up) (31 March 2012 : 500 equity shares of Rs. 10 each fully paid-up) | 5,000 | 5,000 |
| | 31,391,480 | 6,987,775 |

NOTE 12: LOANS AND ADVANCES

| (Unsecured, considered good) | Non - current | | Current | |
|---|-------------------|--------------------|--------------------|-------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Capital advances | 64,200,926 | 134,512,646 | -- | -- |
| Security deposit | 16,189,238 | 15,649,418 | -- | -- |
| Advances to related parties (refer note 36) Share application money to subsidiary pending allotment (refer note 36) | -- | -- | 1,628,859 | 2,288,700 |
| | -- | 1,959,290 | -- | -- |
| Advances recoverable in cash or kind | 6,745,068 | 4,693,642 | 33,334,834 | 22,148,900 |
| Other loans and advances | | | | |
| Income tax deposited with tax authorities (refer note 29) | 4,952,000 | 1,945,000 | -- | -- |
| Balances with statutory/government authorities | -- | -- | 68,682,181 | 21,582,670 |
| Other advances (refer note 29) | 1,211,744 | 1,211,744 | -- | -- |
| | 6,163,744 | 3,156,744 | 68,682,181 | 21,582,670 |
| Total | 93,298,976 | 159,971,740 | 103,645,874 | 46,020,270 |



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

| NOTE 13: TRADE RECEIVABLES | | Current | |
|--|--|----------------------|----------------------|
| | | 31 March 2013 | 31 March 2012 |
| Outstanding for a period exceeding six months from the date they are due for payment | | | |
| - Unsecured, considered good | | -- | -- |
| - Doubtful | | 143,315 | 19,360,450 |
| | | 143,315 | 19,360,450 |
| Less : Provision for doubtful receivables | | 143,315 | 19,360,450 |
| (A) | | -- | -- |
| Other receivables | | | |
| - Unsecured, considered good | | 836,765,455 | 561,494,668 |
| - Doubtful | | 21,017,402 | 496,079 |
| | | 857,782,857 | 561,990,747 |
| Less : Provision for doubtful receivables | | 21,017,402 | 496,079 |
| (B) | | 836,765,455 | 561,494,668 |
| Total (A + B) | | 836,765,455 | 561,494,668 |

34

| NOTE 14: OTHER ASSETS | Non - current | | Current | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Non-current bank balance (refer note 16) | 19,307,619 | 39,498,601 | -- | -- |
| Unamortized expenditure (ancillary cost of borrowings) | 8,398,070 | 10,310,877 | 3,524,040 | 3,733,660 |
| Interest accrued on fixed deposit | -- | -- | 2,351,187 | 3,043,558 |
| Forward contract receivables | -- | -- | 8,194,667 | -- |
| Other claims and receivables | -- | -- | 6,102,271 | 8,775,837 |
| | 27,705,688.96 | 49,809,477.75 | 20,172,164.37 | 15,553,055.19 |

| NOTE 14: INVENTORIES | 31 March 2013 | 31 March 2012 |
|---|----------------------|----------------------|
| (At lower of cost and net realisable value) | | |
| Raw materials and components | 25,534,947 | 16,370,798 |
| Stores, spares and packing materials | 34,467,680 | 22,276,160 |
| Semi-finished goods | 80,761,492 | 57,742,043 |
| Finished goods | 222,087,020 | 104,957,925 |
| | 362,851,139 | 201,346,926 |

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

| NOTE 16: CASH AND BANK BALANCES | Non - current | | Current | |
|--|-------------------|-------------------|--------------------|--------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Cash and cash equivalents | | | | |
| Balance with Banks: | | | | |
| On Current Accounts | -- | -- | 28,373,996 | 46,224,939 |
| Deposits with original maturity of less than 3 months | -- | -- | 91,980,132 | 250,554,795 |
| Cash in hand | -- | -- | 457,194 | 229,215 |
| | -- | -- | 120,811,322 | 297,008,949 |
| Other bank balances | | | | |
| Deposits with original maturity for more than 12 months* | 19,307,619 | 39,498,601 | 34,712,489 | 168,333,778 |
| Deposits with original maturity for more than 3 months but less than 12 months | -- | -- | 94,239,482 | 308,743,250 |
| | 19,307,619 | 39,498,601 | 128,951,971 | 477,077,028 |
| Amount disclosed under non current assets (refer note 14) | 19,307,619 | 39,498,601 | -- | -- |
| Total | -- | -- | 249,763,293 | 774,085,977 |

*Includes Rs. 46,477,893 (31 March 2012 : Rs. 62,907,731) held as lien by banks against bank guarantees.



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

| Note 17: REVENUE FROM OPERATIONS | 31 March 2013 | 31 March 2012 |
|---|----------------------|----------------------|
| Sale of Finished goods | 3,657,993,502 | 3,095,258,239 |
| Sale of Services | 10,207,812 | 15,955,072 |
| Other operating revenue | | |
| Tooling Income | 49,621,988 | 32,108,250 |
| Scrap sales | 1,567,986 | 1,210,312 |
| Revenue from operations (gross) | 3,719,391,288 | 3,144,531,873 |
| Less: Excise duty | 152,439,412 | 115,055,837 |
| Revenue from operations (net) | 3,566,951,876 | 3,029,476,036 |
| Details of Finished goods sold | 31 March 2013 | 31 March 2012 |
| Casting Camshafts | 2,349,565,489 | 2,064,672,563 |
| Machined Camshafts | 1,308,428,013 | 1,030,585,676 |
| | 3,657,993,502 | 3,095,258,239 |
| Details of services rendered | 31 March 2013 | 31 March 2012 |
| Job work charges | 10,207,812 | 15,955,072 |
| | 10,207,812 | 15,955,072 |

| Note 18: OTHER INCOME | 31 March 2013 | 31 March 2012 |
|---|----------------------|----------------------|
| Interest income on | | |
| Bank deposits | 19,214,020 | 10,709,096 |
| Others | 1,448,395 | 339,717 |
| Dividend Income on long-term investments | 5,050 | 5,000 |
| Exchange Differences (net) | 47,829,429 | 71,372,204 |
| Bad debts earlier written off, now written back | -- | 1,933,970 |
| Technical support fee (refer note 36) | 20,010,894 | -- |
| Miscellaneous Income | 486,135 | 779,924 |
| | 88,993,923 | 85,139,911 |

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

NOTE 19: COST OF RAW MATERIAL CONSUMED

| | 31 March 2013 | 31 March 2012 |
|---|----------------------|----------------------|
| Inventory at the beginning of the year | 16,370,798 | 22,361,141, |
| Add: Purchases | 1,497,005,508 | 1,218,990,919 |
| | 1,513,376,306 | 1,241,352,060 |
| Less: Inventory at the end of the year | 25,534,947 | 16,370,798 |
| Cost of raw material consumed | 1,487,841,359 | 1,224,981,262 |
| Detail of raw material consumed | 31 March 2013 | 31 March 2012 |
| Resin Coated Sand | 572,630,730 | 533,976,710 |
| Pig Iron | 337,240,168 | 302,860,711 |
| M.S Scrap | 289,479,950 | 210,268,704 |
| Others | 288,490,511 | 177,875,137 |
| | 1,487,841,359 | 1,224,981,262 |

NOTE 20: (INCREASE) / DECREASE IN INVENTORIES

| | 31 March 2013 | 31 March 2012 |
|-----------------------|----------------------|--------------------|
| Opening Stock: | | |
| Finished goods | 104,957,925 | 116,220,637 |
| Semi-finished goods | 57,742,043 | 41,799,601 |
| | 162,699,968 | 158,020,238 |
| Closing Stock: | | |
| Finished goods | 222,087,020 | 104,957,925 |
| Semi-finished goods | 80,761,492 | 57,742,043 |
| | 302,848,512 | 162,699,968 |
| | (140,148,544) | (4,679,730) |

NOTE 21: EMPLOYEE BENEFIT EXPENSE

| | 31 March 2013 | 31 March 2012 |
|--|--------------------|--------------------|
| Salaries, wages, bonus and commission | 340,611,750 | 276,922,689 |
| Contribution to provident fund and superannuation fund | 24,574,065 | 19,015,654 |
| Gratuity expense (refer note 26) | 15,173,376 | 3,673,286 |
| Staff welfare expenses | 7,473,595 | 4,515,248 |
| | 387,832,786 | 304,126,877 |



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

NOTE 22: OTHER EXPENSES

| | 31 March 2013 | 31 March 2012 |
|---|----------------------|----------------------|
| Consumption of stores and spares | 251,791,711 | 286,651,391 |
| Packing Material | 55,470,962 | 50,715,545 |
| Increase / (decrease) in excise duty on inventory | 3,865,572 | 4,690,759 |
| Power and fuel expenses | 528,609,837 | 401,264,187 |
| Job work expenses | 68,158,774 | 60,834,807 |
| Freight outward charges | 87,952,120 | 67,296,838 |
| Rent | 466,000 | 717,960 |
| Rates and taxes | 1,596,610 | 3,569,057 |
| Insurance | 5,345,291 | 5,803,391 |
| Repairs and Maintenance | | |
| Plant and Machinery | 26,721,297 | 30,726,191 |
| ' Building | 9,588,165 | 3,380,758 |
| Others | 36,206,764 | 19,826,133 |
| Advertisement and sales promotion | 416,750 | 378,868 |
| 'Sales commission | 79,411,925 | 52,299,257 |
| Travailing and conveyance | 36,075,327 | 27,861,482 |
| 'Communication costs | 2,924,469 | 2,746,272 |
| Legal and Professional fees | 9,793,566 | 10,048,337 |
| Auditors' remuneration and expenses | -- | -- |
| Statutory audit | 1,000,000 | 1,000,000 |
| Out of pocket expenses | 23,724 | 20,115 |
| Bad debts written off | -- | -- |
| Provision for doubtful debts | 1,304,188 | 15,869,424 |
| Loss on assets sold /discarded, net | 13,317,325 | 11,898,730 |
| Miscellaneous expenses | 30,394,458 | 21,123,630 |
| | 1,250,434,835 | 1,078,723,132 |

NOTE 23: DEPRECIATION AND AMORTIZATION EXPENSE

| | 31 March 2013 | 31 March 2012 |
|-----------------------------------|--------------------|--------------------|
| Depreciation of tangible assets | 186,956,161 | 119,824,481 |
| Amortization of intangible assets | 2,395,561 | 616,535 |
| | 189,351,722 | 120,441,016 |

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

NOTE 24: FINANCE COST

| | 31 March 2013 | 31 March 2012 |
|------------------------|--------------------|--------------------|
| Interest on borrowings | 89,720,559 | 91,768,346 |
| Other Interest | -- | 1,231,144 |
| Other borrowing cost | 229,722 | -- |
| Bank charges | 15,271,114 | 12,120,805 |
| | 105,221,395 | 105,120,295 |

NOTE 25: EARNING PER SHARE

The following reflects the profit and share data used in the basic and diluted EPS computation

| | 31 March 2013 | 31 March 2012 |
|--|--------------------|--------------------|
| Total operations for the year | | |
| Profit after tax | 198,685,184 | 192,096,360 |
| Net profit for calculation of basic EPS | 198,685,184 | 192,096,360 |
| Net profit as above | 248,646,454 | 192,096,360 |
| Net profit for calculation of diluted EPS | 248,646,454 | 192,096,360 |
| Weighted average number of equity shares in calculating basic and diluted EPS | 309,208 | 309,208 |
| Earnings Per Share (Basic & Diluted) (Rupees / share) | 804.14 | 621.25 |

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(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 2013 | 31 March 2012 |
|---|---------------|---------------|
| Defined benefit obligation at the beginning of the year | 25,849,106 | 22,671,603 |
| Current service cost | 8,119,276 | 5,305,585 |
| Interest cost | 2,073,071 | 1,742,611 |
| Actuarial (gain)/loss on obligation | 7,698,324 | (1,186,258) |
| Past service cost | -- | -- |
| Benefits paid | (949,834) | (2,684,435) |
| Defined benefit obligation at the end of the year | 42,789,943 | 25,849,106 |

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

| Particulars | 31 March 2013 | 31 March 2012 |
|--|---------------|---------------|
| Fair value of plan assets at the beginning of the year | 25,951,389 | 20,922,749 |
| Expected return on plan assets | 2,587,621 | 2,010,847 |
| Contribution by employer | 4,995,616 | 5,524,423 |
| Benefits paid | (949,834) | (2,684,435) |
| Actuarial gain/(loss) on plan assets | 129,674 | 177,805 |
| Fair value of plan assets at the end of the year | 32,714,466 | 25,951,389 |

* The Company expects to contribute Rs. 6,834,874 (Rs. Nil) to its defined benefit gratuity plan in 2013-14.

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

| Particulars | 31 March 2013 | 31 March 2012 |
|---|---------------|---------------|
| Investment with Insurer (Life Insurance Corporation of India) | 100% | 100% |

Balance Sheet

Benefit asset / liability

| Particulars | 31 March 2013 | 31 March 2012 |
|----------------------------|---------------|---------------|
| Defined Benefit Obligation | 42,789,943 | 29,026,609 |
| Fair Value of Plan Assets | 32,714,466 | 29,152,924 |
| Plan Asset / (Liability) | (10,075,477) | 126,315 |

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(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 2013 | 31 March 2012 |
|--|---------------|---------------|
| Current Service cost | 8,119,276 | 5,305,585 |
| Interest cost on benefit obligation | 2,073,071 | 1,742,611 |
| Net actuarial (gain) / loss recognised in the year | 7,568,650 | (1,364,063) |
| Expected return on plan assets | (2,587,621) | (2,010,847) |
| Contribution by employer | -- | -- |
| Net benefit expense | 15,173,376 | 3,673,286 |

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

| Particulars | 31 March 2013 | 31 March 2012 | 31 March 2011 | 31 March 2010 | 31 March 2009 |
|--|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation | 42,789,943 | 29,026,609 | 18,728,872 | 18,728,872 | 13,292,932 |
| Plan assets | 32,714,466 | 29,152,924 | 15,802,743 | 15,802,743 | 10,228,173 |
| Surplus / (deficit) | (10,075,477) | 126,315 | (2,926,129) | (2,926,129) | (3,064,759) |
| Experience adjustments on plan liabilities | 2,237,571 | (1,186,258) | (286,831) | (140,434) | -- |
| Experience adjustments on plan assets | 129,674 | 177,805 | 200,876 | 178,237 | -- |

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

| Particulars | 31 March 2013 | 31 March 2012 |
|---------------------------------------|---------------|---------------|
| Discount rate | 8.06% | 8.17% |
| Expected rate of return on plan asset | 9.25% | 9.25% |
| Increase in Compensation cost | 7.00% | 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.

NOTE 27: CAPITALISATION OF EXPENDITURE

During the year, the Company has capitalised the following expenses to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

| Particulars | 31 March 2013 | 31 March 2012 |
|----------------------------------|--------------------|--------------------|
| Salaries, wages and bonus | -- | 10,401,937 |
| Consumption of stores and spares | -- | 109,942 |
| Power and fuel | 10,826,309 | 890,000 |
| Interest (net) | 16,384,029 | 7,110,418 |
| Exchange differences | 72,600,000 | 83,236,647 |
| Other expenses | 2,335,569 | 6,046,727 |
| Total | 102,145,907 | 107,795,671 |



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

NOTE 28: CAPITAL AND OTHER COMMITMENTS

| Particulars | 31 March 2013 | 31 March 2012 |
|---|---------------|---------------|
| Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) | 208,123,162 | 507,306,207 |
| 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. 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. The Assistant Commissioner of Income Tax, Solapur has raised demand against the Company for the same (Previous Year Rs. Nil) vide order dated December 28, 2011 for the AY 2006-07. The Company had made an appeal with the Commissioner of Income Tax (Appeals) Pune. Out of the total demand, the Company has deposited Rs. 3,007,000 (Previous Year Rs. Nil) with the Income tax authorities.
- 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 2013
(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, 2013 | USD | 900,000 | 50,486,000 | Hedge of trade receivables |
| | EUR | 1,000,000 | 73,336,000 | Hedge of trade receivables |
| | GBP | 300,000 | 26,985,000 | Hedge of trade receivables |
| '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 |

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

| Category | Currency Type | 'March 31, 2013 | | 'March 31, 2012 | |
|---------------------------|---------------|------------------|---------------|------------------|---------------|
| | | Foreign Currency | INR Amount | Foreign Currency | INR Amount |
| Borrowings | USD | 23,528,103 | 1,285,810,825 | 24,042,901 | 1,234,602,962 |
| | EUR | 2,277,993 | 159,459,506 | -- | -- |
| Import payables | USD | 208,165 | 11,376,223 | 120,546 | 6,190,021 |
| | EUR | 520,147 | 36,410,312 | 248,084 | 17,033,475 |
| | GBP | 19,883 | 1,648,298 | 14,558 | 1,196,117 |
| | JPY | 71,787,500 | 41,816,219 | 70,500,000 | 44,245,800 |
| Other current liabilities | USD | 483,503 | 26,423,413 | 138,055 | 7,089,134 |
| | EUR | 177,263 | 12,408,416 | -- | -- |
| | GBP | 1,623 | 134,575 | -- | -- |
| Trade receivables | USD | 3,788,948 | 204,413,745 | 420,165 | 21,369,615 |
| | EUR | 2,659,998 | 182,741,863 | 1,306,395 | 88,286,168 |
| | GBP | 1,545,311 | 126,020,112 | -- | -- |
| Cash and bank balances | USD | 244,990 | 13,388,725 | 428,393 | 21,634,329 |
| | GBP | 1,247 | 103,383 | 2,494 | 202,102 |
| | EUR | 107,248 | 7,507,380 | -- | -- |
| Advances to subsidiary | USD | 30,192 | 1,628,859 | 45,000 | 2,288,700 |



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

NOTE 31: DETAIL OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

| Particulars | 31 March 2013 | 31 March 2012 |
|--|---------------|---------------|
| (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. | 63,121,288 | 34,945,064 |
| Interest due on above | 789,565 | 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. | 6,306,973 | 7,050,480 |
| (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 | 6,306,973 | 7,050,480 |

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is Rs. 6,306,973 (31 March 2013: Rs. 7,050,480) and same is not accrued in the books of accounts.

NOTE 32: VALUE OF IMPORTS CALCULATED ON CIF BASIS

| Particulars | 31 March 2013 | 31 March 2012 |
|----------------------------|--------------------|--------------------|
| Raw Materials | 9,218,990 | 12,512,858 |
| Components and spare parts | 29,014,502 | 10,623,339 |
| Capital goods | 328,104,739 | 158,517,430 |
| | 366,338,231 | 181,653,627 |

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

NOTE 33: EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars | 31 March 2013 | 31 March 2012 |
|---|--------------------|--------------------|
| Travelling and conveyance | 884,550 | 1,489,989 |
| Interest expense | 31,768,251 | 30,170,619 |
| Bank charges | 3,034,954 | 1,252,863 |
| Fee paid for availing foreign currency term loans | -- | 14,570,000 |
| Sales commission | 72,340,404 | 49,556,369 |
| Legal and professional fees | 2,715,000 | 2,796,531 |
| Rework and shot blasting charges | 10,396,387 | 42,807,140 |
| Freight outward charges | 8,369,843 | 5,127,906 |
| Repairs and maintenance | 399,998 | 1,615,749 |
| Others | 38,329 | -- |
| | 129,947,716 | 149,387,166 |

NOTE 34: IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

| Year ended 31 March 2013 | % of total consumption 31 March 2013 | Value 31 March 2013 | % of total consumption 31 March 2012 | Value 31 March 2012 |
|-----------------------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| Raw Material | | | | |
| Imported | 0.70% | 10,348,740 | 0.94% | 11,532,108 |
| Indigenously obtained | 99.30% | 1,477,492,619 | 99.06% | 1,213,449,154 |
| | 100.00% | 1,487,841,359 | 100.00% | 1,224,981,262 |
| Components and Spare Parts | | | | |
| Imported | 8.20% | 20,645,524 | 3.51% | 10,048,361 |
| Indigenously obtained | 91.80% | 231,146,187 | 96.49% | 276,603,030 |
| | 100.00% | 251,791,711 | 100.00% | 286,651,391 |

NOTE 35: EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars | 31 March 2013 | 31 March 2012 |
|-------------------------|---------------|---------------|
| F.O.B. value of exports | 2,442,212,887 | 2,007,515,818 |
| Technical support fee | 20,010,894 | -- |

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

NOTE 36: RELATED PARTY DISCLOSURE

A. Names of the related party and related party relationship:

a) Related party where control exists

i) Subsidiary

PCL (Shanghai) Co. Ltd

b) Other Related party with whom transactions have taken during the year.

i) Entity having significant influence

Tata Capital Limited

ii) Key Management Personnel

Mr. Yatin S Shah
Dr. Suhasini Y Shah
Mr. Ravindra R. Joshi
Mr. Subhash Shah

iii) Relatives of Key Management Personnel

Mrs. Urmila Subhash Shah
Mr. Karan Y Shah
Ms. Tanvi Y Shah

iv) Enterprises owned or significantly influenced by key management personnel or their relatives:

Kimaya Construction Private Limited**
Chitale Clinic Private Limited
Precision Foundation
Yatin S. Shah (HUF)

v) Individual having significant influence:

Mr. Jayant Aradhye

vi) Relative of Individual having significant influence:

Mr. Maneesh Aradhye
Dr. Sunita Aradhye
Mr. Rama Aradhye
Mr. Vijay Aradhye

vii) Joint Venture

Ningbo Shenglong PCL Camshaft Co Ltd

**The related party disclosures as required under AS-18 Related Party Disclosures notified under the Rules in respect of Kimaya Constructions Private Limited were erroneously omitted to be disclosed by the management in the previous year's financial statements and hence have been provided in this year's financial statements as comparatives.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013
(All amounts in rupees unless otherwise stated)

B. 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 KMP / RKMP have significant influence | | Subsidiary | | Joint Venture | | Individual having significant influence | | Relative of Individual having significant influence | |
|---------|---|-------------------------------------|------------|--------------------------|------------|---------------------------------------|-----------|--|---------------|-------------|------------|---------------|------------|---|---------|---|---------|
| | | 12-13 | 11-12 | 12-13 | 11-12 | 12-13 | 11-12 | 12-13 | 11-12 | 12-13 | 11-12 | 12-13 | 11-12 | 12-13 | 11-12 | 12-13 | 11-12 |
| 1 | Remuneration* | - | - | 48,988,097 | 49,546,555 | - | - | - | - | - | - | - | - | - | 596,231 | 1,230,380 | - |
| 2 | Dividend paid on equity shares | 803,940 | 803,940 | 1,383,580 | 541,550 | - | 282,030 | 16,000 | 16,000 | - | - | - | - | - | 560,100 | 560,100 | 167,440 |
| 3 | Investment in equity shares | - | - | - | - | - | - | - | - | 4,190,500 | 6,857,775 | 20,213,205 | - | - | - | - | - |
| 4 | Share application money to subsidiary pending allotment | - | - | - | - | - | - | - | - | - | 1,959,290 | - | - | - | - | - | - |
| 5 | Loans taken | - | 50,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Loans and advances given | - | - | - | - | - | - | - | - | - | 2,328,750 | - | - | - | - | - | - |
| 7 | Repayment of deposits | - | - | - | 4,275,000 | - | 925,000 | - | 300,000 | - | - | - | - | - | - | - | - |
| 8 | Interest paid on deposits | - | - | - | 284,768 | - | 242,893 | - | 14,885 | - | - | - | - | - | - | - | - |
| 9 | Interest paid on loans | - | 1,658,469 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Rent paid | - | - | 240,000 | 240,000 | - | - | - | - | - | - | 19,710,395 | - | - | - | - | - |
| 11 | Site of goods | - | - | - | - | - | - | - | - | 174,945,022 | 15,289,535 | - | - | - | - | - | - |
| 12 | Deposits taken (including renewals and transfers) | - | - | - | - | - | 1,700,000 | - | - | - | - | - | 20,010,894 | - | - | - | - |
| 13 | Technical support fee received | - | - | - | - | - | - | 1,800,000 | - | - | - | - | - | - | - | - | - |
| 14 | Donation given | - | - | - | - | - | - | 7,548,497 | - | - | - | - | - | - | - | - | - |
| 15 | Purchases of goods, material or services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Purchases of Material/Services for fixed assets | - | - | - | - | - | - | 69,109,105 | 9,90,40,986** | - | - | - | - | - | - | - | - |
| 17 | Capital advances given | - | - | - | - | - | - | 33,420,637 | 2,21,67,296** | - | - | - | - | - | - | - | - |
| | Outstanding Balances | | | | | | | | | | | | | | | | |
| 1 | Remuneration payable (gross) | - | - | 17,360,000 | 34,436,305 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Share application money to subsidiary pending allotment | - | - | - | - | - | - | - | - | - | 1,959,290 | - | - | - | - | - | - |
| 3 | Loan outstanding (including interest payable) | 20,832,400 | 46,202,377 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Capital advances | - | - | - | - | - | - | 33,420,637 | 2,21,67,296** | 1,628,859 | 2,288,700 | - | - | - | - | - | - |
| 6 | Deposits outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Trade receivables | - | - | - | - | - | 1,800,000 | - | - | 82,312,057 | 15,940,780 | 9,915,143 | - | - | - | - | - |
| 8 | Trade payable | - | - | - | - | - | - | 17,450 | - | - | - | - | - | - | - | - | - |
| 9 | Creditors for capital goods | - | - | - | - | - | - | 45,251,322 | 3,50,73,429* | - | - | - | - | - | - | - | - |

* 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.

**The related party disclosures as required under AS-18 Related Party Disclosures notified under the Rules in respect of Kimaya Constructions Private Limited were erroneously omitted to be disclosed by the management in the previous year's financial statements. Such disclosures have been provided in this year's financial statements.



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

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

| Sr. No. | Particulars | Relationship | 12-13 | 11-12 |
|---------|---|--|--|---|
| 1 | Remuneration* Mr.Yatin Shah | Key management personnel | 43,404,656 | 45,715,855 |
| 2 | Dividend paid on equity shares Tata Capital Limited Mr.Yatin Shah Mr. Jayant Aaradhye Mr Yatin Shah Jointly held with Dr. Shashini | Entity having significant influence Key management personnel Individual having significant influence Key management personnel | 803,940 613,920 560,100 560,000 | 803,940 331,890 560,100 560,000 |
| 3 | Investment in equity shares PCL (Shanghai) Co. Ltd. Ningbo Shenglong PCL Camshafts Co Ltd | Subsidiary Joint Venture | 4,190,500 20,213,205 | 6,857,775 - |
| 4 | Share application money to subsidiary pending allotment PCL (Shanghai) Co. Ltd. | Subsidiary | - | 1,959,290 |
| 5 | Loans taken Tata Capital Limited | Entity having significant influence | - | 50,000,000 |
| 6 | Loans and advances given PCL (Shanghai) Co. Ltd. | Subsidiary | - | 2,288,700 |
| 7 | Repayment of deposits Mr.Yatin Shah Mr. Subhash Shah Dr. Suhasini Y Shah Mr. Karan Shah Ms. Tanvi Shah | Key management personnel Key management personnel Key management personnel Relatives of Key management personnel Relatives of Key management personnel | - - - 1,050,000 650,000 | 2,400,000 675,000 1,200,000 - 825,000 |
| 8 | Interest paid on deposits Mr.Yatin Shah Dr. Suhasini Y Shah Ms. Tanvi Shah Mr. Karan Shah | Key management personnel Key management personnel Relatives of Key management personnel Relatives of Key management personnel | - - 78,000 126,000 | 163,118 89,397 98,901 126,000 |
| 9 | Interest paid on loans Tata Capital Limited | Entity having significant influence | 4,611,453 | 1,688,469 |
| 10 | Rent paid Mr.Yatin Shah | Key management personnel | 240,000 | 240,000 |
| 11 | Sale of goods PCL (Shanghai) Co. Ltd. Ningbo Shenglong PCL Camshafts Co Ltd | Subsidiary Joint Venture | 174,945,022 19,710,395 | 15,289,535 - |
| 12 | Deposits taken (including renewals and transfers) Mr. Karan Shah Ms. Tanvi Shah | Relatives of Key management personnel Relatives of Key management personnel | 1,050,000 650,000 | - - |
| 13 | Technical support fee received Ningbo Shenglong Pcl Camshafts Co Ltd | Joint Venture | 20,010,894 | - |
| 14 | Donation given Precision Foundation | Entities where KMP / RKMP have significant influence | 1,800,000 | 2,450,000 |
| 15 | Purchases of goods, material or Services Kimaya Construction Private Limited | Entities where KMP / RKMP have significant influence | 7,548,497 | - |
| 16 | Purchases of Material/Services for Fixed Assets Kimaya Construction Private Limited | Entities where KMP / RKMP have significant influence | 69,109,105 | 9,90,40,986** |
| 17 | Capital Advances given Kimaya Construction Private Limited | Entities where KMP / RKMP have significant influence | 33,420,637 | 2,21,67,296** |

* 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.

**The related party disclosures as required under AS-18 Related Party Disclosures notified under the Rules in respect of Kimaya Constructions Private Limited were erroneously omitted to be disclosed by the management in the previous year's financial statements and hence have been provided in this year's financial statements as comparatives.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(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 Company's secondary segments are based on the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets.

a) Details of segment revenue

| Particulars | 31 March 2013 | 31 March 2012 |
|---------------------|----------------------|----------------------|
| Sales within India | 1,049,755,383 | 937,585,613 |
| Sales outside India | 2,517,196,493 | 2,091,890,423 |
| | 3,566,951,876 | 3,029,476,036 |

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

| Particulars | 31 March 2013 | 31 March 2012 |
|---------------|----------------------|----------------------|
| Within India | 2,962,927,972 | 2,138,309,090 |
| Outside India | 654,895,719 | 388,946,268 |
| | 3,617,823,691 | 2,527,255,358 |

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 | 31 March 2013 | 31 March 2012 |
|---------------|--------------------|--------------------|
| Within India | 791,545,589 | 854,842,001 |
| Outside India | -- | -- |
| | 791,545,589 | 854,842,001 |

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

(All amounts in rupees unless otherwise stated)

NOTE 38: CHANGE IN ACCOUNTING ESTIMATE

During the current year, the management has reassessed the useful lives for Jigs, fixtures and patterns. Based on such reassessment, the rate of depreciation has been prospectively revised to 33.33% from the earlier rate of 11.31%. As a result of such change, the depreciation for the current year is higher by Rs. 22,946,503.

NOTE 39: PREVIOUS YEAR FIGURES

Previous year figures have been regrouped/ reclassified wherever necessary to confirm to this year's classification

As per our report of even date

For S R B C & Co LLP

Firm Registration Number: 324982E
Chartered Accountants

per Tridevlal Khandelwal

Partner
Membership Number: 501160

Place: Miami, USA

Date: September 23, 2013

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

Yatin S Shah

Managing Director

Place: Solapur

Date: September 23, 2013

Dr. Suhasini Y Shah

Director

Place: Solapur

Date: September 23, 2013

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PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

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.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) 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 recognized in the year in which the results are known / materialized. 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.

(b) 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



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

expenses are incurred.

From 1 April 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. In accordance with MCA circular dated 9 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalized 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.

52

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 derecognized.

(c) 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.

The company has used the following rates to provide depreciation on its fixed assets

| | Rates (SLM) |
|--|---------------|
| Buildings | 1.63% - 3.34% |
| Plants and Machinery | 10.34% |
| Jigs, fixtures and patterns (included in Plant and Machinery)* | 33.33% |
| Office Equipments | 4.75% |
| Computers (Office Equipments) | 16.21% |
| Furniture and fixtures | 6.33% |
| Vehicles | 9.50% |

*Refer Note 38

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 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..**(d) 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.

(e) 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.

(f) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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.

(g) 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



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

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.

54

(h) 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 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.

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..**(i) Inventories**

Raw materials, components, stores and spares and packing materials are valued at lower of cost and net realizable 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 is determined on a weighted average basis and includes excise duty.

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.

(j) 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 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



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

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.

(k) 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, 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 foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
3. All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the company treats a foreign currency 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. In

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(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 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.

(I) 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 employee renders the related service. The company



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

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. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

58

(m) 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 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

PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

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 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.

(n) 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.



PRECISION CAMSHAFTS LIMITED

Notes to financial statement for year ended 31 March 2013

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued..

(o) 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.

(p) 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 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.

(q) 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.

(r) 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.

PCL (Shanghai) Company Limited

Balance sheet

As on 31st December 2012

(Amounts in CNY)

| Item | Ending | Beginning | Item | Ending | Beginning |
|---|---------------------|-------------------|--|--------------|---------------------|
| Current assets | | | Current Liabilities | | |
| cash and cash equivalents | 1,788,754.62 | 164,634.26 | short-term borrowings | | |
| tradeable financial assets | | | tradable financial liabilities | | |
| short term investments | | | Warrant payable | | |
| notes receivable | | | notes payable | | |
| accounts receivable | 4,277,724.64 | | accounts payable | 6,211,895.13 | 449,183.68 |
| prepayments | 4,767.53 | 42,736.48 | advance receipts | | |
| interest receivable | | | accrued payroll | | |
| dividend receivables | | | of which: salary payable | | |
| other receivables | 4,196.51 | 516.86 | Welfare payable | | |
| inventories | 1,712,853.47 | 462,590.02 | of which: welfare fund | | |
| Of which: raw materials | | | accrued tax | -18,840.60 | -80,271.80 |
| Inventory of finished products and goods | 1,712,853.47 | 462,590.02 | of which: Taxes payable | | |
| current assets falling due within one year | | | accrued interest payable | | |
| other current assets | | | dividend payable | | |
| Total of current assets | 7,788,296.77 | 670,477.62 | other payables | 62 | 627,118.61 |
| Non-current Assets | | | current liabilities falling due within one year | 63 | |
| available-for-sale financial assets | | | other current liabilities | 64 | |
| held-for-maturity investment | | | Total of current liabilities | 65 | 6,820,173.14 |
| long term equity investment | | | Non-current Liabilities | 66 | |
| long-term account receivable | | | long-term loan | 67 | |
| long-term equity investemtns | | | bonds payable | 68 | |
| the allocate of stock rights | | | long-term accounts payable | 69 | |
| investment property | | | accounts payable for specialised terms | 70 | |
| Fixed assets-cost | 23,308.80 | 21,056.50 | provision for liabilities | 71 | |
| Less: | | | | | |
| Fixed assets-net value | 15,397.23 | 19,326.66 | Deferred tax credits | 73 | |
| Less: Provision for impairment of fixed assets | | | other non-current liabilities | 74 | |
| Fixed assets-net value | 15,397.23 | 19,326.66 | Including: Special reserve fund | 75 | |
| long-term contract | | | Total of non-current liabilities | 76 | |
| material held for construction of fixed assets | | | Total of liabilities | 77 | 6,820,173.14 |
| disposal of fixed assets | | | Owners' equity | 78 | |
| Production of biological assets | | | capital | 79 | 1,468,856.71 |
| Oil and gas assets | | | National Capital | 80 | |
| intangible assets | 2,500.00 | 2,500.00 | Collective capital | 81 | |
| of which: Land occupancy right | | | legal capital | 82 | |
| Development expenditure | | | of which: State-owned legal person's capital | 83 | |
| goodwill | | | Collective legal person's capital | 84 | |
| Incorporating price difference | | | Personal Capital | 85 | |
| long-term deferred expense | | | Foreign Capital | 86 | 1,468,856.71 |
| deferred income tax assets | | | Less: | 87 | |
| Deferred taxes debit | | | Paid-in capital | 88 | 1,468,856.71 |
| other non-current assets | | | capital reserve | 89 | |
| Among it: Specially approved reserving material | | | less: treasury stock | 90 | |
| Total of non-current asses | 17,897.23 | 21,826.66 | earnings reserve | 91 | |
| | | | of which: statutory surplus reserve | 92 | |
| | | | other surplus reserve | 93 | |
| | | | Reserve fund | 94 | |
| | | | Enterprise expansion fund | 95 | |
| | | | Profit capitalised on return of investments | 96 | |
| | | | General risk reserve | 97 | |
| | | | Unconfirmed investment losses | 98 | |
| | | | retained earnings | 99 | -482,835.85 |
| | | | of which: cash dividends | 100 | |
| | | | Difference on translation of foreign currency financial statements | 101 | |
| | | | Total equity attributable to equity holders of the Company | 102 | |
| | | | Minority interest | 103 | |
| | | | Total of owners' equity | 104 | |
| | | | Less: assets loss | 105 | |
| | | | Total of owners' equity | 106 | 986,020.86 |
| Total of assets | 7,806,194.00 | 692,304.28 | Total of liabilities and owners' equity | 107 | 7,806,194.00 |

Shanghai Yonghua Certified Public Accountants,

Place : Shanghai, China.

Date : April 16, 2013.



PCL (Shanghai) Company Limited

Profit sheet

For the year 2012

(Amounts in CNY)

| Item | Current Year Cumulative | Last Year Cumulative | Item | Current Year | Last Year Cumulative |
|--------------------------------|-------------------------|----------------------|--|--------------|----------------------|
| Total revenue | 16,373,075.04 | - | Others | 19 | |
| Operation revenue | 16,373,075.04 | - | Add: Profits or losses on the changes in fair value | 20 | |
| Among: Prime operating revenue | 16,373,075.04 | | Investment income | 21 | |
| Other operating revenue | | | Among: Investment income from affiliated business and cooperative enterprise | 22 | |
| Total operating costs | 15,907,026.57 | 948,884.32 | Operating profits | 23 | 466,048.47 |
| Among: operating costs | 13,984,173.50 | - | Add: Non-operating income | 24 | |
| Among: Prime operating costs | 13,984,173.50 | | Non-current assets | 25 | |
| Other operating costs | | | | 26 | |
| Operating tax and additions | 2,609.32 | | Subsidize revenue | 27 | |
| Selling expenses | 998,544.85 | 12,389.72 | | 28 | |
| Administration expenses | 911,850.53 | 934,671.47 | Non-operating costs | 29 | |
| among: | | | | 30 | |
| Reserch and development costs | | | | 31 | |
| Financial expense | 9,848.37 | 1,823.13 | debt restructuring losses | 32 | |
| interest costs | | | profit before tax | 33 | 466,048.47 |
| interest earnings | 1,918.49 | 75.19 | Less: Income tax | 34 | |
| Losses on the asset impairment | | | Add: unconfirmed investment loss | 35 | |
| | | | Net profit | 36 | 466,048.47 |
| | | | | | -948,884.32 |

Shanghai Yonghua Certified Public Accountants,

Place : Shanghai, China.

Date : April 16, 2013.



