



22nd

Annual Report
2013 -2014



PRECISION CAMSHAFTS
LIMITED (INDIA)





PRECISION

22nd Annual Report
2013 -2014

PRECISION CAMSHAFTS LIMITED

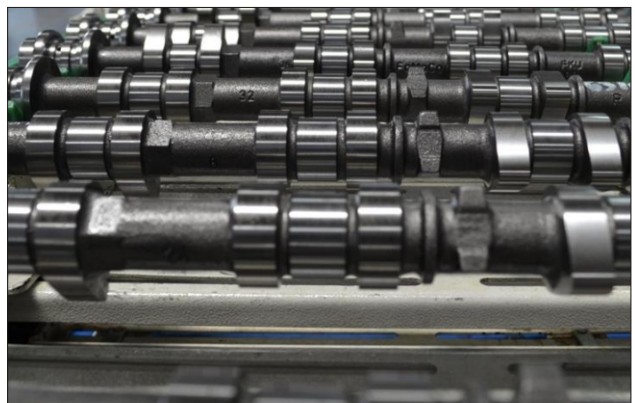
E - 102 / 103, M I D C Akkalkot Road Solapur - 413 006 Ph. 0217 - 3295433 / 34 / 35	(100% EOU) D - 5, M I D C, Chincholi Solapur - 413 255 Ph. 0217 - 3295430 / 31 / 32
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Precision Camshafts Limited

22nd
Annual Report
2013 - 2014



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BOARD OF DIRECTORS

Mr. Yatin S. Shah, Chairman & Managing Director

Mr. Jayant V. Aradhya, Director

Mr. Ravindra R Joshi, Director

Dr. Suhasini Y Shah, Director

Mr. Sarvesh N Joshi, Independent 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
Website: www.pclindia.in
CIN: U24231PN1992PLC067126

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 SECOND ANNUAL REPORT** and the audited Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	2013-2014	2012-2013
Turnover	47182.90	36559.46
Net Profit before Tax	5131.18	3754.12
Provision for Tax	1808.36	780.29
Minimum Alternative Tax Credit	0.0	0.0
Deferred Tax (charge) / reversal	334.79	487.37
Net Profit after Tax and before prior period items	2988.03	2486.46
Net Profit	2988.03	2486.46
Balance in Profit & Loss Account (Opening)	7469.54	5019.25
Available for Appropriation	10457.57	7505.71
Appropriations		
Less: Proposed Dividend on Equity shares	31.82	30.92
Less: Dividend Tax	5.41	5.25
Balance to be Carried Forward	10420.34	7469.54

The turnover of the company grew by 29.06% over the last financial year and the profitability before tax as percentage of turnover increased from 10.26 % for the last financial year to 10.87 % for the current year.

This increased profitability was mainly due to better utilization of capacity in the new foundry and machine shop, improved operational controls, strict control on raw material cost and also because of the depreciating Rupee.

Purchase of raw material saw upward trend in some materials including electricity while downward in some. There was an overall saving due to proper inventory management.

DIVIDEND:

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

OPERATIONS:

PCL EOU Division

The productivity was increased in the foundry division due to improved operational controls. Better utilization of plant capacity in the newly started Foundry No. 4 resulted in higher production of camshafts, from about 54000 castings per month in 2012-13 to 180000 castings per month in the year 2013-14.

Foundry No. 2 is being modified and will be used for manufacturing Ductile Iron induction hardened camshafts. The trial production of this variety of camshafts has been approved by Toyota and Ford. The serial production of camshafts using the said technology will start in 2016

Total sales from EOU division increased by 23 % from Rs. 305.01 Crores in 2012-13 to Rs. 394.15 Crore in the year 2013-14. Export sales increased by 26% while domestic sales increased by 8 %.

Total Camshafts sold in 2012-13 were 70,88,803 in numbers while that in 2013-14 were 78,31,699 in numbers.

About 13 new varieties of Camshafts were developed during the year 2013-2014 for Mahindra, Ford India, Ford VEP, VM Motori, Maruti Suzuki and Toyota. These would translate into sizeable addition to the annual sales from next financial year onwards.

Machine shop at the EOU

The production capacity at the machine shop was further increased from 125000 per month to 137500 per month by adding a machining line for GM Korea. The total number of camshafts sold during the year from EOU machine shop decreased by about 1% due to reduced demand of some products. However the sale value increased due to more value added parts under export and as an effect of piece price compensation. Sales from Machine shop increased by about 19 % from Rs. 78.75 Crores in 2012-13 to Rs. 94.24 Crores in the year 2013-14. This sale forms part of the sales from the EOU division.

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

There was a marginal decrease in the sales in the foundry division (PCL Unit II) as compared to the last financial year. Sales to Machine shop decreased due to shifting of production of certain parts to the EOU division.]Total sale from PCL unit I and II amounted to Rs. 58.71 crores in the year under consideration.

PCL unit 1 Machine shop won a Performance Award from Escorts and Ford 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.

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

HRD UPDATE:

A) Orbit

PCL in its endeavor to be known equally for its people practices and not just for quality camshafts, started the initiative 'Orbit' in 2010. Various initiatives under this umbrella continue to be carried out diligently. We at PCL, 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.

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 continues to be carried out successfully on iManage in the most unbiased and system driven way. Other processes such as requisitions, policies and leave management were also driven by this system.

Sr No	Unit	Apr-13	Apr-14	Variance
1	PCL-I	236	191	-45
2	PCL-II	376	259	-117
3	EOU	1513	1289	-224
4	Contract - EOU	800	865	65
	Total	2925	2604	-321

C) Manpower:

The total workforce at PCL is as follows:

About 50% of the above workforce is contractual.

d) Awards / Recognition ...

Third Surveillance Audit of Environmental, Health and Safety related ISO 14001:2004 and OHSAS 18001:2007 Audit is successfully completed during 13 to 15th Feb 2014 and recommended certification valid up to 25/02/2016 by TUV.

Seventh Surveillance Audit of Quality Management System related ISO/TS 16949: 2009 is successfully completed during 9 to 10th Jun 2014 and recommended certification valid up to 15/07/2016 by TUV.

SPECIAL ACHIEVEMENTS:

PCL developed 'Ductile Iron Induction Hardened Camshafts' for a very discerning customer TOYOTA and for Ford. Serial production of ductile iron camshafts will start in 2016.

Research and Development:

During the year under report the Company has received recognition from Department of Scientific and Industrial Research (DSIR), New Delhi, for its In-House Research and Development Unit.

Development of indigenous technology has always been Company's focus. The solid engineering strength derived from its strong and focused R & D efforts through the In House R & D Unit has enabled company to maintain its leadership in the area it works. The in-house R&D team of the company is headed by independent full time R&D Head. He is supported by a team comprising of 26 employees, which include persons with Graduate and Post Graduate engineering qualifications. The R & D units are equipped with the necessary infrastructure including the Computer hardware & related IT infrastructure, software and other necessary equipment.

1) Objectives of R & D Program

- To develop quality products based on needs of customers and to develop stable, marketable technology having business potential
- To conduct application oriented research for development of technology in the field of Industrial Automation Systems & Camshafts and conduct research programs to address technical needs in India
- To constantly pursue development of new products or processes for improvement of performance of economy for prevailing applications
- To develop new technologies & capabilities for enabling conceptualizing new solutions or applications and to substitution of raw material to reduce the cost of manufacturing
- To actively enable commercialization of developed technology and to provide environment management systems and to create sustainable technology solutions

2) R&D achievements made during past 3 years:

(a) New Products developed: Upgraded Camshafts are developed as and when required by the automotive companies

(b) New Process developed : 1. Internal Shot Blasting Process 2. End Facing Process 3. De- Coring Process for Glass Core 4. Reaming & Plugging Process 5. Boroscope Inspection

(c) Improvement in existing production process(s): 1. Core Painting added 2. Usha Machine Modification 3. Furnace Former Modified 4. Yield Improvement 5. 24 Impression Chill Pattern instead of 12 Impressions 6. 4 Cavity Pattern designed

3) Future plan of action

Presently the R & D unit is engaged in the Research and Development of Fuel Lobe technology.

4) Expenses on R & D:

	2013-14	2012-13
Capital	: Rs. 440.16 Lacs	Rs. 99.17 Lacs
Recurring	: Rs.103.03 Lacs	Rs. 134.75 Lacs
Total	: Rs. 543.19.Lacs	Rs. 233.92.Lacs
Total R & D expenditure as a percentage of total turnover:	1.21%	0.66%

CORPORATE SOCIAL RESPONSIBILITY:

Though statutorily the provisions of Corporate Social responsibility were not enforced, your company, as a matter of duty, has been carrying out the CSR activity since long.

Various social, educational and environmental activities were conducted through "Precision Foundation". During the year 2013-2014, monetary incentive to the tune of Rs. 1,35,000/- was extended to 45 employees towards family planning and help for funeral of immediate family members.

Educational scholarships were given to 516 wards of employees securing more than 75% marks in their school / college final examinations, amounting to Rs. 2,17,000/-

Health - monetary help in cases of critical illnesses was extended to 9 employees amounting to Rs. 1,36,244/-

Employee welfare - Medical claims in 323 cases of employees and their families amounting to Rs. 32,26,294/- were sanctioned.

"Precision Guppa" the yearly social event was organized on 25th , 26th and 27th October, 2013 which helped in bringing together on one forum the achievers from different walks of life. On 25th Oct 2013 veteran actor Mr. Sadashiv Amrapurkar was interviewed by social activist Dr. Anil Awchat in Guppa Dilkhulas.

In a musical program 'Hirvya Anand Vaata' great Marathi poet Mr. Na. Dho. Mahanor and music director Mr. Anand Modak were interviewed on 26th Oct 2013 by Ms. Dhanashree Lele. Mahanor's poems composed by Mr. Modak were presented by well-known singer Mr. Ravindra Sathe and a new singing star Ms. Urmila Dhangar.

On 27th Oct 2013 Dr. Ravindra & Dr. Smita Kolhe, activists from Melghat presented the Precision Social Award to "Pakhar Sankul" Solapur - an orphanage run by Ms. Shubhangi Bua. The 'Late Subhash Raoji Shah Memorial Award' was presented to Dr. Ravindra & Dr. Smita Kolhe at the hands of Mr. Yatin Shah & Dr. Suhasini Shah.

We also felicitated dignitaries who contributed to the growth of Solapur - Mr. Chandrakant Gudewar (Commissioner SMC), Dr Basavraj Kolur (Yashodhara Multispecialty Hospital), Mr. Ram Reddy (Balaji Sarovar Premium hotel) and Dr. Ranjit Gandhi (Walchand Institute of Technology)

Mr. Yatin Shah interviewed the newly elected body of the Solapur Chamber of Commerce on their views on development of Solapur.

Sonamata Shikshan Sanstha :

Precision Foundation has adopted a school in the settlement area of Solapur, which imparts education to children from the lowest strata of the society and also those with criminal background. We started implementation of brain based 'constructive' education at this school with the help of 'Gram-mangal' a renowned institute working in the field of education.

Now your Company has constituted the CSR Committee and has also adopted a CSR Policy. Through this policy the Company will continue its contribution towards better tomorrow.

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. Ravindra Joshi, Director (DIN 03338134) 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.

Under the provisions of the Companies Act, 2013 now the term of an Independent Director need to be defined. Board proposes to appoint CA Mr. Sarvesh Joshi (DIN: 03264981) as an Independent Director with 1 year term.

Subsidiaries:

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 in order to be able to invoice the Chinese customers in RMB (Chinese currency) as per the laws and regulations of China.

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.

Ningbo Shenglong PCL Camshafts Co. Ltd.

This company was incorporated in April 2012 as a joint venture between PCL and Shenglong Automotive Co Ltd to start a facility for machining of camshafts in Ningbo, China. PCL contributed \$ 375,000 to the equity capital and holds 10 % equity of the JV Company.

The plant Installation & commissioning was completed in Feb, 2013. Sample Submission & approvals by customer have been completed during Feb. & Mar. 2013. The plant has an installed capacity for machining 600000 camshafts per year.

This plant has produced & supplied about 500000 shafts to customer during the year 2013-14. Plant capacity has been utilized to about 83%. The plant has met 100% compliance to customer's schedule / requirements. SLPC is gradually enhancing its capacity from 600000 camshafts per year to 815000 camshafts per year by January 2015. This will meet the increased schedules / volumes of CAF.

PCL Shenglong (Huzhou) Specialized Castings Co. Ltd.

PCL signed another JV with Shenglong Powertrain Automotive Co. Ltd. in March 2013 to put up a foundry facility at Huzhou in China.

PCL has contributed so far RMB 8,000,000 towards the equity capital of PCLSL and holds 40% of the equity capital of the JV Company.

All necessary agreements & contracts have been signed in the month of Sept 2013 and Business License was obtained in Oct 2013.

Construction of the plant Started in June 2014 & will be completed by Feb 2015. Equipment Installation & Commissioning will be completed during Apr 2015. Trials/ sample submission & approvals from customer will be completed by July 2015. Serial production will start from Aug 2015 with the installed capacity of 100000 camshaft castings per year PCLSL will have the total Installed capacity of 300000 camshafts per year by end of the year 2016.

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, 2014, is given in annexure I and forms part of this report.

Committees

CSR Committee:

The Company has constituted Corporate Social Responsibility Committee with Mr. Yatin Shah as its Chairman and Mr. R. R. Joshi and Mr. Sarvesh Joshi as members. Mr. Sarvesh Joshi is an Independent Director.

Nomination and Remuneration Committee:

The Company has reconstituted the remuneration committee during the year report with Mr. Sarvesh Joshi as its Chairman and Mr. Yatin Shah and Mr. R. R. Joshi as members. The Company is in process of appointment of Independent Directors and constituting the Nomination & Remuneration Committee in terms of the Companies Act, 2013.

Internal Complaints Committee (Anti-Sexual Harassment Policy):

During the period under report, the Company has constituted Internal Complaints Committee to address Sexual Harassment of women under 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under. The Company has requested Ms. Shubhangi Buva of Pakhar Sankul, Solapur to join the committee as a NGO representative.

Audit Committee

The Company is in process of appointment of Independent Directors and constituting the Audit Committee in terms of the Companies Act, 2013.

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 to hold office up to the Annual general Meeting to be held in the calendar year 2017 which is subject to ratification of members in the Annual General Meeting.

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.



Employees' information under section 217 (2A) of the Companies Act, 1956:

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any Member interested in obtaining such particulars may inspect the same at the Company's Registered Office for a copy thereof.

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 5th 2014

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:

1. Persistent efforts have been taken to save energy, which include

Installation & commissioning of Auto Power Factor unit which resulted in achieving unity in power factor through out the year.

Use of motors, blowers , Pumps etc of the right capacity on all equipments

2. Maximum demand was monitored continuously to avoid demand penalty.

3. LPG - Safety equipment has been fitted in LPG Yard which helps avoid entry of Liquid into the heating equipment. This has ensured increased safety of the operators & the machinery, increased productivity & reduced wastage.

4. Various Fume extraction systems, spot cooling systems, natural air ventilation system have been installed in all manufacturing facilities to increase human working comfort.

B) TECHNOLOGY ABSORPTION:

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

Research and Development (R&D) and benefits derived thereon

(1) Specific areas in which R&D carried out by the Company.

1. 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 this technology.

2. 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.

(2) Benefits derived as result of the above R&D

1. Various new products developed as and when required by the Automotive companies
2. There is a continuous improvement in the existing production process
3. Some new processes are also developed with the help of R & D

(3) Future Plan of Action

1. Presently the R & D unit is engaged in the Research and Development of Fuel Lobe technology.

(4) Expenditure on R&D

(Rs. in Lacs)

	2013-14	2012-13
Capital	Rs. 440.16	Rs. 99.17
Recurring	Rs. 103.03	Rs. 134.75
Total R&D Expenditure	Rs. 543.19	Rs. 233.92
R&D Expenditure as a percentage of Turnover	1.21%	0.66%

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	2356.19
Earned	33349.96

For and on behalf of the Board of Directors of

Precision Camshafts Limited

**Sd/-
YATIN S SHAH
(CHAIRMAN & MANAGING DIRECTOR)**

Place: Solapur

Date: September 5th 2014

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, 2014, 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 notified under the Companies Act, 1956 read with General Circular 8 / 2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness 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 Companies Act, 1956 ("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, 2014;
- (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 or 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8 / 2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: September 5, 2014

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) According to the information and explanations given to us, 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, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
(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. 3,100,000 and the year-end balance of loans taken from such parties was Rs. 3,100,000.
(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.
(d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventory and 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 from Kimaya Construction Private Limited and technical support fees received from Ningbo Shenglong PCL Camshafts Co. Ltd. and PCLShenglong (Huzhou) Specialised Casting Co, Ltd. for which, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were 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 information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks 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 the information and explanations given to us by the management, term loans were

applied for the purpose for which the loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (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 SRBC & COLLP

Chartered Accountants

ICAI Firm Registration Number: 324982E

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: September 5, 2014

PRECISION CAMSHAFTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

	Notes	31 March 2014	31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	40,920,800	30,920,800
Reserves and surplus	4	1,711,450,299	1,073,370,264
		1,752,371,099	1,104,291,064
Non-current liabilities			
Long-term borrowings	5	1,247,341,956	1,288,523,335
Deferred tax liabilities (net)	6	149,139,910	115,660,992
Trade payables	7	-	7,377,750
Long-term provisions	7	-	3,240,603
		1,396,481,866	1,414,802,680
Current liabilities			
Short-term borrowings	8	522,112,232	243,602,042
Trade payables	9	588,132,488	559,368,313
Other current liabilities	9	645,980,075	567,978,308
Short-term provisions	7	101,298,444	47,468,972
		1,857,523,239	1,418,417,635
TOTAL		5,006,376,204	3,937,511,379
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	2,224,162,792	1,984,183,200
Intangible assets	10	2,002,251	4,930,141
Capital work-in-progress		3,485,002	222,803,968
		2,229,650,045	2,211,917,309
Non-current investments	11	733,479,274	31,391,480
Long-term loans and advances	12	59,093,459	93,298,976
Other non-current assets	14	27,908,954	27,705,689
		3,050,131,732	2,364,313,454
Current assets			
Inventories	15	411,348,754	362,851,139
Trade receivables	13	1,124,661,028	836,765,455
Cash and bank balances	16	267,161,526	249,763,293
Cash and bank balances	12	135,641,437	103,645,874
Short-term loans and advances	14	17,431,727	20,172,164
Other current assets		1,956,244,472	1,573,197,925
TOTAL		5,006,376,204	3,937,511,379
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

For and on behalf of the board of directors of
Precision Camshafts Limited

Yatin S Shah
Managing Director

Dr. Suhasini Y Shah
Director

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune

Place: Solapur
Date: September 5, 2014

Place: Solapur
Date: September 5, 2014

PRECISION CAMSHAFTS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

	Notes	31 March 2014	31 March 2013
INCOME			
Revenue from operations (gross)	17	4,747,256,852	3,719,391,288
Less: Excise duty	17	152,562,435	152,439,412
Revenue from operations (net)		4,594,694,417	3,566,951,876
Other income	18	123,596,056	88,993,923
Total (I)		4,718,290,473	3,655,945,799
EXPENSES			
Cost of raw material consumed	19	1,520,023,454	1,487,841,359
(Increase)/decrease in inventories	20	(29,403,113)	(140,148,544)
Employee benefits expenses	21	971,557,708	387,832,786
Other expenses	22	1,349,444,798	1,250,434,835
Total (II)		3,811,622,847	2,985,960,436
Earning before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		906,667,626	669,985,363
Depreciation and amortisation expense	23	272,608,369	189,351,722
Finance costs	24	120,940,953	105,221,395
Profit before tax		513,118,304	375,412,246
Tax expense			
Current tax		180,835,995	78,029,044
Deferred tax		33,478,918	48,736,749
Total tax expense		214,314,913	126,765,793
Profit for the year		298,803,391	248,646,453
Earnings per equity share [nominal value of share Rs. 100 each (31 March 2013: Rs. 100 each)]	25		
Basic and diluted Computed on the basis of profit for the year		938.90	804.14
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 Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: September 5, 2014

**For and on behalf of the board of directors of
Precision Camshafts Limited**

Yatin S Shah
Managing Director

Place: Solapur
Date: September 5, 2014

Dr. Suhasini Y Shah
Director

Place: Solapur
Date: September 5, 2014

PRECISION CAMSHAFTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

	31 March 2014	31 March 2013
Cash flow from operating activities		
Profit before tax	513,118,304	375,412,246
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	272,608,369	189,351,722
Provision for doubtful debts	-	1,304,188
Loss on assets sold /discarded, net	4,042,209	13,317,325
Dividend income on long-term investments	(22,500)	(5,050)
ESOP expense	343,000,000	-
Interest expense	99,950,580	89,720,559
Interest income	(17,442,527)	(20,662,415)
Unrealised exchange differences	(65,788,232)	(6,399,074)
	636,347,899	266,627,255
Operating profit before working capital changes	1,149,466,203	642,039,501
Movements in working capital :		
Increase in trade payables	20,351,051	230,426,878
Increase in long-term provisions	(3,240,603)	5,533,608
(Decrease) in short-term provisions	(19,506,523)	18,787,160
Increase in other current liabilities	78,001,767	13,821,884
(Increase) in trade receivables	(255,891,440)	(293,968,354)
(Increase) in inventories	(48,497,616)	(161,504,213)
Decrease in long-term loans and advances	34,205,517	(5,389,433)
(Increase) in short-term loans and advances	(31,995,563)	(63,491,160)
Decrease in other current assets	2,740,437	2,282,126
(Increase) in other non-current assets	(203,265)	2,513,868
Change in working capital	(224,036,238)	(250,987,635)
Cash generated from operations	925,429,965	391,051,866
Direct taxes paid (net of refunds)	(107,500,000)	(64,672,400)
Net cash flow from operating activities (A)	817,929,966	326,379,466
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets and capital work in progress	(295,098,957)	(656,657,217)
Proceeds from sale of fixed assets	715,643	821,157
Investment in subsidiary	-	(2,231,210)
Investment in Joint Venture	(702,087,794)	(20,213,205)
Share application money pending allotment in subsidiary	-	-
Investment/redemption of bank deposits (original maturity of more than three months)(net)	82,695,923	368,316,038
Advances given to/repaid by subsidiary (net)	-	659,841
Interest received	17,442,527	34,909,692
Dividend received	22,500	5,050
Net cash used in investing activities (B)	(896,310,158)	(274,389,854)



PRECISION CAMSHAFTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

	31 March 2014	31 March 2013
Cash flow from financing activities		
Proceeds from issuance of equity share capital	10,000,000	-
Repayment of long term borrowings	(41,181,378)	(195,113,942)
Proceeds/(repayment) of short term borrowings (net)	321,790,350	89,378,446
Interest paid	(99,950,580)	(119,746,366)
Dividend paid on shares	(3,182,491)	(3,092,080)
Tax on dividend paid	(540,865)	(501,613)
Net cash flow from/(used in) financing activities (C)	186,935,036	(229,075,555)
Net increase in cash and cash equivalents (A+B+C)	108,554,843	(177,085,943)
Cash and cash equivalents as at beginning of year	120,811,322	297,008,949
Effect of exchange differences on cash and cash equivalents held in foreign currency	(8,460,687)	888,316
Movement in Share Capital	-	-
Cash and cash equivalents as at year end	220,905,478	120,811,322
Components of cash and cash equivalents:	March 31, 2014	31 March 2013
Balances with banks:		
On current accounts	104,555,015	28,373,996
Deposit with original maturity of less than 3 months	116,209,141	91,980,132
Cash in hand	141,322	457,194
Total cash and cash equivalents (refer note 16)	220,905,478	120,811,322

As per our report of even date

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

per Paul Alvares
 Partner

**For and on behalf of the board of directors of
 Precision Camshafts Limited**

Yatin S Shah
 Managing Director

Dr. Suhasini Y Shah
 Director

Membership Number: 105754
 Place: Pune
 Date: September 5, 2014

Place: Solapur
Date: September 5, 2014

Place: Solapur
Date: September 5, 2014



PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

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 Companies Act, 1956 read with General Circular 08/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets which have been impaired and derivative financial instruments which have been measured at fair value.

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 / materialised. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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 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 borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

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.

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

(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%

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.

(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 amortization 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 teste 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 assets and are recognised in the statement of profit and loss when the asset is derecognized.



PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

(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 capitalized 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 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 recognized 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 recognized 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 recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the statement of profit and loss.



PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

(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.

(i) Inventories

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

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



PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

Tooling Income

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

Interest

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

Dividends

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

Export Benefits

Export incentive benefits, by way of Duty Entitlement Pass Book Scheme (DEPB) and Focus Product Scheme (FPS) 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"

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

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 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



PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

statement of profit and loss for the year when the employee renders the related service. The company has no obligation, other than the contribution payable to the provident fund and superannuation fund. The company operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

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

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

(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 the extent that it has become reasonably certain or virtually



PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

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" assets 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 earning 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 issues, bonus element in a right 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 STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

(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) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India ('ICAI'). The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(r) Cash and cash equivalents

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

(s) Measurement of EBITDA

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

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

NOTE 3: SHARE CAPITAL	31 March 2014	31 March 2013
Authorised shares		
775,000 (31 March 2013: 775,000) Equity shares of Rs. 100 each (31 March 2013: Rs. 100 each)	77,500,000	77,500,000
2,125,000 (31 March 2013: 2,125,000) optionally convertible redeemable cumulative Preference shares of Rs. 100 each (31 March 2013: Rs. 100 each)	212,500,000	212,500,000
	290,000,000	290,000,000
Issued, subscribed and fully paid-up shares		
409,208 (31 March 2013: 309,208) Equity shares of Rs. 100 each (31 March 2013: Rs. 100 each)	40,920,800	30,920,800
TOTAL	40,920,800	30,920,800

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

	31 March 2014		31 March 2013	
	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- ESOP #	100,000	10,000,000	-	-
Outstanding at the end of the year	409,208	40,920,800	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 2014, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 10 (31 March 2013 : 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 2014		31 March 2013	
	Numbers	% holding in the class	Numbers	% holding in the class
Yatin Subhash Shah	112,972	27.61%	62,992	20.37%
Cams Technology Limited *	80,394	19.65%	-	-
Jayant Vasudeo Aradhya	56,010	13.69%	56,010	18.11%
Yatin Subhash Shah jointly with Dr. Suhasini Yatin Shah	56,000	13.68%	56,000	18.11%
Dr. Suhasini Yatin Shah	54,566	13.33%	20,966	6.78%
Tata Capital Limited *	-	-	80,394	26.00%
	359,942	87.96%	276,362	89.38%

* During the year, TATA Capital Limited has sold 80,394 number of equity shares at Rs. 7,712 per shares to Cams Technology Limited pursuant to a share purchase agreement dated August 21, 2013.

During the year, the Company has issued 100,000 equity shares of Rs. 3,530 each to the employees under PCL key employee stock option scheme at face value of Rs. 100 per share. (Refer Note- 3 A)

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

NOTE 3 A: EMPLOYEE STOCK OPTION SCHEME

The company provides share-based payment schemes to its employees. During the year ended 31 March 2014, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 28 November 2013, the board of directors approved the PCL Key Executives Stock Option Scheme 2014 (PCL KESOS 2014) for issue of stock options to the key employees and directors of the company. According to the PCL KESOS 2014, the employee selected by the remuneration committee from time to time will be entitled to options. The contractual life (comprising the vesting period and the exercise period) of options granted is 30 days. The other relevant terms of the grant are as below:

	PCL KESOS 2014
Date of share holders approval	30 January 2014
Number of options granted	100,000
Exercise price per option	3,530
Method of settlement	Equity

The options are vested immediately and should be exercised within 30 days from the vesting date.

The details of activity under the PCL KESOS 2014 are summarized below:

	31 March 2014	31 March 2013
Outstanding at the beginning of the year	--	--
Granted during the year	100,000	--
Forfeited during the year	--	--
Exercised during the year	100,000	--
Outstanding at the end of the year	--	--
Exercisable at the end of the year	--	--

Effect of employee share based payment plans on the statement of profit and loss and its financial position is as follows:

Particulars	31 March 2014	31 March 2013
Compensation cost of equity settled employee shared based payment plan	343,000,000	--
Charged during the year	343,000,000	--
Cost deferred over balance vesting period	--	--

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

	31 March 2014	31 March 2013
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
Add: additions on ESOPs exercised	343,000,000	-
Closing balance	430,426,684	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
Employee stock option outstanding		
Balance as per last financial statements	--	--
Add: Gross compensation for options granted during the year	343,000,000	--
Less: Transferred to securities premium on exercise of stock options	343,000,000	--
Closing Balance	--	--
Surplus in the statement of profit and loss		
Balance as per last financial statements	746,954,349	501,925,474
Profit for the year	298,803,391	248,646,454
Less: Appropriations		
Proposed final equity dividend (amount per share Rs. 10/- (31 March 2013: Rs 10/-))	3,182,491	3,092,080
Tax on dividend	540,865	525,499
Total appropriations	3,723,356	3,617,579
Net surplus in the statement of profit and loss	1,042,034,384	746,954,349
Total reserves and surplus	1,711,450,299	1,073,370,264

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

NOTE 5: LONG-TERM BORROWINGS	Non - current portion		Current maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Term loans				
- Indian rupee loans from banks (Secured)	--	101,713,195	--	88,428,047
- Foreign currency loan from banks (Secured)	1,244,241,956	1,152,239,601	342,604,947	121,995,000
- Loan from Tata Capital Limited (Unsecured)	--	--	--	20,832,400
Vehicle loans (Secured)	--	1,670,539	1,683,093	2,814,645
Deposits (Unsecured)	3,100,000	32,900,000	30,000,000	5,000,000
- Deposits from share holders				
	1,247,341,956	1,288,523,335	347,288,040	234,570,092
The above amount includes				
Secured borrowings	1,244,241,956	1,255,623,335	344,288,040	213,237,692
Unsecured borrowings	3,100,000	32,900,000	30,000,000	21,332,400
Amount disclosed under the head "other current liabilities" (refer note 9)			(374,288,040)	(234,570,092)
Net Amount	1,247,341,956	1,288,523,335	-	-

- 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.
- Foreign currency loan amounting to Rs. 1,235,125,000/- carries interest at the rate of LIBOR plus 380 bps p.a. The tenure of the loan is 7 years and the loan is repayable in 20 quarterly installments commencing after 24 months of the weighted average draw down date. The loan is secured by pari passu charge on all moveable and immoveable fixed assets and that created by the proposed loan and also all future fixed assets, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans has been secured by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah.
- Foreign currency loan amounting to Rs. 193,402,500/- carries interest at the rate of LIBOR plus 345 bps p.a. The tenure of the loan is 5 years and 2 months and the loan is repayable in 20 quarterly installments commencing after 7 months from the sanction of the loan by the bank. The loan is secured by pari passu charge on all moveable and immoveable fixed assets and that created by the proposed loan and also all future fixed assets, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans has been secured by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah.
- Foreign currency loans amounting to Rs. 158,319,403/- carry interest at the rate of LIBOR plus 650 bps p.a. and is repayable in monthly installments of Rs 10,420,000/- 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 Nos 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 by way of hypothecation on current assets including stock and book debts. Also, the loans have been secured by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah.

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in rupees unless otherwise stated)

5. 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.

6. 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.

NOTE 6 : DEFERRED TAX LIABILITIES (NET)

	31 March 2014	31 March 2013
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization for the financial reporting	260,165,993	178,709,663
Others		
Gross deferred tax liability	260,165,993	178,709,663
Deferred tax assets		
Provision for doubtful debts and advances	4,148,867	7,192,528
Employee related costs allowed for tax purposes on payment basis	4,992,835	6,926,804
Others	101,884,381	48,929,339
Gross deferred tax assets	111,026,083	63,048,670
Net deferred tax liability		
Deferred tax change for the year		
Closing deferred tax liability, net	149,139,910	115,660,992
Less: opening deferred tax liability, net	115,660,992	66,924,244
Deferred tax charge for the year	33,478,918	48,736,748

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 7: PROVISIONS	Long-term		Short Term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for employee benefits				
Provision for gratuity (refer note 26)	-	3,240,603	-	6,834,874
Provision for leave benefit	-	-	22,519,866	19,147,378
	-	3,240,603	22,519,866	25,982,252
Other provisions				
Provision for Income tax	-	-	75,055,222	17,869,141
Proposed equity dividend	-	-	3,182,491	3,092,080
Provision for tax on proposed equity dividend	-	-	540,865	525,499
	-	-	78,778,578	21,486,720
	-	3,240,603	101,298,444	47,468,972

NOTE 8: SHORT-TERM BORROWINGS

	31 March 2014	31 March 2013
Cash credit from banks (Secured)	46,203,910	46,886,995
Other loan from banks (Secured)	475,908,322	196,715,047
	522,112,232	243,602,042

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 secured by the personal guarantee of Mr. Yatin Shah and Dr. Suhasini Shah. The cash credit is repayable on demand and carries interest at the rate of 11.70% to 13.25% p.a. (31 March 2013 : 13.00% to 15.50% p.a.). Other loans from banks in foreign currency amounting to Rs. 437,435,857/- carry interest at the rate of 2.86% to 3.86% p.a. (31 March 2013 : 3.70% to 4.01% p.a.). Other loans from banks in Indian currency amounting to Rs. 38,472,465/- carries interest at the rate of 11.25% p.a. (31 March 2013 : 11.50% to 12.25% p.a.).

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 9: OTHER LIABILITIES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Trade payables (including acceptances) (refer note 31 for details of dues to micro and small enterprises)	-	7,377,750	588,132,488	559,368,313
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	374,288,040	234,570,092
Interest accrued but not due on borrowings	-	-	10,907,104	8,269,197
Interest accrued and due on borrowings	-	-	-	1,474,649
Unpaid matured deposits and interest accrued thereon #	-	-	13,729,570	13,729,570
Advances from customers	-	-	58,312,020	16,516,825
Sundry creditors for capital goods purchased	-	-	37,967,678	154,639,569
Employee benefits payable (including commission)	-	-	75,870,183	25,789,207
Book overdraft	-	-	9,766,712	95,858,799
Service tax payable	-	-	-	-
Tax deducted at source payable	-	-	34,657,953	7,213,627
Value Added Tax payable	-	-	7,597	7,597
Others	-	-	30,473,218	9,909,176
	-	-	645,980,075	567,978,308
TOTAL	-	7,377,750	1,234,112,563	1,127,346,621

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 STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 10 : FIXED ASSETS

Particulars	Tangible assets							Intangible assets	
	Leasehold land	Buildings	Plants and machinery	Office equipments	Furniture and fixtures	Vehicles	Total tangible assets	Computer software	
Cost or valuation									
At 1 April 2010	18,603,119	234,336,887	814,116,266	22,862,106	10,416,728	15,097,437	1,115,432,543	7,973,458	
Additions	-	29,092,091	216,191,954	2,983,173	1,887,592	1,789,887	251,944,696	439,393	
Disposals	-	-	(12,862,850)	-	-	(845,265)	(13,708,115)	-	
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 adjustment	-	-	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 adjustment	-	34,025,956	98,512,741	-	-	-	132,538,697	-	
- Exchange differences	-	3,080,826	10,516,175	-	-	-	13,597,001	-	
- Borrowing costs	-	-	-	-	-	-	-	-	
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	
Additions	-	53,115,305	296,553,710	1,789,514	3,735,719	4,200,000	359,394,248	811,730	
Disposals	-	-	(33,957,512)	(6,615,559)	-	(512,187)	(41,085,257)	-	
Other adjustment	-	32,886,860	122,909,086	-	-	-	155,795,946	-	
- Exchange differences*	-	-	-	-	-	-	-	-	
- Borrowing costs	-	-	-	-	-	-	-	-	
At 31 March 2014	18,603,119	688,542,520	2,341,179,190	25,511,561	21,576,014	28,404,506	3,123,816,910	16,366,362	

* Out of Rs. 155,795,946, the Company has allocated exchange difference of Rs. 32,886,860 on buildings.

Above addition includes plants and machinery of Rs. 44,016,235 (March 31, 2013: Rs. 9,917,368) used for research and development work.

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

Particulars	Land	Buildings	Plants and machinery	Office Equipments	Furniture and fixtures	Vehicles	Total	Computer software
Depreciation/ Amortisation At 1 April 2010	1,421,828	27,565,680	284,978,489	10,365,984	4,636,336	2,983,839	331,952,156	6,850,052
Changes for the year	200,895	8,138,338	87,229,758	2,257,937	769,508	1,379,294	99,975,631	762,343
Disposals	-	-	(9,826,547)	-	-	(383,012)	(10,209,560)	-
At 31 March 2011	1,622,723	35,704,018	362,381,700	12,623,921	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	-	-	(11,744,688)	-	-	(584,672)	(12,329,360)	-
At 31 March 2012	1,823,680	44,300,231	456,444,300	15,145,652	6,193,629	5,305,856	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
Charge for the year	201,022	20,931,649	241,369,072	2,840,700	1,156,517	2,369,789	268,868,749	3,739,620
Disposals	-	-	(28,017,507)	(6,578,301)	-	(147,596)	(34,743,404)	-
At 31 March 2014	2,225,659	79,052,367	787,613,155	13,238,887	8,302,928	9,221,121	899,654,117	14,364,111
Net Block								
At 31 March 2014	16,377,460	609,490,152	1,553,566,035	12,272,674	13,273,085	19,183,386	2,224,162,792	2,002,251
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

Refer Note 27 for expenses capitalized during the year

CWIP for the year	
At 31 March 2014	3,485,002
At 31 March 2013	222,803,968
At 31 March 2012	517,795,467

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 11: NON-CURRENT INVESTMENTS

	31 March 2014	31 March 2013
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 2013: USD 230,000 as paid up capital)	11,048,275	11,048,275
Investment in joint ventures Ningbo Shenglong PCL Camshafts Co. Ltd. (Investment of USD 375,000 as paid up capital) (31 March 2013: USD 375,000 as paid up capital)	20,213,205	20,213,205
Pcl Shenglong (Huzhou) Specialised Casting Co. Ltd. (Investment of USD 1,313,245 as paid up capital) (31 March 2013: Nil)	82,087,794	----
Unquoted preference shares Cams Technology Limited (62,000,000 5% non cumulative optionally fully convertible preference shares of Rs 10 each fully paid up) (31 March 2013: Nil)	620,000,000	----
Non-trade investments (valued at cost) (Unquoted equity instruments)		
Shares of Laxmi Co-op. Bank Limited (5,000 Equity shares of Rs. 25 each fully paid-up) (31 March 2013: 5,000 Equity shares of Rs. 25 each fully paid-up)	125,000	125,000
Shares of Solapur Janata Sahakari Bank Limited (500 Equity shares of Rs. 10 each fully paid-up) (31 March 2013: 500 Equity shares of Rs. 10 each fully paid-up)	5,000	5,000
	733,479,274	31,391,480

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 12: LOANS AND ADVANCES (Unsecured, considered good)	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital advances	28,122,212	64,200,926	-	-
Security deposit	16,677,598	16,189,238	-	-
Advances to related parties (refer note 36)	-	-	-	1,628,859
Advances recoverable in cash or kind	4,684,905	6,745,068	48,757,431	33,334,834
Other loans and advances				
Income tax deposited with tax authorities (refer note 29)	8,397,000	4,952,000	-	-
Balances with statutory/government authorities	-	-	86,265,887	68,682,181
Gratuity Advance	-	-	618,119	-
Other advances (refer note 29)	1,211,744	1,211,744	-	-
	9,608,744	6,163,744	86,884,006	68,682,181
Total	59,093,459	93,298,976	135,641,437	103,645,874

NOTE 13: TRADE RECEIVABLES	Current	
	31 March 2014	31 March 2013
Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	712,435	-
- Doubtful	5,827,487	143,315
	6,539,922	143,315
Less: Provision for doubtful receivables	5,827,487	143,315
	712,435	-
(A)		
Other receivables		
- Unsecured, considered good	1,123,948,593	836,765,455
- Doubtful	6,378,653	21,017,402
	1,130,327,246	857,782,857
Less: Provision for doubtful receivables	6,378,653	21,017,402
	1,123,948,593	836,765,455
(B)		
Total	1,124,661,028	836,765,455
	(A+B)	

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 14: OTHER ASSETS	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Non-current bank balance (refer note 16)	22,828,980	19,307,619	-	-
Unamortised expenditure (ancillary cost of borrowings)	5,079,974	8,398,070	2,717,035	3,524,040
Interest accrued on fixed deposit	-	-	3,726,464	2,351,187
Forward contract receivables	-	-	3,176,694	8,194,667
Other claims and receivables	-	-	7,811,534	6,102,270
	27,908,954	27,705,689	17,431,727	20,172,164

NOTE 15: INVENTORIES

(At lower of cost and net realisable value)	31 March 2014	31 March 2013
Raw materials and components	27,656,421	25,534,947
Stores, spares and packing materials	51,440,708	34,467,680
Semi-finished goods	62,012,114	80,761,492
Finished goods	270,239,511	222,087,020
	411,348,754	362,851,139

NOTE 16: CASH AND BANK BALANCES	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash and cash equivalents				
Balance with Banks:				
On Current Accounts	-	-	104,555,015	28,373,996
Deposits with original maturity of less than 3 months	-	-	116,209,141	91,980,132
Cash in hand	-	-	141,322	457,194
	-	-	220,905,478	120,811,322
Other bank balances				
Deposits with original maturity for more than 12 months*	22,828,980	19,307,619	-	34,712,489
Deposits with original maturity for more than 3 months but less than 12 months	-	-	46,256,048	94,239,482
	22,828,980	19,307,619	46,256,048	128,951,971
Amount disclosed under non current assets (refer note 14)	22,828,980	19,307,619		
Total	-	-	267,161,526	249,763,293

*Includes Rs. 40,074,213 (31 March 2013: Rs. 46,477,893) held as lien by banks against bank guarantees.

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

Note 17: REVENUE FROM OPERATIONS

Current

	31 March 2014	31 March 2013
Sale of Finished goods	4,566,833,342	3,657,993,502
Sale of Services	9,561,318	10,207,812
Other operating revenue		
Tooling Income	53,288,150	49,621,988
Scrap sales	1,610,124	1,567,986
Export Incentives	115,963,918	-
Revenue from operations (gross)	4,747,256,852	3,719,391,288
Less: Excise duty	152,562,435	152,439,412
Revenue from operations (net)	4,594,694,417	3,566,951,876
Details of Finished goods sold		
	31 March 2014	31 March 2013
Casting camshafts	3,103,876,564	2,349,565,489
Machined camshafts	1,462,956,778	1,308,428,013
	4,566,833,342	3,657,993,502
Details of services rendered		
	31 March 2014	31 March 2013
Job work charges	9,561,318	10,207,812
	9,561,318	10,207,812

Note 18: OTHER INCOME

31 March 2014

31 March 2013

Interest income on		
Bank deposits	16,018,548	19,214,020
Others	1,423,979	1,448,395
Dividend income on long-term investments	22,500	5,050
Exchange differences (net)	64,083,506	47,829,429
Excess provision for doubtful debts written back	8,954,577	-
Technical support fee (refer note 36)	10,171,721	20,010,894
Compensation from customer	22,369,988	-
Miscellaneous income	551,237	486,135
	123,596,056	88,993,923

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 19: COST OF RAW MATERIAL CONSUMED

	31 March 2014	31 March 2013
Inventory at the beginning of the year	25,534,947	16,370,798
Add: Purchases	1,522,144,928	1,497,005,508
	1,547,679,875	1,513,376,306
Less: Inventory at the end of the year	27,656,421	25,534,947
Cost of raw material consumed	1,520,023,454	1,487,841,359
Detail of raw material consumed		
	31 March 2014	31 March 2013
Resin coated sand	611,487,901	572,630,730
Pig iron	358,682,864	337,240,168
M.S scrap	247,002,206	289,479,950
Others	302,850,483	288,490,512
	1,520,023,454	1,487,841,359

NOTE 20: (INCREASE) / DECREASE IN INVENTORIES

	31 March 2014	31 March 2013
Opening Stock:		
Finished goods	222,087,020	104,957,925
Semi-finished goods	80,761,492	57,742,043
	302,848,512	162,699,968
Closing Stock:		
Finished goods	270,239,511	222,087,020
Semi-finished goods	62,012,114	80,761,492
	332,251,625	302,848,512
(Increase)/decrease in inventories	(29,403,113)	(140,148,544)

NOTE 21: EMPLOYEE BENEFIT EXPENSE

	31 March 2014	31 March 2013
Salaries, wages, bonus and commission	478,490,469	340,611,750
Employee stock option scheme	457,847,513	-
Contribution to provident fund and superannuation fund	27,764,850	24,574,065
Gratuity expense (refer note 26)	(4,170,370)	15,173,376
Staff welfare expenses	11,625,246	7,473,595
	971,557,708	387,832,786

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 22: OTHER EXPENSES

	31 March 2014	31 March 2013
Consumption of stores and spares	269,360,761	251,791,711
Packing material	60,077,022	55,470,962
Increase / (decrease) in excise duty on inventory	(2,968,642)	3,865,572
Power and fuel expenses	534,337,200	528,609,837
Job work expenses	78,958,865	68,158,774
Freight outward charges	117,119,359	87,952,120
Rent	465,000	466,000
Rates and taxes	16,138,327	1,596,610
Insurance	7,865,409	5,345,291
Repairs and maintenance		
Plant and machinery	21,096,415	26,721,297
Building	5,730,814	9,588,165
Others	56,772,288	36,206,764
Advertisement and sales promotion	432,997	416,750
Sales commission	37,201,250	79,411,925
Travelling and conveyance	39,220,448	36,075,327
Communication costs	2,924,703	2,924,469
Legal and professional fees	58,392,733	9,793,566
Auditors' remuneration and expenses		
Statutory audit	1,400,000	1,000,000
Out of pocket expenses	36,571	23,724
Provision for doubtful debts	-	1,304,188
Loss on assets sold /discarded, net	4,175,802	13,317,326
Miscellaneous expenses	40,707,477	30,394,458
	1,349,444,798	1,250,434,835

NOTE 23: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2014	31 March 2013
Depreciation of tangible assets	268,868,749	186,956,161
Amortisation of intangible assets	3,739,620	2,395,561
	272,608,369	189,351,722

NOTE 24: FINANCE COST

	31 March 2014	31 March 2013
Interest on borrowings	99,950,580	89,720,559
Other borrowing cost	4,125,101	229,722
Bank charges	16,865,272	15,271,114
	120,940,953	105,221,395

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 25: EARNING PER SHARE

	31 March 2014	31 March 2013
The following reflects the profit and share data used in the basic and diluted EPS computation		
Total operations for the year		
Profit after tax	298,803,391	248,646,453
Net profit for calculation of basic EPS	298,803,391	248,646,453
Net profit as above	298,803,391	248,646,453
Net profit for calculation of diluted EPS	298,803,391	248,646,453
Weighted average number of equity shares in calculating basic and diluted EPS	318,249	309,208
Earnings Per Share (Basic and diluted) (Rupees/share)	938.90	804.14

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 2014	31 March 2013
Defined benefit obligation at the beginning of the year	42,789,943	25,849,106
Current service cost	7,220,648	8,119,276
Interest cost	3,339,420	2,073,071
Actuarial (gain)/loss on obligation	(11,504,739)	7,698,324
Past service cost	-	-
Benefits paid	(2,715,855)	(949,834)
Defined benefit obligation at the end of the year	39,129,417	42,789,943

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

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

Particulars	31 March 2014	31 March 2013
Fair value of plan assets at the beginning of the year	32,714,466	25,951,389
Expected return on plan assets	3,029,088	2,587,621
Contribution by employer	6,523,226	4,995,616
Benefits paid	(2,715,855)	(949,834)
Actuarial gain/(loss) on plan assets	196,611	129,674
Fair value of plan assets at the end of the year	39,747,536	32,714,466

* The Company expects to contribute Rs. 8,878,168 (Rs.6,834,874) to its defined benefit gratuity plan in 2014-15.

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

Particulars	31 March 2014	31 March 2013
Investment with Insurer (Life Insurance Corporation of India)	100%	100%

**Balance Sheet
Benefit asset/liability**

Particulars	31 March 2014	31 March 2013
Defined Benefit Obligation	39,129,417	42,789,943
Fair Value of Plan Assets	39,747,536	32,714,466
Plan Asset / (Liability)	618,119	(10,075,477)

Net employee benefit expense recognised in the statement of profit and loss:

Particulars	31 March 2014	31 March 2013
Current Service cost	7,220,648	8,119,276
Interest cost on benefit obligation	3,339,420	2,073,071
Net actuarial (gain) / loss recognised in the year	(11,701,350)	7,568,650
Expected return on plan assets	(3,029,088)	(2,587,621)
Contribution by employer	-	-
Net benefit expense	(4,170,370)	15,173,376

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

Particulars	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	39,129,417	42,789,943	29,026,609	18,728,872	18,728,872
Plan assets	39,747,536	32,714,466	29,152,924	15,802,743	15,802,743
Surplus / (deficit)	618,119	(10,075,477)	126,315	(2,926,129)	(2,926,129)
Experience adjustments on plan liabilities	(5,414,017)	2,237,571	(1,186,258)	(286,831)	(140,434)
Experience adjustments on plan assets	196,611	129,674	177,805	200,876	178,237

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
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The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	31 March 2014	31 March 2013
Discount rate	9.19%	8.06%
Expected rate of return on plan asset	9.25%	9.25%
Increase in compensation cost	7.00%	7.00%
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 2014	31 March 2013
Salaries, wages and bonus	-	-
Consumption of stores and spares	-	-
Power and fuel	-	10,826,309
Interest (net)	2,787,027	16,384,029
Exchange differences	-	72,600,000
Other expenses	2,353,178	2,335,569
Total	5,140,205	102,145,907

NOTE 28: CAPITAL AND OTHER COMMITMENTS

Particulars	31 March 2014	31 March 2013
Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	161,864,737	208,123,162

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

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 received an order from Commissioner of Central Excise Pune for the year 2002-03, 2003-04 and 2004-05 demanding excise duty amounting to Rs. 2,076,478 on sales tax retained under sales tax deferral scheme.
- d. During the year the Company has received an order from Commissioner, Central Excise Nagpur disallowing cenvat credit amounting to Rs. 69,938 on account of duty not charged on goods cleared by its dealer.
- e. The Company had 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 had filed its objections with Dispute Resolution Panel-II (DRP), Mumbai against the said adjustments. The total tax liability that arised on account of this and other matters was Rs. 6,013,212. The Assistant Commissioner of Income Tax, Solapur had raised demand against the Company for the same 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. Nil (Previous Year Rs. 3,007,000) with the Income tax authorities. During the year the Company has received favourable order from ITAT.

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(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, 2014	USD	400,000	23,720,000	Hedge of trade receivables
	EUR	1,100,000	89,210,000	Hedge of trade receivables
	GBP	700,000	68,915,000	Hedge of trade receivables
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

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

Category	Currency Type	31 March 2014		31 March 2013	
		Foreign Currency	INR Amount	Foreign Currency	INR Amount
Borrowings	USD	26,337,708	1,586,846,903	23,528,103	1,285,810,825
	EUR	5,270,312	437,435,857	2,277,993	159,459,506
Import payables	USD	172,303	10,381,274	208,165	11,376,223
	EUR	284,741	23,633,532	520,147	36,410,312
	GBP	19,779	1,985,819	19,883	1,648,298
	JPY	35,812,400	21,093,504	71,787,500	41,816,219
Other current liabilities	USD	180,804	10,893,423	483,503	26,423,413
	EUR	737,964	61,250,976	177,263	12,408,416
	GBP	22,289	2,237,831	1,623	134,575
Trade receivables	USD	5,717,145	344,457,984	3,788,948	204,413,745
	EUR	3,869,804	321,193,705	2,659,998	182,741,863
	GBP	835,194	83,853,495	1,545,311	126,020,112
Cash and bank balances	USD	1,244,422	74,976,441	244,990	13,388,725
	GBP	155,196	15,581,631	1,247	103,383
	EUR	28,760	2,387,042	107,248	7,507,380
Advances to subsidiary	USD	-	-	30,192	1,628,859

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(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 2014	31 March 2013
(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	74,347,021	63,121,288
Interest due on above	1,029,122	789,565
(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.	8,142,377	6,306,973
(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	8,142,377	6,306,973

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is Rs. 8,142,377 (31 March 2013: Rs. 6,306,973) and same is not accrued in the books of accounts.

NOTE 32 : VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2014	31 March 2013
Raw Materials	17,502,611	9,218,990
Components and spare parts	33,109,765	29,014,502
Capital goods	22,704,238	328,104,739
	73,316,614	366,338,231

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

NOTE 33 : EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	31 March 2014	31 March 2013
Travelling and conveyance	2,026,293	884,550
Interest expense	86,533,868	31,768,251
Bank charges	5,555,284	3,034,954
Sales commission	32,668,632	72,340,404
Legal and professional fees	6,225,953	2,715,000
Rework and shot blasting charges	14,684,632	10,396,387
Freight outward charges	9,739,537	8,369,843
Repairs and maintenance	4,394,113	399,998
Others	474,568	38,329
	162,302,880	129,947,716

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

Year ended 31 March 2014	% of total consumption 31 March 2014	Value 31 March 2014	% of total consumption 31 March 2013	Value 31 March 2013
Raw Material				
Imported	1.07%	16,246,778	0.70%	10,348,740
Indigenously obtained	98.93%	1,503,776,676	99.30%	1,477,492,619
	100.00%	1,520,023,454	100.00%	1,487,841,359
Components & spare parts				
Imported	10.05%	27,071,082	8.20%	20,645,524
Indigenously obtained	89.95%	242,289,679	91.80%	231,146,187
	100.00%	269,360,761	100.00%	251,791,711

NOTE 35: EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	31 March 2014	31 March 2013
F.O.B. value of exports	3,334,996,114	2,442,212,887
Technical support fee	10,171,721	20,010,894

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(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 (Upto August 21, 2013)

ii) Key Management Personnel

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

iii) Relatives of Key Management Personnel

Ms. Urmila Subhash Shah
Mr. Karan Y Shah
Ms. Tanvi Y Shah
Dr. Manjiri Chitale
Dr. Vinayak Chitale

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

Kimaya Construction Private Limited
Chitale Clinic Private Limited
Precision Foundation & Medical Research Trust
Yatin S. Shah (HUF)
Cams Technology Limited

v) Individual having significant influence:

Mr. Jayant Aradhye

vi) Relative of Individual having significant influence:

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

vii) Joint Venture

Ningbo Shenglong PCL Camshaft Co Ltd.
PCL Shenglong (Huzhou) Specialized Casting Co Ltd.

PRECISION CAMSHAFTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(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 Personal		Entities Where MPR/KMP have significant influence		subsidary		Joint Venture		Individual having significant influence		Relative of individual having significant influence			
		13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	12-13	
1	Remuneration* (including commission)	-	128,891,752	48,988,097	-	-	-	-	-	-	-	-	-	-	-	-	-	596,231	
2	Dividend paid in equity shares	803,940	1,604,991	1,383,580	16,800	16,800	803,940	16,000	-	-	-	-	-	560,100	560,100	167,440	167,440	-	
3	Investment in equity shares	-	-	-	-	-	-	-	-	4,190,500	82,087,793	20,213,205	-	-	-	-	-	-	-
4	Investment in preference shares	-	-	-	-	-	620,000,000	-	-	-	-	-	-	-	-	-	-	-	-
5	Repayment of deposits	-	-	-	500,000	1,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Interest paid on deposits	-	-	-	375,871	216,000	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Interest paid on loans	1,175,476	4,611,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Rent paid	-	240,000	240,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Sale of goods	-	-	-	-	-	-	-	122,761,209	174,945,022	358,455,588	19,710,395	-	-	-	-	-	-	-
10	Deposits taken (including renewals and transfers)	-	-	-	200,000	1,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Technical support fee received	-	-	-	-	-	-	-	-	-	-	-	10,171,720	20,010,894	-	-	-	-	-
12	Donation given	-	-	-	-	-	-	2,295,000	1,800,000	-	-	-	-	-	-	-	-	-	-
13	Purchases of goods, material or services	-	-	-	-	-	-	1,970,236	7,548,497	-	-	-	-	-	-	-	-	-	-
14	Purchases of Material/ Services for fixed assets	-	-	-	-	-	32,907,411	69,109,105	-	-	-	-	-	-	-	-	-	-	-
15	Capital advances given	-	-	-	-	-	-	33,420,637	-	-	-	-	-	-	-	-	-	-	-
16	Equity Shares Issued	-	8,360,000	-	-	-	-	-	-	-	-	-	19,805,117	-	-	-	-	-	-
17	Advance Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding Balances																		
1	Remuneration payable (gross)	-	90,740,000	17,360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Share application money to subsidiary pending allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Loan outstanding (including interest payable)	20,832,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances receivable	-	-	-	-	-	-	-	-	1,628,859	-	-	-	-	-	-	-	-	-
5	Capital advances	-	-	-	-	-	-	33,420,637	-	-	-	-	-	-	-	-	-	-	-
6	Deposits outstanding	-	-	-	3,100,000	1,800,000	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Trade receivables	-	-	-	-	-	-	-	26,035,082	82,312,057	128,426,197	9,915,143	-	-	-	-	-	-	-
8	Trade and other payables	-	-	-	-	-	837,418	17,450	-	-	-	-	-	-	-	-	-	-	-
9	Creditors for capital goods	-	-	-	-	-	-	45,251,322	-	-	-	-	-	-	-	-	-	-	-

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

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

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

Sr. No.	Particulars	Relationship	13 - 14	12 - 13
1	Remuneration* Mr.Yatin Shah Dr. Suhasini Shah Mr. Ravindra Joshi	Key management personnel	82,504,653	43,404,656
		Key management personnel	17,705,103	1,686,115
		Key management personnel	28,681,996	3,897,326
2	Dividend paid on equity shares Tata Capital Limited Cams Technology Limited Mr.Yatin Shah Mr. Jayant Aaradhye Mr Yatin Shah Jointly held with Dr. Suhasini Shah Dr. Suhasini Shah	Entity having significant influence	--	803,940
		Entity having significant influence	803,940	--
		Key management personnel	689,753	613,920
		Individual having significant influence	560,100	560,100
		Key management personnel	675,200	560,000
3	Investment in equity shares PCL (Shanghai) Co. Ltd. Ningbo Shenglong PCL Camshafts Co Ltd PCL Shenglong (Huzhou) Specialized Casting Co. Ltd.	Subsidiary	--	4,190,500
		Joint Venture	--	20,213,205
		Joint Venture	82,087,793	--
4	Investment in preference shares Cams Technology Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	620,000,000	--
5	Repayment of deposits Mr. Karan Shah Ms. Tanvi Shah Dr. Manjiri Chitale Dr. Vinayak Chitale Ms. Urmila Shah	Relatives of Key management personnel	--	1,050,000
		Relatives of Key management personnel	--	650,000
		Relatives of Key management personnel	100,000	--
		Relatives of Key management personnel	300,000	--
		Relatives of Key management personnel	100,000	--
6	Interest paid on deposits Ms. Tanvi Shah Mr. Karan Shah Dr. Manjiri Chitale Dr. Vinayak Chitale Ms. Urmila Shah	Relatives of Key management personnel	78,000	78,000
		Relatives of Key management personnel	126,000	126,000
		Relatives of Key management personnel	72,066	--
		Relatives of Key management personnel	96,115	--
		Relatives of Key management personnel	3,690	--
7	Interest paid on loans Tata Capital Limited	Entity having significant influence	1,175,476	4,611,453
8	Rent paid Mr.Yatin Shah	Key management personnel	240,000	240,000
9	Sale of goods PCL (Shanghai) Co. Ltd. Ningbo Shenglong PCL Camshafts Co Ltd	Subsidiary	122,761,209	174,945,022
		Joint Venture	358,455,588	19,710,395
10	Deposits taken (including renewals and transfers) Mr. Karan Shah Ms. Tanvi Shah Dr. Vinayak Chitale	Relatives of Key management personnel	--	1,050,000
		Relatives of Key management personnel	--	650,000
		Relatives of Key management personnel	200,000	--
11	Technical support fee received Ningbo Shenglong Pcl Camshafts Co Ltd	Joint Venture	10,171,720	20,010,894
12	Donation given Precision Foundation	Entities where KMP / RKMP have significant influence	2,295,000	1,800,000
13	Purchases of goods, material or Services Kimaya Construction Private Limited Cams Technology Limited	Entities where KMP / RKMP have significant influence	556,905	7,548,497
		Entities where KMP / RKMP have significant influence	1,350,310	--
14	Purchases of Material/Services for Fixed Assets Kimaya Construction Private Limited	Entities where KMP / RKMP have significant influence	32,907,411	69,109,105
15	Capital Advances given Kimaya Construction Private Limited	Entities where KMP / RKMP have significant influence	--	33,420,637
16	Advance received PCL Shenglong (Huzhou) Specialized Casting Co. Ltd.	Joint Venture	19,805,117	--
17	Issue of Equity Shares Mr. Yatin Shah Dr. Suhasini Shah	Key management personnel	5,000,000	--
		Key management personnel	3,360,000	--

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

PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(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 2014	31 March 2013
Sales within India	1,058,389,392	1,049,755,383
Sales outside India	3,536,305,025	2,517,196,493
	4,594,694,417	3,566,951,876

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

Particulars	31 March 2014	31 March 2013
Within India	3,046,048,311	2,962,927,972
Outside India	916,937,640	654,895,719
	3,962,985,951	3,617,823,691

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 2014	31 March 2013
Within India	260,604,244	791,545,589
Outside India	--	--
	260,604,244	791,545,589

NOTE 38 : RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	31 March 2014	31 March 2013
Capital		
- Plants and machinery	44,016,235	9,917,368
Revenue		
- Raw material	3,127,507	--
- Salary	5,585,209	12,432,059
- Others	1,590,960	1,043,330
	54,319,911	23,392,757

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PRECISION CAMSHAFTS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(All amounts in rupees unless otherwise stated)

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 Paul Alvares
Partner

Membership Number: 105754
Place: Pune
Date: September 5, 2014

**For and on behalf of the board of directors of
Precision Camshafts Limited**

Yatin S Shah
Managing Director

Place: Solapur
Date: September 5, 2014

Dr. Suhasini Y Shah
Director

Place: Solapur
Date: September 5, 2014

