

23<sup>rd</sup> Annual Report 2014 -2015



PRECISION CAMSHAFTS LIMITED  
SOLAPUR (INDIA)





**Precision Camshafts Limited  
Solapur (India)**

**23<sup>rd</sup>**  
**Annual Report**  
**2014 -2015**

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## BOARD OF DIRECTORS

**Mr. Yatin S. Shah, Chairman & Managing Director**

Dr. Suhasini Y Shah, Executive Director

Mr. Ravindra R Joshi, Director & CFO

Mr. Jayant V. Aradhya, Director

Mr. Sarvesh N Joshi, Independent Director

Mr. Pramod H Mehendale, Independent Director

Mr. Vedant V Pujari, Independent Director

Mr. Vaibhav S Mahajani, Independent Director

## COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Swapneel Kuber

## AUDITORS

M/s. S R B C & Co. LLP  
Chartered Accountants, Pune

## COMPANY SECRETARIAL CONSULTANT

C S Kelkar & Associates, Pune

## BANKERS

**Bank of India,**  
*Mid Corporate Finance Branch, Pune*

**Bank of Baroda**  
*Pune Camp Branch, Pune*

## 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](mailto:info@pclindia.in)  
Website: [www.pclindia.in](http://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 the **TWENTY THIRD ANNUAL REPORT** and the audited Accounts for the year ended 31<sup>st</sup> March 2015.

### 1. FINANCIAL RESULTS:

The Company's financial performance for the year under review along with previous year's figures are given hereunder:

### 1. FINANCIAL RESULTS:

(Rs. in Lacs)

| Financial Results                             | Stand alone                                     |   | Consolidated                                    |   |
|---|---|---|---|---|
|   | For the Year ended 31 <sup>st</sup> March, 2015 | For the Year ended 31 <sup>st</sup> March, 2014 | For the Year ended 31 <sup>st</sup> March, 2015 | For the Year ended 31 <sup>st</sup> March, 2014 |
| Revenue from operations & other Income        | 52,491.82                                       | 47,182.90                                       | 54,274.89                                       | 47,991.31                                       |
| Profit (Loss) before Interest & Depreciation  | 14,698.36                                       | 9,066.68  | 15,116.40                                       | 9,074.77  |
| Less: Interest                                | 935.02  | 1,209.41  | 1,123.28  | 1,263.28  |
| Less: Depreciation                            | 3,913.44  | 2,726.08  | 4,122.33  | 2,777.74  |
| Profit (Loss) After Depreciation & before Tax | 9,849.90  | 5,131.18  | 9,870.78  | 5,033.75  |
| Exceptional Item                              |   |   |   |   |
| Tax Expenses                                  |   |   |   |   |
| - Taxation Current Year                       | 3,760.03  | 1,808.36  | 3,920.30  | 1,808.36  |
| - Tax relating to prior period                | 17.22   | 0.00  | 17.22   | 0.00  |
| - Deferred Tax (written back)                 | (268.37)  | 334.79  | (286.00)  | 334.79  |
| Profit /(Loss) after tax                      | 6,341.02  | 2,988.03  | 6,219.27  | 2,890.60  |
| Prior Period Items                            | 1,578.00  | 0.00  | 1,578.00  | 0.00  |
| Profit/ (Loss) for the year                   | 4,763.02  | 2,988.03  | 4,641.27  | 2,890.60  |
| EPS ( Basic ) Rs.                             | 5.82  | 4.69  | 5.67  | 4.54  |
| EPS (Diluted) Rs.                             | 5.82  | 4.69  | 5.67  | 4.54  |

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of Rule 7 of The Companies (Accounts) Rules, 2014) and the relevant provisions of the Companies Act, 1956 / Companies Act, 2013, as applicable.

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) 21 on Consolidated Financial Statements read with AS 23 on Accounting for Investments in Associates and AS 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.



## 2. OPERATIONS AND FINANCIAL OVERVIEW

During the year under review, the turnover of the Company grew by 11.25% over the last financial year. Profitability before tax as percentage of turnover increased from 10.88% for the last financial year to 18.76 % for the current year.

This increased profitability was due to better utilization of capacity in the new foundry and machine shop, improved operational controls, strict control on raw material cost and because of the depreciating Rupee. There was an overall saving due to proper inventory management.

### PCL EOU Division

The productivity was increased in the foundry division due to improved operational controls.

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 12 % from Rs. 394.15 Crores in 2013-14 to Rs. 452.54 Crores in the year 2014-15. Export sales increased by 11% while domestic sales increased by 30%.

Total Camshafts sold in 2013-14 were 78,31,699 in numbers while that in 2014-15 were 95,17,976 in numbers.

About 12 new varieties of Camshafts were developed during the year 2014-2015 for Ford BEP, Ford VEP, VM Motori, and ITL. 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 remained same i.e. 137500 per month during the year under the review. The total number of camshafts sold during the year from EOU machine shop increased due to increased volume from GMK. 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 20% from Rs. 94. Crores in 2013-14 to Rs. 113.09 Crores in the year 2014-15. 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. 31.63 crores in the year under consideration.

### 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.

### **3. DIVIDEND:**

Your Directors have declared a Dividend of Rs. 0.05 per share on a capital expanded after bonus issue of shares in the ratio of 19 shares for every 1 held subsequent to subdivision of face value from Rs.100 per share to Rs. 10 per share in their meeting held on 23<sup>rd</sup> June, 2015. Your Directors do not recommend any final dividend considering the need to augment resources for expansion of the Company's business activities.

### **4. CHANGE IN SHARE CAPITAL:**

21,25,000 Unissued Optionally Convertible Cumulative Redeemable Preference Shares of face value of Rs. 100 each in the Authorized Share Capital of the Company were cancelled and Equity Share Capital of the Company of Rs. 7,75,00,000 divided in to 7,75,000 of Rs. 100 each was increased to Rs.29,00,00,000 divided in to 29,00,000 Equity Shares of Rs. 100 each. Simultaneously Equity Share having face value of Rs. 100 each was subdivided into 10 equity shares of Rs. 10 each. Further the Authorized Share Capital of the Company was increased from Rs. 29,00,00,000 to Rs.100,00,00,000 divided in to 10,00,00,000 Equity Shares of Rs. 10 each.

On 6<sup>th</sup> February 2015, the Company issued and allotted 7,77,49,520 Equity Shares of face value of Rs. 10 each as Bonus Shares in the ratio of 19 (Nineteen) Bonus Equity Shares for every 1 (One) Equity Share of Rs. 10 each held, to the members of the company.

### **5. PUBLIC ISSUE OF SHARES**

The Company has filed Draft Red Herring Prospectus with SEBI/Registrar of Companies, Pune for Initial Public Offer of its shares consisting of Fresh Issue of Rs. 2400 million and offer for sale by some of the existing shareholders up to 86,40,000 equity shares.

### **6. HR UPDATE:**

#### **A) Orbit**

We have started various people initiatives under the name 'Orbit'. Under 'UTKARSH' employees are recognized for outstanding contribution towards organizational development every quarter. Post appraisal, the TOP BLOCK PERFORMERS are felicitated at the hands of

Chairman and Managing Director.

**B) Learning & Development:**

Nurturing People is a key organizational goal. Over the years, we have been trying to develop this core area. Learning and development offerings are customized for each phase of the employee life cycle, and span all career levels, skill and domain groups. Teaching expertise has been cultivated in-house, in the form of dedicated trainers.

**C) 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 I Manage in the most unbiased and system driven way. Employee policies too are maintained and made available through I Manage.

**D) Recruitment**

We believe in recruiting right person for right job in the company, thus making possible for both, the employee and organization to contribute in overall development of self and the organization. Company has introduced PSYCHOMETRIC TEST in recruitment, thus enhancing the best possible cultural fitment and long-term association with the company.

**E) Awards / Recognition**

Environmental, Health and Safety related ISO 14001:2004 and OHSAS 18001:2007 certification is valid up to 25/02/2016.

Quality Management System related ISO/TS 16949: 2009 is valid up to 15/07/2016.

The Company has received 'Best Overall Exporter Award' under the medium size exporters category from Export Credit Guarantee Corporation of India Limited and Dun and Bradstreet at the ECGC D&B Indian Exporters' Excellence Awards

The Company has also received 'Best Manufacturer Exporter Award' under the medium exporters category from Export Credit Guarantee Corporation of India Limited and Dun and Bradstreet at the ECGC D&B Indian Exporters' Excellence Awards

**F) Special Achievements**

Your company developed 'Ductile Iron Induction Hardened Camshafts' for a very discerning customer Toyota and for Ford. Serial production of Ductile Iron Camshafts will start in the Year 2016.

**G) Internal Complaints Committee (Anti-Sexual Harassment Policy):**

No complaints were reported to the committee during the year ended on 31<sup>st</sup> March, 2015 in



accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

## **7. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. Your company, as a matter of duty, has been carrying out the CSR activity since long even when there were no statutory requirements in this regard.

The Company has constituted Corporate Social Responsibility Committee comprising of Mr. Yatin Shah, Managing Director (Chairman); Dr. Mrs. Suhasini Shah, Director (Member); and Mr. Vedant Pujari, Independent Director (Member). The role of the CSR Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of CSR projects or programmes or activities undertaken by the Company.

Detailed information report on CSR policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to Section 135 of the companies Act, 2013 is given as annexure -1

## **8. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

The Company having following three subsidiary / joint ventures companies namely,

| Sr. No | Name of the Company                                | Amount and Percentage and Equity Shares held by the Company as on 31 <sup>st</sup> March 2015 | Amount and Percentage and Equity Shares held by the Company as on 31 <sup>st</sup> March 2014 | Type of Investment |
|--------|--|---|---|--------------------|
| 1.     | PCL (Shanghai) Company Limited                     | 100.00%   | 100.00%   | Share Capital      |
| 2.     | Ningbo Shenglong PCL Camshafts Company Limited     | 22.50%  | 10.00%  | Share Capital      |
| 3.     | PCL Shenglong (Huzhou) Specialized Casting Co Ltd. | 40.00%  | 40.00%  | Share Capital      |

### **1. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES**

#### **PCL Shanghai Co. Ltd. (PCLSCL)**

PCL Shanghai Co. Ltd., a wholly owned subsidiary of the company, was incorporated in China in the month of March 2011. The total permitted investment of PCLSCL is USD 410,000 and its registered 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 subsidiary company was incorporated in April 2012 as a joint venture (JV) between PCL and Ningbo Shenglong Powertrain Company Limited to start a facility for machining of camshafts in Ningbo, China. Your company contributed USD 375,000 to the equity capital and holds 22.50 % equity of the JV Company.

The plant Installation, commissioning, sample submission & approvals by customer had been completed in the year 2012-13. The plant had an installed capacity for machining 600,000 camshafts per year in 2013-14 and the has increased to 10,00,000 camshafts per annum from January 2015. Plant capacity will be enhanced up to 20,00,000 camshafts per annum by Jan 2016 for meeting increased demands.

This plant has produced & supplied 9,35,203 shafts to customer during the year 2014-15. Plant capacity utilization was about 80%. The plant has met 100% compliance to customer's schedule / requirements. The Company has achieved the annual sales of approximately Rs. 127 crores for the year 2014-15.

**PCL Shenglong (Huzhou) Specialized Castings Co. Ltd.**

Your company has signed another JV with Ningbo Shenglong Powertrain Co. Ltd. in March 2013 to put up a foundry facility at Huzhou in China. Your company has contributed rupees equivalent to RMB 8,000,000 towards the equity capital 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 was started in June 2014 & has been completed in Feb 2015. Equipment Installation & Commissioning was completed in August 2015. Trials/ sample submission & approvals from customer will be completed by September 2015. Serial production is expected to start from October 2015 with the installed capacity of 100000 camshaft castings per month. PCLSL will have the total Installed capacity of 300000 camshafts per month by end of the year 2016.

**10. DEPOSITS:**

The Company has not accepted any deposits during the year under review. At the end of the year, there are no outstanding undisputed deposits that are matured and unpaid.

**11. DIRECTORS & KMPs**

During the year, Mr. Pramod Mehendale (DIN 00026884), Mr. Vedant Pujari ( DIN 07032764)

and Mr. Vaibhav Mahajani ( DIN 00304851) were appointed as Independent Directors of the Company. Mr. Ravindra Joshi, Executive Director has been designated as Chief Financial Officer of the Company and Mr. Swapneel Kuber has been appointed as the Company Secretary and Compliance Officer w.e.f. 9<sup>th</sup> January 2015.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 2013 Dr. Mrs. Suhasini Shah (DIN - 02168705) retires in the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

## **12. COMMITTEES OF BOARD**

### **A. Corporate Social Responsibility Committee**

The Company has re-constituted Corporate Social Responsibility Committee in the Board Meeting held on 09th January 2015 as follows:

1. Mr. Yatin Shah, Managing Director (Chairman);
2. Dr. Mrs. Suhasini Shah, Director (Member); and
3. Mr. Vedant Pujari, Independent Director (Member)

### **B. Audit Committee**

The Company has re-constituted Audi Committee in the Board Meeting held on 9<sup>th</sup> January 2015 as follows:

1. Mr. Pramod Mehendale, Independent Director (Chairman);
2. Mr. Sarvesh Joshi, Independent Director (Member); and
3. Mr. Ravindra Joshi, Executive Director & CFO (Member)

### **C. Nomination and Remuneration Committee**

The Company has re-constituted Nomination and Remuneration Committee in the Board Meeting held on 9th January 2015 as follows:

1. Mr. Vedant Pujari, Independent Director (Chairman);
2. Mr. Sarvesh Joshi, Independent Director (Member); and
3. Mr. Pramod Mehendale, Independent Director (Member).

### **D. Stakeholders Relationship Committee**

The Company has constituted Stakeholders Relationship Committee in the Board Meeting held on 27th January 2015 as follows:

1. Mr. Vedant Pujari, Non-Executive Director (Chairman);

2. Dr. Mrs. Suhasini Shah, (Member); and
3. Mr. Pramod Mehendale, (Member)

### **13. DECLARATION OF INDEPENDENT DIRECTORS**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

### **14. COMPANY'S POLICY ON DIRECTORS', KEY MANAGERIAL PERSONNEL'S & SENIOR MANAGEMENT PERSONNEL APPOINTMENT AND REMUNERATION**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel's, Senior Management and their remuneration. The copy of the same has been attached as an Annexure 2 to the Directors' Report. The Company pays remuneration by way of salary, perquisites, allowances, commission & retirement benefits to its Executive Directors. The remuneration to the Executive Directors is in accordance with the provisions of the Companies Act, 2013 and Rules thereof and is within the ceiling approved by the members by way of a Special Resolution.

The company's policy of remuneration of the senior management is structured to attract and retain the talent and is in turn dependent on following key parameters:

1. Complexities & criticality of the jobs
2. Profile of the employee in terms of his / her qualification and experience
3. General trends in the industry & market for a similar talent
4. Incorporation of an element of motivation by way of remuneration linked to specific performances wherever applicable.

### **15. FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination & Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as whole, Committees thereof, and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the director being evaluated.

### **16. MATERIAL CHANGES AFTER CLOSE OF FINANCIAL YEAR**

There are no significant changes / significant changes between closure of the financial year ended on 31<sup>st</sup> March, 2015 and the date of this report in respect of company's financial position,

profitability, turnover, new business activity, suspension of any business activity, foreign collaborations, joint ventures etc.

#### **17. STATEMENT ON RISK MANAGEMENT POLICY**

The Company's fortune is linked with general economic conditions prevailing in the market. Management has taken appropriate measures for identification of risk elements related to the Industry, in which the Company is engaged, and is always trying to reduce the impact of such risks.

#### **18. INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board periodically reviews the internal control systems with the management, Internal Auditors and Statutory Auditors and the adequacy of internal audit function, significant internal audit findings and follows-up thereon.

#### **19. RESEARCH AND DEVELOPMENT**

Company has 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 in which 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 29 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 Thermal Shrink Fit Technology.

**4) Expenses on R &D:**

| <b>Expenses on R &amp;D:</b>                              | <b>2014 - 15</b>       | <b>2013 - 14</b>       |
|---|------------------------|------------------------|
| Capital   | Rs. 537.90 Lacs        | Rs. 440.16 Lacs        |
| Recurring   | Rs. 204.38 Lacs        | Rs. 103.03 Lacs        |
| <b>Total</b>  | <b>Rs. 742.28.Lacs</b> | <b>Rs. 543.19 Lacs</b> |
| Total R & D expenditure as a percentage of total turnover | <b>1.41%</b>           | <b>1.15%</b>           |

**20. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure - 3** and is attached to this report.

**21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loans, guarantees or made any investments under Section 186 of the Companies Act, 2013 during the year under review.

**22 PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All contracts/ arrangements/ transactions entered by the Company during financial year with



related parties were on an arm's length basis and were in the ordinary course of business. The details of transactions entered with related parties during the year 2014-15 are enclosed herewith as Annexure -4

**23. VIGIL MECHANISM**

Your Company has formulated a detailed policy on vigil mechanism. The vigil mechanism is overseen by the Audit Committee and provides a mechanism for directors and employees of the Company to report to the Chairman of the Audit Committee or Chairman of the Company in respect of any instance of unethical behavior, fraud, irregularities or violation of the Company's code of conduct.

**24. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:**

During the year 10 (Ten) Board Meetings were convened and held on Thursday 10<sup>th</sup> April 2014, Thursday 17<sup>th</sup> July 2014, Thursday 04<sup>th</sup> September 2014, Tuesday 30<sup>th</sup> September 2014, Monday 24<sup>th</sup> November 2014, Friday 09<sup>th</sup> January 2015, Tuesday 24<sup>th</sup> January 2015, Friday 06<sup>th</sup> February, 2015, Tuesday 17<sup>th</sup> February 2015 and Thursday 05<sup>th</sup> March 2015. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013

**25. EMPLOYEES' INFORMATION UNDER SECTION 197 OF THE COMPANIES ACT, 2013**

The information required pursuant to Section 197 of the Companies Act, 2013 ("the Act") read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request.

**26. AUDITORS:**

**1. Statutory Auditors**

M/s. S R B C & Co. LLP, Chartered Accountants, Pune hold office until the conclusion of the ensuing Annual General Meeting. As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. S R B C & Co. LLP, Chartered Accountants stating that their appointment, if made, would be within the limits specified in said section and that they are not disqualified to be appointed as auditors of the Company. The Board has recommended to the shareholders re-appointment of M/s. S R B C & Co. LLP, Chartered Accountants as Auditors of the Company to hold the office up to the conclusion of Annual General meeting to be held in the calendar year 2017, subject to ratification of the members in the Annual General Meeting and to fix their remuneration.

**2. Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed C.S. Kelkar & Associates, Company Secretaries, Pune, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as an Annexure - 5 to this Report.

**3. Cost Auditors**

Pursuant to Companies (Cost records and audit) Rules, 2011 and Order issued by Government of India, Ministry of Corporate Affairs, the company has to appoint Cost Auditor as per the procedure laid down wide Ministry of corporate Affairs, hence subject to the approval of Central Government, the board of directors of the company has re-appointed S. V. Vhatte & Associates as cost auditor of the company for the financial year ending 31<sup>st</sup> March 2015, in the meeting of board of directors held on 10<sup>th</sup> April, 2014.

Further, as per the notification published in the official gazette on dated 30<sup>th</sup> June 2014, the Companies (cost records and audit) Rules, 2014 were amended and according to amended rule the requirement of appointment of cost auditor has been eliminated in respect of the financial year 2014-2015.

However on 31<sup>st</sup> December 2014, the Ministry of Corporate Affairs issued notification and according to that the Companies (cost records and audit) Rules, 2014 has been further amended, pursuant to amended Rule 5, the requirement of cost audit has become applicable to the company, hence on recommendations of Audit Committee, your Directors have appointed S. V. Vhatte & Associates, to audit the Cost Accounting Records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2016.

**27. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the either by the Auditors or by the Practicing Company Secretary in their respective reports.

**28. EXTRACT OF ANNUAL RETURN :**

Extract of Annual Return in MGT 9 has been enclosed as Annexure - 6 .

**29. EMPLOYEES STOCK OPTION PLAN**

During the year, Precision Camshafts Limited Employees' Stock Option Scheme 2015 (PCL ESOS 2015) was introduced.

This was done in order to attract, retain and motivate the best available talent. It is also expected to provide an opportunity to employees to participate in the growth of the Company, besides creating long term wealth in their hands.

Nomination and Remuneration Committee will administer the Scheme. The majority Members of the Committee are Independent Directors.

The aggregate Scheme size is 6, 00,000 equity shares of the face value of Rs. 10/- each.

The Board has granted 3,82,950 options to 379 employees on 6<sup>th</sup> February 2015. Each option is convertible into one equity share of Rs.10/- each. Options are convertible at the exercise price of Rs.10/- each and the vesting schedule is spread over 3 years. The first vesting is on 7<sup>th</sup> April 2016.

Information as required by SEBI Regulations is given in the annexure -7 to the Directors' report.

### **30. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

1. In the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
2. The directors has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
3. The directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors has prepared the annual accounts on a going concern basis; and
5. The directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGMENTS:**

Your Directors wish to place on record their appreciation and sincere thanks to all the Customers, Suppliers, Sub-contractors, Shareholders, bankers, Business Associates, Consultants, and various Government Authorities for their co-operation and support during the year under review.

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

**Yatin S Shah  
(Chairman & Managing Director)  
(DIN - 02168705)**

**Place: Solapur  
Date: 7<sup>th</sup> September, 2015**

**Annexure -1**

**The Annual Report on CSR Activities**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**
  
- 2. The Composition of the CSR Committee.**

The CSR Committee of the company consists of following members

| <b>Sr. No</b> | <b>Name of the Member</b> | <b>Category</b>         |
|---------------|---------------------------|-------------------------|
| 1.            | Mr. Yatin Shah            | Chairman of Committee   |
| 2.            | Dr. Mrs. Suhasini Shah    | Member of the Committee |
| 3.            | Mr. Vedant Pujari         | Member of the Committee |

- 3. Average net profit of the company for last three financial years:**

| <b>Sr. No</b> | <b>Financial Year</b>     | <b>Amount</b>       |
|---------------|---------------------------|---------------------|
| 1.            | Net Profit 2011-12        | 28,59,03,095        |
| 2.            | Net Profit 2012-13        | 37,54,12,246        |
| 3.            | Net Profit 2013-14        | 51,31,18,304        |
|               | <b>Average Net Profit</b> | <b>39,14,77,882</b> |

- 4. Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year: 78,29,558

(b) Amount unspent, if any: 43,27,558

**(c) Manner in which the amount spent during the financial year is detailed below.**

(Amount Rs. in Lakhs)

| (1)     | (2)   | (3)                                    | (4)   | (5)   | (6)  | (7)  | (8)   |
|---------|---|--|---|---|--|--|---|
| Sr. No. | CSR project or activity identified              | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
| 1       | Precision Foundation and Medical Research Trust | Education/ Medicine                    | Local Area i.e. Solapur District  | NA  | 31.00  | 31.00  | Through Foundation                                  |
| 2       | Prabha Hira Pratishthan                         | Education                              | Local Area i.e. Solapur District  | NA  | 0.25   | 0.25   | Direct  |
| 3.      | Zilla Sainik Kalyan                             | Education                              | Local Area i.e. Solapur District  | NA  | 0.02   | 0.02   | Direct  |
| 4.      | Shri Swami Samarth Annachhatra Mandal           | Food                                   | Local Area i.e. Solapur District  | NA  | 1.00   | 1.00   | Direct  |
| 5.      | Solapur (Rural) District Police Welfare Fund    | Welfare                                | Local Area i.e. Solapur District  | NA  | 0.25   | 0.25   | Direct  |
| 6.      | Backward Class Girls Hostel                     | Welfare                                | Local Area i.e. Solapur District  | NA  | 2.50   | 2.50   | Direct  |
|         |   |  | <b>Total</b>  |   | 35.02  | 35.02  |   |

\*Give details of implementing agency.

- 5. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Company is in the process of identifying suitable projects for CSR activities to deploy the balance amount.

**6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company**

The CSR Committee members would like to state that they are in process of identifying the projects for the Company's CSR activities which would help the Company to comply with provisions of Companies Act, 2013 regarding its Corporate Social Responsibility.

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

**Yatin S Shah  
(Chairman & Managing Director)  
(DIN - 02168705)**

**Place: Solapur  
Date: 7<sup>th</sup> September, 2015**



## Annexure 2

### Nomination and Remuneration Policy

#### PREAMBLE

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014, the applicable rules thereto. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

#### KEY WORDS & MEANINGS

- a. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- b. **“Key Managerial Personnel” in relation to a company** means:
  - i. Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
  - ii. Chief Financial Officer;
  - iii. Company Secretary; and
  - iv. Such other officer as may be prescribed in the Act from time to time.
- c. **“Senior Managerial Personnel”** mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager or such similar rank and above, including all functional heads.

#### POLICY OBJECTIVES

The objective of the policy is to ensure that

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE:

The role of Nomination and Remuneration Committee shall include

- 1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
- 2. Recommend to the Board their appointment and removal,
- 3. Carry out evaluation of every director's performance,
- 4. Formulate the criteria for determining qualifications, positive attributes and independence of a director and
- 5. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

**APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

**TERM / TENURE**

**Managing Director / Whole-time Director, Independent Director**

The Appointment term of the Managing Director/Whole-time Director, Independent Director shall be determined as per the statutory provision of the Companies Act 2013 and corresponding rule thereof.

**EVALUATION**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary with help senior person from Human Resource Department or External Agency.

**REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

**RETIREMENT**

Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL**

**1) Remuneration to Managing Director / Whole-time Directors:**

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to

the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

**2) Remuneration to Non- Executive / Independent Directors:**

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

**3) Remuneration to Key Managerial Personnel and Senior Management:**

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Committee of the Company, constituted for the purpose of determining the remuneration of the Key Managerial Personnel's & senior management is structured to attract and retain the talent and incorporates the following specific features:
  - 1. Complexities & criticality of the jobs
  - 2. Profile of the employee in terms of his / her qualification and experience
  - 3. General trends in the industry & market for a similar talent
  - 4. Incorporation of an element of motivation by way of remuneration linked to specific performances wherever applicable.

**IMPLEMENTATION**

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate. The Committee may Delegate any of its powers to one or more of its members.

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

**Yatin S Shah  
(Chairman & Managing Director)  
(DIN - 02168705)**

**Place: Solapur  
Date: 7<sup>th</sup> September, 2015**

**Annexure 3**

**A) CONSERVATION OF ENERGY:**

1. Persistent efforts have been taken to save energy, which include
  - a. Installation & commissioning of Auto Power Factor unit which resulted in achieving unity in power factor throughout the year.
  - b. 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.**

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.

**(1) 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

**(2) Future Plan of Action**

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

**(3) Expenditure on R&D**

|   | 2014 - 15              | 2013 - 14              |
|---|------------------------|------------------------|
| Capital   | Rs. 537.90 Lacs        | Rs. 440.16 Lacs        |
| Recurring   | Rs. 204.38 Lacs        | Rs. 103.03 Lacs        |
| Total R & D expenditure                             | <b>Rs. 742.28 Lacs</b> | <b>Rs. 543.19 Lacs</b> |
| R & D expenditure as a percentage of total turnover | <b>1.41%</b>           | <b>1.15%</b>           |

**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   | 2296.21  |
| Earned | 39917.68 |

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

**Yatin S Shah**  
**(Chairman & Managing Director)**  
**(DIN - 02168705)**  
**Place: Solapur**  
**Date: 7<sup>th</sup> September, 2015**

**Annexure 4**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

**1. Details of contracts or arrangements or transactions not at arm's length basis**

The Company has not entered in any transaction during the Financial Year 2014-15 which is not at Arm's length basis.

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

| Name of Related Party                             | Nature of relationship  | Nature of Transaction                  | Duration of contract | Silent terms of contract and arrangement & transaction value | *Date of approval by Board | Amount paid in advance in Rs. |
|---|---|--|----------------------|--|----------------------------|-------------------------------|
| Cams Technology Limited                           | Mr. Yatin Shah, Dr. Suhasini Shah and Mr. Ravindra Joshi are common Directors | Job work charges and purchase of goods | On-going contract    | Rs.47,89,552   | N.A.                       |                               |
| PCL (Shanghai) Company Limited                    | Wholly Owned Subsidiary   | Sale of goods                          | On-going contract    | Rs.16,84,13,898  | N.A.                       | NIL                           |
| Ningbo Shenglong PCL Camshafts Company Limited    | Associate Company   | Sale of goods                          | On-going contract    | Rs.53,75,30,010  | N.A.                       | NIL                           |
| PCL Shenglong (Huzhou) Specialized Casting Co Ltd | Associate Company   | Technical support fees                 | On-going contract    | Rs. 1,98,05,117  | N.A.                       | NIL                           |

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

**Yatin S Shah**  
(Chairman & Managing Director)  
(DIN - 02168705)

**Place: Solapur**  
**Date: 7<sup>th</sup> September, 2015**

**Annexure 5**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

For the financial year ended on 31<sup>st</sup> March, 2015

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

To,  
The Members,  
Precision Camshafts Limited  
E-102/103 MIDC,  
Akkalkot Road,  
Solapur 413 006

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Precision Camshafts Limited** ('the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015, according to the provisions of:

- (i) The Companies Act, 1956 (the Act) and the rules made thereunder to the extent not repealed.
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent notified;
- (iii) The Depositories Act, 1996 and the Regulations & Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The Memorandum and Articles of Association.
- (vi) No other law was specifically applicable to the Company.

We have also examined the compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (not mandatory for the period under review but were generally followed by the Company).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, etc. mentioned above.



**We further report that:**

1. The Board of Directors of the Company and Committees thereof are constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all the directors to schedule the Board Meetings, including Committees thereof, agenda and details notes on agenda were generally sent seven days in advance and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.
3. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
4. The Company has generally complied with filling of all the necessary forms with respective authorities within prescribed time.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the period under audit the Company has:

1. taken approval of shareholders in the Extra-ordinary General Meeting held on 30<sup>th</sup> December 2014 for
  - a. Cancellation, subdivision and Increase in the Authorized Share Capital.
  - b. Adoption of new set of Articles of Association.
  - c. Issue of Bonus Shares by capitalization of Reserves / Securities Premium Account.
  - d. Raising of capital through a further issue of securities & offer for sale
  - e. Approval of Employees Stock Option Scheme 2014 and Issue of shares and Approval of extending benefits of Employees Stock Option Scheme 2014 to the employees of Subsidiary / Associate Company (ies)
2. issued and allotted 7,77,49,520 Equity Shares of face value of Rs. 10 each as Bonus Shares in the ratio of 19 (Nineteen) Bonus Equity Shares for every 1 (One) Equity Share of Rs. 10 each held, to the members of the company.

**We further report that** the Company has complied with the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings.

**For C.S. Kelkar & Associates  
Company Secretaries**

Date: 7<sup>th</sup> September, 2015  
Place: Pune

**C. S. Kelkar  
Partner  
C. P. No. : 1891  
Membership No.: F 2784**

**Annexure -6**  
**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the Financial Year ended on 31<sup>st</sup> March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS:**

|   |  |   |
|---|--|---|
| 1 | CIN  | U24231PN1992PLC067126   |
| 2 | Registration Date  | 08/06/1992  |
| 3 | Name of the Company  | PRECISION CAMSHAFTS LIMITED   |
| 4 | Category/Sub-category of the Company                                       | Company Limited by shares / Indian Non-Government Company   |
| 5 | Address of the Registered office & contact details                         | E 102/103, MIDC Akkalkot Road, Solapur - 413 006  |
| 6 | Whether listed company   | No  |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited<br>Block No 202, Akshay Complex, 2nd floor,<br>Near Ganesh Temple,<br>Off Dhole Patil Road,<br>Pune 411 001<br>Tel. No. 91-020-26161629, 020-26160084<br>Email: pune@linkintime.co.in |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1      | manufacture of parts for motor vehicle           | 2930                            | 100                                |
|        |  |                                 |                                    |

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

| S. No. | Name and address of the Company                     | CIN/GLN | Holding / Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---|---------|---------------------------------|------------------|--------------------|
| 1      | PCL (Shanghai) Co. Limited                          | NA      | Subsidiary Company              | 100              | 2(87)              |
| 2      | Ningbo Shenglong PCL Camshafts Co. Ltd.             | NA      | Associate Company               | 22.5             | 2(6)               |
| 3      | PCL Shenglong (Huzhou) Specialized Castings Co. Ltd | NA      | Associate Company               | 40               | 2(6)               |

#### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

|  |               |                |                |                |                   |                   |                   |                |              |
|--|---------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|----------------|--------------|
| d) Bodies Corp.  | 80,394        | -              | 80,394         | 19.65%         | 803,940           | 15,274,860        | 16,078,800        | 19.65%         | 0.00%        |
| e) Banks / FI  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| f) Any other   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| <b>Sub Total (A) (1)</b>   | <b>80,394</b> | <b>225,218</b> | <b>305,612</b> | <b>74.68%</b>  | <b>51,431,540</b> | <b>15,274,860</b> | <b>66,706,400</b> | <b>81.51%</b>  | <b>6.82%</b> |
| <b>(2) Foreign</b>   |               |                |                |                |                   |                   |                   |                |              |
| a) NRI Individuals   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| b) Other Individuals   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| c) Bodies Corp.  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| d) Any other   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| <b>Sub Total (A) (2)</b>   | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>0.00%</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>0.00%</b>   | <b>0.00%</b> |
| <b>TOTAL (A)</b>   | <b>80,394</b> | <b>225,218</b> | <b>305,612</b> | <b>74.68%</b>  | <b>51,431,540</b> | <b>15,274,860</b> | <b>66,706,400</b> | <b>81.51%</b>  | <b>6.82%</b> |
| <b>B. Public Shareholding</b>  |               |                |                |                |                   |                   |                   |                |              |
| <b>1. Institutions</b>   |               |                |                |                |                   |                   |                   |                |              |
| a) Mutual Funds  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| b) Banks / FI  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| c) Central Govt  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| d) State Govt(s)   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| e) Venture Capital Funds   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| f) Insurance Companies   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| g) FIs   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| h) Foreign Venture Capital Funds   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| i) Others (specify)  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| <b>Sub-total (B)(1):-</b>  | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>0.00%</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>0.00%</b>   | <b>0.00%</b> |
| <b>2. Non-Institutions</b>   |               |                |                |                |                   |                   |                   |                |              |
| a) Bodies Corp.  |               |                |                |                |                   |                   |                   |                |              |
| i) Indian  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| ii) Overseas   | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| b) Individuals   |               |                |                |                |                   |                   |                   |                |              |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | -             | 10,922         | 10,922         | 2.67%          | -                 | -                 | -                 | 0.00%          | -2.67%       |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | -             | 92,674         | 92,674         | 22.65%         | 14,935,200        | 200,000           | 15,135,200        | 18.49%         | -4.15%       |
| c) Others (specify)  |               |                |                |                |                   |                   |                   |                |              |
| Non Resident Indians   | -             | -              | -              | 0.00%          | 0                 | 0                 | -                 | 0.00%          | 0.00%        |
| Overseas Corporate Bodies  | -             | -              | -              | 0.00%          | -                 | -                 | -                 | 0.00%          | 0.00%        |
| Foreign Nationals  | -             | -              | -              | 0.00%          | 0                 | 0                 | -                 | 0.00%          | 0.00%        |
| Clearing Members   | -             | -              | -              | 0.00%          | 0                 | 0                 | -                 | 0.00%          | 0.00%        |
| Trusts   | -             | -              | -              | 0.00%          | 0                 | 0                 | -                 | 0.00%          | 0.00%        |
| Foreign Bodies - D R   | -             | -              | -              | 0.00%          | 0                 | 0                 | -                 | 0.00%          | 0.00%        |
| <b>Grand Total (A+B+C)</b>   | <b>80,394</b> | <b>328,814</b> | <b>409,208</b> | <b>100.00%</b> | <b>66,366,740</b> | <b>15,474,860</b> | <b>81,841,600</b> | <b>100.00%</b> | <b>0.00%</b> |

| <b>(ii) Shareholding of Promoter</b> |                        |   |                                  |   |                                     |                                  |  |  |
|--------------------------------------|------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|--|--|
| SN                                   | Shareholder's Name     | Shareholding at the beginning of the year |                                  |   | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|                                      |                        | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1                                    | Mr. Yatin Shah         | 168,972                                   | 41.29%                           | 0   | 39,378,400                          | 48.12%                           | 0  | 6.82%                                    |
| 2                                    | Dr. Mrs. Suhasini Shah | 54,566                                    | 13.33%                           | 0   | 10,953,200                          | 13.38%                           | 0  | 0.05%                                    |
|                                      |                        |   |                                  |   |                                     |                                  |  |  |
|                                      |                        |   |                                  |   |                                     |                                  |  |  |

| <b>(iii) Change in Promoters' Shareholding (please specify, if there is no change)</b> |                              |            |          |   |                   |   |                   |  |
|--|------------------------------|------------|----------|---|-------------------|---|-------------------|--|
| <b>Name of the Promoter- Mr. Yatin Shah</b>  |                              |            |          |   |                   |   |                   |  |
| SN   | Particulars                  | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |  |
|  |                              |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |  |
| 1  | At the beginning of the year | 01/04/2014 |          | 168,972                                   | 41.29%            | 168,972                                 | 0.21%             |  |
|  | Changes during the year      | 17/07/2014 | Transfer | 16,400                                    | 4.01%             | 185,372                                 | 0.23%             |  |
|  |                              | 18/07/2014 | Transfer | 11,520                                    | 2.82%             | 196,892                                 | 0.24%             |  |
|  |                              | 30/12/2014 |          | 1,772,028                                 | 0.00%             | 1,968,920                               | 0.00%             |  |
|  |                              | 06/02/2015 | Bonus    | 37,409,480                                | 45.71%            | 39,378,400                              | 48.12%            |  |
|  | At the end of the year       |            |          | 39,378,400                                | 48.12%            |   |                   |  |
| <b>Name of the Promoter- Dr. Mrs. Suhasini Shah</b>                                    |                              |            |          |   |                   |   |                   |  |
| SN   | Particulars                  | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |  |
|  |                              |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |  |
| 2  | At the beginning of the year | 01/04/2014 |          | 54,566                                    | 13.33%            | 54,566                                  | 0.07%             |  |
|  | Changes during the year      | 21/11/2014 | Transfer | 200                                       | 0.05%             | 54,766                                  | 0.07%             |  |
|  |                              | 30/12/2014 |          | 492,894                                   | 0.00%             | 547,660                                 | 0.00%             |  |
|  |                              | 06/02/2015 | Bonus    | 10,405,540                                | 12.71%            | 10,953,200                              | 13.38%            |  |
|  | At the end of the year       |            |          | 10,953,200                                | 13.38%            |   |                   |  |

| <b>(iv) Shareholding Pattern of top ten Shareholders</b>               |                                     |            |        |   |                   |   |                   |
|--|-------------------------------------|------------|--------|---|-------------------|---|-------------------|
| <i>(Other than Directors, Promoters and Holders of GDRs and ADRs):</i> |                                     |            |        |   |                   |   |                   |
| SN   | For each of the Top 10 shareholders | Date       | Reason | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|  |                                     |            |        | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1  | Cams Technology Limited             |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 80,394                                    | 19.65%            | 80,394                                  | 19.65%            |
|  | Changes during the year             | 30/12/2014 |        | 723,546                                   | 19.65%            | 803,940                                 | 19.65%            |
|  |                                     | 06/02/2015 | Bonus  | 15,274,860                                | 18.66%            | 16,078,800                              | 19.65%            |
|  | At the end of the year              | 31/03/2015 |        | 16,078,800                                | 19.65%            |   |                   |
| 2  | Mr. Maneesh Aradhya                 |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 8,179                                     | 2.00%             | 8,179                                   | 2.00%             |
|  | Changes during the year             | 30/12/2014 |        | 73,611                                    | 2.00%             | 81,790                                  | 2.00%             |
|  |                                     | 06/02/2015 | Bonus  | 1,554,010                                 | 1.90%             | 1,635,800                               | 2.00%             |
|  | At the end of the year              |            |        | 1,635,800                                 | 2.00%             |   |                   |
| 3  | Dr. Sunita Aradhya                  |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 4,085                                     | 1.00%             | 4,085                                   | 1.00%             |
|  | Changes during the year             | 30/12/2014 |        | 36,765                                    | 1.00%             | 40,850                                  | 1.00%             |
|  |                                     | 06/02/2015 | Bonus  | 776,150                                   | 0.95%             | 817,000                                 | 1.00%             |
|  | At the end of the year              |            |        | 817,000                                   | 1.00%             |   |                   |
| 4  | Mrs. Rama Aradhya                   |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 3,480                                     | 0.85%             | 3,480                                   | 0.85%             |
|  | Changes during the year             | 30/12/2014 |        | 31,320                                    | 0.85%             | 34,800                                  | 0.85%             |
|  |                                     | 06/02/2015 | Bonus  | 661,200                                   | 0.81%             | 696,000                                 | 0.85%             |
|  | At the end of the year              |            |        | 696,000                                   | 0.85%             |   |                   |
| 5  | Dr. Manjiri Chitale                 |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 1,460                                     | 0.36%             | 1,460                                   | 0.36%             |
|  | Changes during the year             | 30/12/2014 |        | 13,140                                    | 0.36%             | 14,600                                  | 0.36%             |
|  |                                     | 06/02/2015 | Bonus  | 277,400                                   | 0.34%             | 292,000                                 | 0.36%             |
|  | At the end of the year              |            |        | 292,000                                   | 0.36%             |   |                   |
| 6  | Dr. Veena Mansabdar*                |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 1,200                                     | 0.29%             | 1,200                                   | 0.29%             |
|  | Changes during the year             | 30/12/2014 |        | 10,800                                    | 0.29%             | 12,000                                  | 0.29%             |
|  |                                     | 06/02/2015 | Bonus  | 228,000                                   | 0.28%             | 240,000                                 | 0.29%             |
|  | At the end of the year              |            |        | 240,000                                   | 0.29%             |   |                   |
| 7  | Mr. Yashwant Kelkar                 |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 1,000                                     | 0.24%             | 1,000                                   | 0.24%             |
|  | Changes during the year             | 30/12/2014 |        | 9,000                                     | 0.24%             | 10,000                                  | 0.24%             |
|  |                                     | 06/02/2015 | Bonus  | 190,000                                   | 0.23%             | 200,000                                 | 0.24%             |
|  | At the end of the year              |            |        | 200,000                                   | 0.24%             |   |                   |
| 8  | Dr. Vijay Aradhya                   |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 1,000                                     | 0.24%             | 1,000                                   | 0.24%             |
|  | Changes during the year             | 30/12/2014 |        | 9,000                                     | 0.24%             | 10,000                                  | 0.24%             |
|  |                                     | 06/02/2015 | Bonus  | 190,000                                   | 0.23%             | 200,000                                 | 0.24%             |
|  | At the end of the year              |            |        | 200,000                                   | 0.24%             |   |                   |
| 9  | Mr. Mahendra Deosthali              |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 287                                       | 0.07%             | 287                                     | 0.07%             |
|  | Changes during the year             | 30/12/2014 |        | 2,583                                     | 0.07%             | 2,870                                   | 0.07%             |
|  |                                     | 06/02/2015 | Bonus  | 54,530                                    | 0.07%             | 57,400                                  | 0.07%             |
|  | At the end of the year              |            |        | 57,400                                    | 0.07%             |   |                   |
| 10   | Mr. Sudhanshu Joshi                 |            |        |   |                   |   |                   |
|  | At the beginning of the year        | 01/04/2014 |        | 287                                       | 0.07%             | 287                                     | 0.07%             |
|  | Changes during the year             | 30/12/2014 |        | 2,583                                     | 0.07%             | 2,870                                   | 0.07%             |
|  |                                     | 06/02/2015 | Bonus  | 54,530                                    | 0.00%             | 57,400                                  | 0.07%             |
|  | At the end of the year              |            |        | 57,400                                    | 0.07%             |   |                   |

| <b>(v) Shareholding of Directors and Key Managerial Personnel:</b> |  |            |          |   |                   |   |                   |
|--|--|------------|----------|---|-------------------|---|-------------------|
| SN   | Shareholding of each Directors and each Key Managerial Personnel | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|  |  |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1  | Mr. Yatin Shah   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | 168,972                                   | 41.29%            | 168,972                                 | 41.29%            |
|  | Changes during the year  | 17/07/2014 | Transfer | 16,400                                    | 4.01%             | 185,372                                 | 45.30%            |
|  |  | 18/07/2014 | Transfer | 11,520                                    | 2.82%             | 196,892                                 | 48.12%            |
|  |  | 30/12/2014 |          | 1,772,028                                 | 0.00%             | 1,968,920                               | 0.00%             |
|  |  | 06/02/2015 | Bonus    | 37,409,480                                |                   | 39,378,400                              | 48.12%            |
|  | At the end of the year   |            |          | 39,378,400                                | 48.12%            |   | 0.00%             |
| 2  | Dr. Mrs. Suhasini Shah   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | 54,566                                    | 13.33%            | 54,566                                  | 0.07%             |
|  | Changes during the year  | 21/11/2014 | Transfer | 200                                       | 0.05%             | 54,766                                  | 0.07%             |
|  |  | 30/12/2014 |          | 492,894                                   | 0.00%             | 547,660                                 | 0.00%             |
|  |  | 06/02/2015 | Bonus    | 10,405,540                                | 12.71%            | 10,953,200                              | 13.38%            |
|  | At the end of the year   |            |          | 10,953,200                                | 13.38%            |   | 0.00%             |
| 3  | Mr. Jayant Aradhye   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | 56,010                                    | 13.69%            | 56,010                                  | 13.69%            |
|  | Changes during the year  | 30/12/2014 |          | 504,090                                   | 13.69%            | 560,100                                 | 13.69%            |
|  |  | 06/02/2015 | Bonus    | 10,641,900                                | 13.00%            | 11,202,000                              | 13.69%            |
|  | At the end of the year   |            |          | 11,202,000                                | 13.69%            |   |                   |
| 4  | Mr. Ravindra Joshi   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | -   | 0.00%             | -                                       | 0.00%             |
|  | Changes during the year  |            |          |   | 0.00%             | -                                       | 0.00%             |
|  | At the end of the year   | 31/03/2015 |          | -   | 0.00%             |   | 0.00%             |
| 5  | Mr. Sarvesh Joshi  |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | -   | 0.00%             | -                                       | 0.00%             |
|  | Changes during the year  |            |          |   | 0.00%             | -                                       | 0.00%             |
|  | At the end of the year   | 31/03/2015 |          | -   | 0.00%             |   | 0.00%             |
| 6  | Mr. Pramod Mehendale   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | -   | 0.00%             | -                                       | 0.00%             |
|  | Changes during the year  |            |          |   | 0.00%             | -                                       | 0.00%             |
|  | At the end of the year   | 31/03/2015 |          | -   | 0.00%             |   | 0.00%             |
| 7  | Mr. Vedant Pujari  |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | -   | 0.00%             | -                                       | 0.00%             |
|  | Changes during the year  |            |          |   | 0.00%             | -                                       | 0.00%             |
|  | At the end of the year   | 31/03/2015 |          | -   | 0.00%             |   | 0.00%             |
| 8  | Mr. Vaibhav Mahajani   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | -   | 0.00%             | -                                       | 0.00%             |
|  | Changes during the year  |            |          |   | 0.00%             | -                                       | 0.00%             |
|  | At the end of the year   | 31/03/2015 |          | -   | 0.00%             |   | 0.00%             |
| 9  | Mr. Swapneel Kuber   |            |          |   |                   |   |                   |
|  | At the beginning of the year                                     | 01/04/2014 |          | -   | 0.00%             | -                                       | 0.00%             |
|  | Changes during the year  |            |          |   | 0.00%             | -                                       | 0.00%             |
|  | At the end of the year   | 31/03/2015 |          | -   | 0.00%             |   | 0.00%             |

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits             | Total Indebtedness      |
|--|----------------------------------|-----------------|----------------------|-------------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |                      |                         |
| i) Principal Amount  | 2,110,642,228.00                 | -               | 33,100,000.00        | 2,143,742,228.00        |
| ii) Interest due but not paid                              | -                                | -               | -                    | -                       |
| iii) Interest accrued but not due                          | 10,907,104.00                    | -               | -                    | 10,907,104.00           |
| <b>Total (i+ii+iii)</b>                                    | <b>2,121,549,332.00</b>          | <b>-</b>        | <b>33,100,000.00</b> | <b>2,154,649,332.00</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |                      |                         |
| * Addition   | -                                | -               | -                    | -                       |
| * Reduction  | 268,133,803.00                   | -               | 33,100,000.00        | 301,233,803.00          |
| <b>Net Change</b>  | <b>268,133,803.00</b>            | <b>-</b>        | <b>33,100,000.00</b> | <b>301,233,803.00</b>   |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |                      |                         |
| i) Principal Amount  | 1,843,876,485.00                 | -               | -                    | 1,843,876,485.00        |
| ii) Interest due but not paid                              | -                                | -               | -                    | -                       |
| iii) Interest accrued but not due                          | 9,539,044.00                     | -               | -                    | 9,539,044.00            |
| <b>Total (i+ii+iii)</b>                                    | <b>1,853,415,529.00</b>          | <b>-</b>        | <b>-</b>             | <b>1,853,415,529.00</b> |

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SN. | Particulars of Remuneration   | Name of MD/WTD/ Manager |                    |                    | Total Amount       |
|-----|---|-------------------------|--------------------|--------------------|--------------------|
|     |   | Mr.Yatin Shah           | Mrs. Suhasini Shah | Mr. Ravindra Joshi |                    |
|     |   | CMD                     | WTD                | WTD                |                    |
| 1   | Gross salary  |                         |                    |                    | -                  |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 42,001,605.00           | 3,526,966.20       | 8,906,018.40       | 54,434,589.60      |
|     | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             |                         |                    |                    | -                  |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             |                         |                    |                    | -                  |
| 2   | Stock Option  |                         |                    |                    | -                  |
| 3   | Sweat Equity  |                         |                    |                    | -                  |
| 4   | Commission  |                         |                    |                    | -                  |
|     | - as % of profit  | 57,674,561.28           | 28,837,280.64      | 43,255,920.96      | 129,767,762.88     |
|     | - others, specify   |                         |                    |                    | -                  |
| 5   | Others, please specify  |                         |                    |                    | -                  |
|     | <b>Total (A)</b>  | <b>99,676,166</b>       | <b>32,364,247</b>  | <b>52,161,939</b>  | <b>184,202,352</b> |
|     | <b>Ceiling as per the Act</b>   |                         |                    |                    |                    |

B. Remuneration to other Directors

| SN. | Particulars of Remuneration                | Name of Directors |                   |                   |                   |                   | Total Amount        |
|-----|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|     |  | Jayant Aradhya    | Sarvesh Joshi     | Pramod Mehendale  | Vedant Pujari     | Vaibhav Mahajani  |                     |
| 1   | Independent Directors                      |                   |                   |                   |                   |                   |                     |
|     | Fee for attending board committee meetings |                   |                   |                   |                   |                   |                     |
|     | Commission                                 | -                 | 300,000.00        | 300,000.00        | 300,000.00        | 300,000.00        | 1,200,000.00        |
|     | Others, please specify                     |                   |                   |                   |                   |                   |                     |
|     | <b>Total (1)</b>                           | <b>-</b>          | <b>300,000.00</b> | <b>300,000.00</b> | <b>300,000.00</b> | <b>300,000.00</b> | <b>1,200,000.00</b> |
| 2   | Other Non-Executive Directors              |                   |                   |                   |                   |                   |                     |
|     | Fee for attending board committee meetings |                   |                   |                   |                   |                   |                     |
|     | Commission                                 | 300,000.00        | -                 | -                 | -                 | -                 | 300,000.00          |
|     | Others, please specify                     |                   |                   |                   |                   |                   |                     |
|     | <b>Total (2)</b>                           | <b>300,000.00</b> | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>300,000.00</b>   |
|     | <b>Total (B)=(1+2)</b>                     | <b>300,000.00</b> | <b>300,000.00</b> | <b>300,000.00</b> | <b>300,000.00</b> | <b>300,000.00</b> | <b>1,500,000.00</b> |
|     | <b>Total Managerial Remuneration</b>       |                   |                   |                   |                   |                   | <b>1,500,000.00</b> |

| C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD |   |             |                                  |     |            |              |
|---|---|-------------|----------------------------------|-----|------------|--------------|
| SN.   | Particulars of Remuneration   |             | Name of Key Managerial Personnel |     |            | Total Amount |
|   | Name  |             | Mr. Swapneel Kuber               |     |            |              |
|   |   | Designation | CEO                              | CFO | CS         |              |
| 1   | Gross salary  |             |                                  |     |            |              |
|   | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |             |                                  |     | 234,099.00 | 234,099.00   |
|   | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             |             |                                  |     |            | -            |
|   | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             |             |                                  |     |            | -            |
| 2   | Stock Option  |             |                                  |     |            | -            |
| 3   | Sweat Equity  |             |                                  |     |            | -            |
| 4   | Commission  |             |                                  |     |            | -            |
|   | - as % of profit  |             |                                  |     |            | -            |
|   | - others, specify   |             |                                  |     |            | -            |
| 5   | Others, please specify  |             |                                  |     |            | -            |
|   | Total   |             | -                                | -   | 234,099.00 | 234,099.00   |

| VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: |                              |                   |   |                              |                                    |  |
|---|------------------------------|-------------------|---|------------------------------|------------------------------------|--|
| Type  | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |  |
| <b>A. COMPANY</b>                                     |                              |                   |   |                              |                                    |  |
| Penalty   | NA                           | -                 | -   | -                            | -                                  |  |
| Punishment  | NA                           | -                 | -   | -                            | -                                  |  |
| Compounding   | NA                           | -                 | -   | -                            | -                                  |  |
| <b>B. DIRECTORS</b>                                   |                              |                   |   |                              |                                    |  |
| Penalty   | NA                           | -                 | -   | -                            | -                                  |  |
| Punishment  | NA                           | -                 | -   | -                            | -                                  |  |
| Compounding   | NA                           | -                 | -   | -                            | -                                  |  |
| <b>C. OTHER OFFICERS IN DEFAULT</b>                   |                              |                   |   |                              |                                    |  |
| Penalty   | NA                           | -                 | -   | -                            | -                                  |  |
| Punishment  | NA                           | -                 | -   | -                            | -                                  |  |
| Compounding   | NA                           | -                 | -   | -                            | -                                  |  |



Annexure -7

Precision Camshafts Limited Employee Stock Option Plan 2015

|  | Grant I (6-Feb-2015)  | Grant II (6-Feb-2015) | Total    |
|--|---|-----------------------|----------|
| (a) Options Granted (Both Grants were in 2014_15)  | 52,500  | 3,30,450              | 3,82,950 |
| (b) Pricing formula  | Rs. 10/-  | Rs. 10/-              |          |
| (c) Options Vested during the year   | Nil   | Nil                   | 0        |
| (d) Options exercised during the year  | Nil   | Nil                   | 0        |
| (e) Total number of Shares arising as a result of exercise of options  | Nil   | Nil                   | 0        |
| (f) Options lapsed during the year   | Nil   | Nil                   | 0        |
| (g) Variation of terms of options during the year  |   |                       | N.A.     |
| (h) Money realized by exercise of options  | Nil   | Nil                   | 0        |
| (i) Total number of options in force as at 31st March, 2015  | 52,500  | 3,30,450              | 3,82,950 |
| (j) Employee wise details of options granted to  |   |                       |          |
| 1 Senior management Personnel  |   |                       |          |
| Mr. Ajitkumar Jain, General Manager  | 4000  |                       | 4000     |
| Mr. Achyut Gadre, General Manager  | 4000  |                       | 4000     |
| Mr. M.G. Valse, General Manager  | 4000  |                       | 4000     |
| Mr. Rajkumar Kashid, General Manager   | 4000  |                       | 4000     |
| Mr. Deepak Kulkarni, Assistant General Manager   | 3000  |                       | 3000     |
| 2 Employees to whom more than 5% options granted during the year   | Nil   | Nil                   | Nil      |
| 3 Employees to whom options more than 1% of issued capital granted during the year   | Nil   | Nil                   | Nil      |
| (k) Diluted EPS, pursuant to issue of shares on exercise of options  |   |                       |          |
| 1 Method of calculation of employee compensation cost  | Calculation is based on intrinsic value method  |                       |          |
| 2 Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options | Employee compensation cost would have been lower by Rs.1,473/- during the year, had the Company used fair value method for accounting the options issued under ESOS.                  |                       |          |
| 3 Impact of this difference on Profits and on EPS of the Company   | Profits would have been higher by Rs.1,473/- and EPS would have been higher by less than 1 paisa, had the Company used fair value method of accounting the options issued under ESOS. |                       |          |
| (m)  |   |                       |          |
| 1 Weighted average exercise price  | Rs. 10/-  | Rs. 10/-              |          |
| 2 Weighted average fair value of options based on Black Scholes methodology  | Rs. 117.49/-  | Rs.117.39/-           |          |
| (n) Significant assumptions used to estimate fair value of options including weighted average  |   |                       |          |
| 1 Risk free interest rate  | 7.82%   | 7.82%                 |          |
| 2 Expected life  | Expected to be exercised within 1 year and 17 months from Vest  |                       |          |
| 3 Expected volatility  | 56.25%  | 56.25%                |          |
| 4 Expected dividends   | Not separately included, factored in volatility working   |                       |          |
| 5 Fair market price of share at the time of grant  | Rs.125.78/-   | Rs.125.78/-           |          |

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**Precision Camshafts Limited**

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Precision Camshafts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the

purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in

its financial statements Refer Note 29 to the financial statements;

- ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

**perPaul Alvares**

Partner

Membership Number: 105754

Place of Signature: Pune

Date: July 3, 2015

**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.
- 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) 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 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories in the nature of resin coated sand and certain fixed assets in the nature of plot leveling work 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) 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 section 73 to 76 or any other relevant provisions of the Companies Act, 2013, 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.
- vi) 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 148(1) of the Companies Act, 2013, related to the manufacture of camshafts, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and

other material statutory dues have generally been regularly deposited with the appropriate authorities.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

| Name of the statute      | Nature of dues | Amount (Rs.) | Period for which the amount relates | Forum where dispute is pending |
|--------------------------|----------------|--------------|-------------------------------------|--------------------------------|
| Central Excise Act, 1944 | Excise duty    | 2,076,478    | 2007- 08                            | Central Excise Pune            |

- d ) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii) 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.
- ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution or in respect of debenture holders during the year.
- x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xi) 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.
- xii) 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 the 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: July 3, 2015

**PRECISION CAMSHAFTS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|  | Notes | 31 March 2015        | 31 March 2014        |
|--|-------|----------------------|----------------------|
| <b>EQUITY AND LIABILITIES</b>              |       |                      |                      |
| <b>Shareholders' funds</b>                 |       |                      |                      |
| Share capital                              | 3     | 818,416,000          | 40,920,800           |
| Reserves and surplus                       | 4     | 1,544,790,585        | 1,711,450,299        |
|  |       | 2,363,206,585        | 1,752,371,099        |
| <b>Non-current liabilities</b>             |       |                      |                      |
| Long-term borrowings                       | 5     | 992,582,488          | 1,247,341,956        |
| Deferred tax liabilities (net)             | 6     | 111,127,998          | 149,139,910          |
|  |       | 1,103,710,486        | 1,396,481,866        |
| <b>Current liabilities</b>                 |       |                      |                      |
| Short-term borrowings                      | 8     | 581,662,445          | 522,112,232          |
| Trade payables                             | 9     | 621,785,673          | 588,132,488          |
| Other current liabilities                  | 9     | 694,056,714          | 645,980,075          |
| Short-term provisions                      | 7     | 179,163,713          | 101,298,444          |
|  |       | 2,076,668,545        | 1,857,523,239        |
| <b>TOTAL</b>                               |       | <b>5,543,585,616</b> | <b>5,006,376,204</b> |
| <b>ASSETS</b>                              |       |                      |                      |
| <b>Non-current assets</b>                  |       |                      |                      |
| Fixed assets                               |       |                      |                      |
| Tangible assets                            | 10    | 2,001,821,140        | 2,224,162,794        |
| Intangible assets                          | 10    | 2,127,922            | 2,002,251            |
| Capital work-in-progress                   |       | 88,055,580           | 3,485,000            |
|  |       | 2,092,004,642        | 2,229,650,045        |
| Non-current investments                    | 11    | 761,513,150          | 733,479,274          |
| Long-term loans and advances               | 12    | 93,510,403           | 59,093,459           |
| Other non-current assets                   | 14    | 25,745,026           | 27,908,954           |
|  |       | 2,972,773,221        | 3,050,131,732        |
| <b>Current assets</b>                      |       |                      |                      |
| Inventories                                | 15    | 376,304,582          | 411,348,754          |
| Trade receivables                          | 13    | 1,052,425,685        | 1,124,661,028        |
| Cash and bank balances                     | 16    | 896,177,034          | 267,161,526          |
| Short-term loans and advances              | 12    | 178,948,715          | 135,641,437          |
| Other current assets                       | 14    | 66,956,379           | 17,431,727           |
|  |       | 2,570,812,395        | 1,956,244,472        |
| <b>TOTAL</b>                               |       | <b>5,543,585,616</b> | <b>5,006,376,204</b> |
| 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

ICAI Firm Registration Number: 324982E

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Place: Pune

Date : July 3, 2015

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

Yatin S Shah  
Managing Director  
DIN. 00318140

Place: Solapur  
Date: July 3, 2015

Dr. Suhasini Y Shah  
Director  
DIN. 02168705

Place: Solapur  
Date: July 3, 2015

Ravindra R Joshi  
Director & CFO  
DIN. 03338134

Place: Solapur  
Date: July 3, 2015

Swapneel S Kuber  
Company Secretary  
M No. 29707

Place: Solapur  
Date: July 3, 2015

**PRECISION CAMSHAFTS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

|  | Notes | 31 March 2015        | 31 March 2014        |
|--|-------|----------------------|----------------------|
| <b>INCOME</b>  |       |                      |                      |
| Revenue from operations (gross)  | 17    | 5,285,749,555        | 4,747,256,852        |
| Less: Excise duty  | 17    | 142,121,286          | 152,562,435          |
| Revenue from operations (net)  |       | <b>5,143,628,269</b> | <b>4,594,694,417</b> |
| Other income   | 18    | 105,553,536          | 123,596,056          |
| <b>Total (I)</b>   |       | <b>5,249,181,805</b> | <b>4,718,290,473</b> |
| <b>EXPENSES</b>  |       |                      |                      |
| Cost of raw materials consumed   | 19    | 1,641,133,162        | 1,520,023,454        |
| (Increase)/decrease of finished goods & semi finished goods  | 20    | 31,779,794           | (29,403,113)         |
| Employee benefits expenses   | 21    | 653,762,667          | 971,557,708          |
| Other expenses   | 22    | 1,452,670,487        | 1,349,444,798        |
| <b>Total (II)</b>  |       | <b>3,779,346,110</b> | <b>3,811,622,847</b> |
| <b>Earning before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>                                   |       | 1,469,835,695        | 906,667,626          |
| Depreciation and amortisation expense  | 23    | 391,344,385          | 272,608,369          |
| Finance costs  | 24    | 93,501,532           | 120,940,953          |
| <b>Profit before tax</b>   |       | <b>984,989,778</b>   | <b>513,118,305</b>   |
| <b>Tax expense</b>   |       |                      |                      |
| <b>Current tax</b>   |       |                      |                      |
| -Pertaining to profit for the current year   |       | 376,003,344          | 180,835,995          |
| -Adjustment of tax relating to earlier periods   |       | 1,721,680            | -                    |
| Deferred tax (credit)/ charge  |       | (26,836,771)         | 33,478,918           |
| <b>Total tax expense</b>   |       | 350,888,253          | 214,314,913          |
| <b>Profit after tax</b>  |       | <b>634,101,525</b>   | <b>298,803,392</b>   |
| Prior period items (refer note 38)   |       | 157,800,000          |                      |
| <b>Profit for the year</b>   |       | <b>476,301,525</b>   | <b>298,803,392</b>   |
| <b>Earnings per equity share</b><br>[nominal value of share Rs. 10 each<br>(31 March 2014: Rs. 100 each)] (refer note 3) | 25    |                      |                      |
| <b>Basic</b>   |       |                      |                      |
| Computed on the basis of profit for the year   |       | 5.82                 | 4.69                 |
| <b>Diluted</b>   |       |                      |                      |
| Computed on the basis of profit for the year   |       | 5.82                 | 4.69                 |
| 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

ICAI Firm Registration Number: 324982E  
 Chartered Accountants

per Paul Alvares  
 Partner

Membership Number: 105754  
 Place: Pune  
 Date : July 3, 2015

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

Yatin S Shah  
 Managing Director  
 DIN. 00318140

Place: Solapur  
 Date: July 3, 2015

Dr. Suhasini Y Shah  
 Director  
 DIN. 02168705

Place: Solapur  
 Date: July 3, 2015

Ravindra R Joshi  
 Director & CFO  
 DIN. 03338134

Place: Solapur  
 Date: July 3, 2015

Swapneel S Kuber  
 Company Secretary  
 M No. 29707

Place: Solapur  
 Date: July 3, 2015



**PRECISION CAMSHAFTS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|  | 31 March 2015        | 31 March 2014        |
|--|----------------------|----------------------|
| <b>Cash flow from operating activities</b>   |                      |                      |
| <b>Profit before tax and prior period items</b>  | <b>984,989,778</b>   | <b>513,118,304</b>   |
| Adjustment to reconcile profit before tax to net cash flows  |                      |                      |
| Depreciation and amortisation expense  | 391,344,385          | 272,608,369          |
| Provision for doubtful debts written back  | (4,194,874)          | (8,954,577)          |
| Loss on assets sold /discarded, net  | 1,641,746            | 4,042,209            |
| Dividend income on long-term investments   | (15,600)             | (22,500)             |
| ESOP expense   | 3,361,698            | 343,000,000          |
| Interest expense   | 75,416,456           | 99,950,580           |
| Interest income  | (54,565,801)         | (17,442,527)         |
| Unrealised exchange differences  | (83,933,733)         | (65,788,232)         |
|  | <b>329,054,277</b>   | <b>627,393,322</b>   |
| <b>Operating profit before working capital changes</b>   | <b>1,314,044,055</b> | <b>1,140,511,626</b> |
| Movements in working capital :   |                      |                      |
| Increase in trade payables   | 32,024,888           | 20,351,051           |
| (Decrease) in long-term provisions   | -                    | (3,240,603)          |
| Increase (Decrease) in short-term provisions   | 29,371,441           | (19,506,523)         |
| Increase in other current liabilities  | 117,312,796          | 78,001,767           |
| (Increase) Decrease in trade receivables   | 90,684,605           | (246,936,863)        |
| Decrease (Increase) in inventories   | 35,044,172           | (48,497,616)         |
| (Increase) Decrease in long-term loans and advances  | (389,861)            | 34,205,517           |
| (Increase) in short-term loans and advances  | (43,307,278)         | (31,995,563)         |
| (Increase) Decrease in other current assets  | (47,796,979)         | 2,740,437            |
| (Increase) in other non-current assets   | -                    | (203,265)            |
|  | <b>212,943,784</b>   | <b>(215,081,661)</b> |
| Cash generated from operations   | 1,526,987,839        | 925,429,965          |
| Direct taxes paid (net of refunds)   | (323,724,196)        | (107,500,000)        |
| <b>Net cash flow from operating activities (A)</b>   | <b>1,203,263,643</b> | <b>817,929,965</b>   |
| <b>Cash flow from investing activities</b>   |                      |                      |
| Purchase of fixed assets, including intangible assets and payment towards capital work in progress | (347,271,421)        | (295,098,957)        |
| Proceeds from sale of fixed assets   | 841,274              | 715,643              |
| Investment in unquoted preference shares   | -                    | (620,000,000)        |
| Investment in Joint Venture  | (28,033,876)         | (82,087,794)         |
| Redemption of bank deposits (original maturity of more than three months)                          | 8,000,000            | 657,883,622          |
| Investment of bank deposits (original maturity of more than three months)                          | (371,853,970)        | (575,187,699)        |
| Interest received  | 52,371,430           | 17,442,527           |
| Dividend received  | 15,600               | 22,500               |
| <b>Net cash used in investing activities (B)</b>   | <b>(685,930,963)</b> | <b>(896,310,158)</b> |

**PRECISION CAMSHAFTS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

|  | 31 March 2015        | 31 March 2014        |
|--|----------------------|----------------------|
| <b>Cash flow from financing activities</b>   |                      |                      |
| Proceeds from issuance of equity share capital                                       | -                    | 10,000,000           |
| Repayment of long term borrowings  | (303,949,962)        | (41,181,378)         |
| Proceeds/(repayment) of short term borrowings (net)                                  | 128,009,564          | 321,790,350          |
| Interest paid  | (74,067,481)         | (99,950,580)         |
| Dividend paid on shares  | (4,092,080)          | (3,182,491)          |
| Tax on dividend paid   | (833,066)            | (540,865)            |
| <b>Net cash flow (used in) / from financing activities (C)</b>                       | <b>(254,933,025)</b> | <b>186,935,036</b>   |
| Net increase in cash and cash equivalents (A+B+C)                                    | 262,399,655          | 108,554,843          |
| Cash and cash equivalents as at beginning of year                                    | 220,905,478          | 120,811,322          |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 2,848,291            | (8,460,687)          |
| <b>Cash and cash equivalents as at year end</b>                                      | <b>486,153,424</b>   | <b>220,905,478</b>   |
| <b>Components of cash and cash equivalents:</b>                                      |                      |                      |
|  | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Balances with banks:   |                      |                      |
| On current accounts  | 78,857,184           | 104,555,015          |
| Deposit with original maturity of less than 3 months                                 | 406,738,487          | 116,209,141          |
| Cash in hand   | 557,753              | 141,322              |
| <b>Total cash and cash equivalents (refer note 16)</b>                               | <b>486,153,424</b>   | <b>220,905,478</b>   |

**As per our report of even date**  
**For S R B C & CO LLP**  
 ICAI Firm Registration Number: 324982E  
 Chartered Accountants

**per Paul Alvares**  
**Partner**  
 Membership Number: 105754  
 Place: Pune  
 Date : July 3, 2015

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

**Yatin S Shah**  
**Managing Director**  
**DIN. 00318140**  
 Place: Solapur  
 Date: July 3, 2015

**Dr. Suhasini Y Shah**  
**Director**  
**DIN. 02168705**  
 Place: Solapur  
 Date: July 3, 2015

**Ravindra R Joshi**  
**Director & CFO**  
**DIN. 03338134**  
 Place: Solapur  
 Date: July 3, 2015

**Swapneel S Kuber**  
**Company Secretary**  
**M No. 29707**  
 Place: Solapur  
 Date: July 3, 2015

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**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 the 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 section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Use of estimates**

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

**b) Change in accounting estimate**

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. As a result of this change, the depreciation charge for the year ended March 31, 2015 is higher by Rs.109,795,999. In respect of assets whose useful life is already exhausted as on April 1, 2014, depreciation of Rs.21,702,591 ( net of deferred tax impact of Rs. 11,175,141) has been adjusted in surplus in statement of profit and loss in accordance with the requirement of Schedule II of the Act.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**(c) Tangible fixed assets**

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

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

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.

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

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.

Component accounting is mandatory for financial years commencing on or after 1 April 2015. It is optional for financial years beginning 1 April 2014. The Company has not applied component accounting in the current year.

**(d) Depreciation on tangible fixed assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets. The Company has used the following useful lives to provide depreciation on its fixed assets:

| Description of asset group | Useful lives as per management's estimate from April 1, 2014 | Useful lives as per management's estimate from April 1, 2009 to March 31, 2014 |
|----------------------------|--|--|
| Buildings                  | 30 - 60 years  | 30 - 60 years  |
| Internal roads             | 5 - 10 years   | 30 - 60 years  |
| Plant & equipments         | 3 - 9.5 years  | 3 - 10 years   |
| Office equipments          | 5 - 9.5 years  | 15-16 years  |
| Furniture & fixture        | 5 years  | 9 - 10 years   |
| Vehicles                   | 8 years  | 10 - 11 years  |
| Computers                  | 3 years  | 6 years  |

Cost of leasehold land is amortised over the period of lease i.e. 90 years.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**(e) Intangible assets**

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

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

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

**(f) Lease**

*Where the Company is lessee*

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

**(g) Borrowing costs**

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Ancillary cost incurred in connection with arrangement of long term borrowings are amortised on the period of respective long term borrowing. All other borrowing costs are expensed in the period they occur.

**(h) Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

**(i) Investments**

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

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

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

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

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

PRECISION CAMSHAFTS LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

**(k) Revenue recognition**

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

***Sale of goods***

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

***Income from services***

Revenue from services is recognised as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

***Tooling Income***

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

***Interest***

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

***Dividends***

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

***Export Benefits***

Export incentive benefits are recognized as income on the basis of receipt of proof of export.

**(l) 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.



**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

(ii) Conversion

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

(iii) Exchange differences

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

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

For the purpose of 1 and 2 above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In 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) above.

**(m) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service



**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method as at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**(n) Income Tax**

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

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

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

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

**(o) Earning Per Share**

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

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

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**(p) Provisions**

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

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

**(q) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(r) Cash and cash equivalents**

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

**(s) Measurement of EBITDA**

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

**(t) Employee stock compensation cost**

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

| <b>NOTE 3: SHARE CAPITAL</b>  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|---|----------------------|----------------------|
| <b>Authorised shares</b>  |                      |                      |
| 100,000,000 (31 March 2014: 775,000) Equity shares of Rs. 10 each (31 March 2014: Rs. 100 each)                             | 1,000,000,000        | 77,500,000           |
| Nil (31 March 2014: 2,125,000) optionally convertible redeemable cumulative Preference shares (31 March 2014: Rs. 100 each) | -                    | 212,500,000          |
|   | <b>1,000,000,000</b> | <b>290,000,000</b>   |
| <b>Issued, subscribed and fully paid-up shares</b>  |                      |                      |
| 81,841,600 (31 March 2014: 409,208) Equity shares of Rs. 10 each (31 March 2014: Rs. 100 each)                              | 818,416,000          | 40,920,800           |
| <b>Total issued, subscribed and fully paid up share capital</b>   | <b>818,416,000</b>   | <b>40,920,800</b>    |

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

**Equity shares**

|   | 31 March 2015     |                    | 31 March 2014  |                   |
|---|-------------------|--------------------|----------------|-------------------|
|   | Numbers           | Amount (Rs)        | Numbers        | Amount (Rs)       |
| At the beginning of the year              | 409,208           | 40,920,800         | 309,208        | 30,920,800        |
| Issued during the year- ESOP              | -                 | -                  | 100,000        | 10,000,000        |
| Addition on account of share split        | 3,682,872         | -                  | -              | -                 |
| Bonus issue post share split              | 77,749,520        | 777,495,200        | -              | -                 |
| <b>Outstanding at the end of the year</b> | <b>81,841,600</b> | <b>818,416,000</b> | <b>409,208</b> | <b>40,920,800</b> |

During the current year, the Company has split the face value of equity shares from Rs. 100 per share to Rs. 10 per share. As a result, the number of equity shares increased from 409,208 equity shares having a face value of Rs. 100 each to 4,092,080 equity shares having a face value of Rs. 10 each. Post the share split, the Company further issued bonus shares in the ratio of 19 equity shares for 1 equity share held. The bonus issue was made out of the securities premium, capital redemption reserve and partly out of general reserve. Post the bonus issue, the number of equity increased from 4,092,080 shares of Rs. 10 each to 81,841,600 shares of Rs. 10 each.

Simultaneously, the Company has made changes in authorised capital. The existing 775,000 equity shares of Rs. 100 each and 2,125,000 optionally convertible redeemable cumulative preference shares of Rs. 100 each have been replaced by 100,000,000 equity shares of Rs. 10 each; on account of share split and bonus issue.

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share (March 31, 2014: 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 2015, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 0.05 (31 March 2014 : Rs. 10).

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

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. 10 each fully paid                 | 31 March 2015                            |                           | 31 March 2014                             |                           |
|---|--|---------------------------|---|---------------------------|
|   | Numbers<br>(face value<br>Rs. 10/ share) | % holding in<br>the class | Numbers<br>(face value<br>Rs. 100/ share) | % holding in<br>the class |
| Yatin Subhash Shah                                      | 25,874,400                               | 31.62%                    | 112,972                                   | 27.61%                    |
| Cams Technology Limited                                 | 16,078,800                               | 19.65%                    | 80,394                                    | 19.65%                    |
| Jayant Vasudeo Aradhye                                  | 11,202,000                               | 13.69%                    | 56,010                                    | 13.69%                    |
| Yatin Subhash Shah jointly with Dr. Suhasini Yatin Shah | 13,504,000                               | 16.50%                    | 56,000                                    | 13.68%                    |
| Dr. Suhasini Yatin Shah                                 | 10,953,200                               | 13.38%                    | 54,566                                    | 13.33%                    |
|   | 77,612,400                               | 94.83%                    | 359,942                                   | 87.96%                    |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

|   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Number of equity shares allotted as fully paid bonus shares by capitalisation of securities premium, capital redemption reserve and general reserve | 77,749,520    | --            |

In addition, the Company has issued 100,000 equity shares of Rs. 100 each (equivalent to 2,000,000 of Rs. 10 each post bonus issue and share split as referred in 3(a) above) (31 March 2014: 100,000 of Rs. 100 each) during the period of five years immediately preceding the date arising out of exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

**e. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 37.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|   | 31 March 2015        | 31 March 2014        |
|---|----------------------|----------------------|
| <b>NOTE 4 : RESERVES AND SURPLUS</b>  |                      |                      |
| <b>Capital reserve</b>  |                      |                      |
| SICOM Capital Incentive Subsidy   | 2,500,000            | 2,500,000            |
| <b>Securities premium</b>   |                      |                      |
| Balance as per last financial statements  | 430,426,684          | 87,426,684           |
| Add: additions on ESOPs exercised (refer note 38)                                       | 157,800,000          | 343,000,000          |
| Less : amounts utilized towards issue of fully paid bonus shares                        | 588,226,684          | --                   |
| <b>Closing balance</b>  | <b>--</b>            | <b>430,426,684</b>   |
| <b>General reserve</b>  |                      |                      |
| Balance as per last financial statements  | 55,720,031           | 55,720,031           |
| Less : amounts utilised towards issue of fully paid bonus shares                        | 8,499,316            | --                   |
| <b>Closing balance</b>  | <b>47,220,715</b>    | <b>55,720,031</b>    |
| <b>Capital redemption reserve</b>   |                      |                      |
| Balance as per last financial statements  | 180,769,200          | 180,769,200          |
| Less: amounts utilised towards issue of fully paid bonus shares                         | 180,769,200          | --                   |
| <b>Closing balance</b>  | <b>--</b>            | <b>180,769,200</b>   |
| <b>Employee stock option outstanding</b>  |                      |                      |
| Balance as per last financial statements  | --                   | --                   |
| Add: compensation for options granted during the year (refer note 38)                   | 161,161,698          | 343,000,000          |
| Less: Transferred to securities premium on exercise of stock options                    | 157,800,000          | 343,000,000          |
| <b>Closing Balance</b>  | <b>3,361,698</b>     | <b>--</b>            |
| <b>Surplus in the statement of profit and loss</b>                                      |                      |                      |
| Balance as per last financial statements  | 1,042,034,384        | 746,954,349          |
| Profit for the year   | 476,301,525          | 298,803,391          |
| Less: Appropriations  |                      |                      |
| Proposed final equity dividend<br>(amount per share Rs. 0.05/- (31 March 2014: Rs 10/-) | 4,092,080            | 3,182,491            |
| Tax on dividend   | 833,066              | 540,865              |
| Adjustment to net block of fixed assets (net of tax)<br>{refer note 2.1.(b)}            | 21,702,591           | --                   |
| Total appropriations  | 26,627,737           | 3,723,356            |
| <b>Net surplus in the statement of profit and loss</b>                                  | <b>1,491,708,172</b> | <b>1,042,034,384</b> |
| <b>Total reserves and surplus</b>   | <b>1,544,790,585</b> | <b>1,711,450,299</b> |

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

| NOTE 5: LONG-TERM BORROWINGS  | Non - current portion |                      | Current maturities |                    |
|---|-----------------------|----------------------|--------------------|--------------------|
|   | 31 March 2015         | 31 March 2014        | 31 March 2015      | 31 March 2014      |
| Term loans  |                       |                      |                    |                    |
| - Foreign currency loan from banks (Secured)                                  | 992,582,488           | 1,244,241,956        | 269,631,551        | 342,604,947        |
| Vehicle loans (Secured)   | --                    | --                   | --                 | 1,683,093          |
| Deposits (Unsecured)  |                       |                      |                    |                    |
| - Deposits from share holders   | --                    | 3,100,000            | --                 | 30,000,000         |
|   | <b>992,582,488</b>    | <b>1,247,341,956</b> | <b>269,631,551</b> | <b>374,288,040</b> |
| <b>The above amount includes</b>  |                       |                      |                    |                    |
| Secured borrowings  | 992,582,488           | 1,244,241,956        | 269,631,551        | 344,288,040        |
| Unsecured borrowings  | --                    | 3,100,000            | --                 | 30,000,000         |
| Amount disclosed under the head<br>"other current liabilities" (refer note 9) | --                    | --                   | (269,631,551)      | (374,288,040)      |
| <b>Net Amount</b>   | <b>992,582,488</b>    | <b>1,247,341,956</b> | --                 | --                 |

1. Foreign currency loan amounting to Rs. 1,089,554,000/- 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, viz., 1 August 2013. 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 Directors, Mr. Yatin S Shah and Dr. Suhasini Y Shah.
2. Foreign currency loan amounting to Rs. 172,660,039/- carries interest at the rate of LIBOR plus 405 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. viz., 2 November 2013. 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 Directors, Mr. Yatin S Shah and Dr. Suhasini Y Shah.
3. 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. The loans have been repaid during the current year.
4. Deposits from shareholders and others carry interest at the rate of 12.00% p.a. and are



**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

(All amounts in rupees unless otherwise stated)

repayable after 3 years from the respective dates of deposit. The Company has repaid the deposits during the year in accordance with the provisions of section 74 of the Companies Act, 2013.

The Company does not have any continuing defaults in repayment of loans and interest as at the reporting date.

**NOTE 6 : DEFERRED TAX LIABILITIES (NET)**

|   | 31 March 2015       | 31 March 2014      |
|---|---------------------|--------------------|
| <b>Deferred tax liability</b>   |                     |                    |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortization for the financial reporting | 246,053,523         | 260,165,993        |
| Others  |                     |                    |
| <b>Gross deferred tax liability</b>   | <b>246,053,523</b>  | <b>260,165,993</b> |
| <b>Deferred tax assets</b>  |                     |                    |
| Provision for doubtful debts and advances   | 743,948             | 4,148,867          |
| Employee related costs allowed for tax purposes on payment basis  | 23,625,790          | 4,992,835          |
| Unrealised exchange loss capitalised in the books   | 99,380,646          | 95,766,650         |
| Impact of judgement to block of fixed assets {refer note 2.1(b)}  | 11,175,141          | --                 |
| Others  | --                  | 6,117,731          |
| <b>Gross deferred tax assets</b>  | <b>134,925,525</b>  | <b>111,026,083</b> |
| <b>Net deferred tax liability</b>   | <b>111,127,998</b>  | <b>149,139,910</b> |
| <b>Deferred tax (credit) / charge for the year</b>  |                     |                    |
| Closing deferred tax liability, net   | 111,127,998         | 149,139,910        |
| Less: opening deferred tax liability, net   | 149,139,910         | 115,660,992        |
| Deferred tax movement for the year  | <b>(38,011,912)</b> | <b>33,478,918</b>  |
| Deferred tax (credit) / charge recorded in statement of profit and loss   | <b>(26,836,771)</b> | <b>33,478,918</b>  |
| Deferred tax credit recorded in reserves and surplus {refer note 2.1 (b) and note 4}                                    | <b>(11,175,141)</b> | --                 |
| Deferred tax (credit) / charge for the year   | <b>(26,836,771)</b> | <b>33,478,918</b>  |

|   | Long-term     |                  | Short Term         |                    |
|---|---------------|------------------|--------------------|--------------------|
|   | 31 March 2015 | 31 March 2014    | 31 March 2015      | 31 March 2014      |
| <b>NOTE 7: PROVISIONS</b>                     |               |                  |                    |                    |
| <b>Provision for employee benefits</b>        |               |                  |                    |                    |
| Provision for gratuity (refer note 26)        | -             | -                | 18,824,983         | --                 |
| Provision for leave benefit                   | -             | -                | 31,864,534         | 22,519,866         |
|   | -             | -                | <b>50,689,517</b>  | <b>22,519,866</b>  |
| <b>Other provisions</b>                       |               |                  |                    |                    |
| Provision for Income tax                      | -             | -                | 123,549,050        | 75,055,222         |
| Proposed equity dividend                      | -             | -                | 4,092,080          | 3,182,491          |
| Provision for tax on proposed equity dividend | -             | -                | 833,066            | 540,865            |
|   | -             | -                | <b>128,474,196</b> | <b>78,778,578</b>  |
|   | -             | <b>3,240,603</b> | <b>179,163,713</b> | <b>101,298,444</b> |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 8: SHORT-TERM BORROWINGS**

|  | <b>31 March<br/>2015</b> | <b>31 March<br/>2014</b> |
|--|--------------------------|--------------------------|
| Cash credit from banks (Secured)             | 29,493,279               | 46,203,910               |
| Overdraft against fixed deposits (Secured)   | 50,236,302               | --                       |
| Packing credit in Indian Rupees (Secured)    | --                       | 38,472,465               |
| Packing credit in foreign currency (Secured) | 501,932,864              | 437,435,857              |
|  | <b>581,662,445</b>       | <b>522,112,232</b>       |

1. Cash credit and packing credit in loans 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 Directors, Mr. Yatin S Shah and Dr. Suhasini Y Shah. The cash credit is repayable on demand and carries interest at the rate of 11.70% to 13.25% p.a. (31 March 2014 : 11.70% to 13.25% p.a.). Packing credit in foreign currency carries interest at the rate of 2.82% to 3.89% p.a. (31 March 2014 : 2.86% to 3.86% p.a.).
2. Overdraft against fixed deposits is secured by fixed deposit of Rs. 56,000,000 made with Bank of India and carries interest at the rate of 10.05% p.a.

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 9: OTHER LIABILITIES**

|   | Non-current   |               | Current              |                      |
|---|---------------|---------------|----------------------|----------------------|
|   | 31 March 2015 | 31 March 2014 | 31 March 2015        | 31 March 2014        |
| Trade payables (refer note 32 for details of dues to micro and small enterprises) | --            | --            | 621,785,673          | 588,132,488          |
| <b>Other liabilities</b>  |               |               |                      |                      |
| Current maturities of long-term borrowings (refer note 5)                         | --            | --            | 269,631,551          | 374,288,040          |
| Interest accrued but not due on borrowings  | --            | --            | 9,539,044            | 10,907,104           |
| Unpaid matured deposits and interest accrued thereon                              | --            | --            | 13,729,570           | 13,729,570           |
| Advances from customers   | --            | --            | 29,715,967           | 58,312,020           |
| Payables for capital goods purchased  | --            | --            | 74,756,070           | 37,967,678           |
| Employee benefits payable (including commission)                                  | --            | --            | 108,387,594          | 75,870,183           |
| Book overdraft  | --            | --            | 103,897,125          | 9,766,712            |
| Tax deducted at source payable  | --            | --            | 47,901,018           | 34,657,953           |
| Value added tax payable   | --            | --            | 7,597                | 7,597                |
| Provision for expenses  | --            | --            | 36,491,178           | 30,473,218           |
|   | --            | --            | <b>694,056,714</b>   | <b>645,980,075</b>   |
| <b>TOTAL</b>  |               |               | <b>1,315,842,387</b> | <b>1,234,112,563</b> |

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 10 : FIXED ASSETS**

| Particulars  | Tangible Assets   |                    |                      |                   |                        |                   |                       | Intangible Assets<br>Computer Software |
|--|-------------------|--------------------|----------------------|-------------------|------------------------|-------------------|-----------------------|--|
|  | Leasehold land    | Buildings          | Plant & Machinery    | Office equipments | Furniture and fixtures | Vehicles          | Total Tangible assets |  |
| <b>Cost</b>  |                   |                    |                      |                   |                        |                   |                       |  |
| At 1 April 2013  | 18,603,119        | 602,540,355        | 1,955,673,906        | 30,337,605        | 17,840,296             | 24,716,693        | 2,649,711,974         | 15,554,632                             |
| Additions  | -                 | 53,115,305         | 296,553,712          | 1,789,514         | 3,735,719              | 4,200,000         | 359,394,250           | 811,730                                |
| Disposals  | -                 | -                  | (33,957,512)         | (6,615,559)       | -                      | (512,187)         | (41,085,258)          | -                                      |
| Other adjustment   | -                 | -                  | -                    | -                 | -                      | -                 | -                     | -                                      |
| - Exchange differences   | -                 | 32,886,860         | 122,909,086          | -                 | -                      | -                 | 155,795,946           | -                                      |
| <b>At 31 March 2014</b>  | <b>18,603,119</b> | <b>688,542,520</b> | <b>2,341,179,192</b> | <b>25,511,560</b> | <b>21,576,015</b>      | <b>28,404,506</b> | <b>3,123,816,912</b>  | <b>16,366,362</b>                      |
| Additions  | -                 | -                  | 122,637,012          | 2,680,025         | 4,753,219              | 16,923,295        | 146,993,551           | 2,029,607                              |
| Disposals  | -                 | -                  | (19,878,125)         | (521,187)         | -                      | -                 | (20,399,312)          | -                                      |
| Other adjustment   | -                 | -                  | -                    | -                 | -                      | -                 | -                     | -                                      |
| - Exchange differences   | -                 | 13,013,001         | 42,452,995           | -                 | -                      | -                 | 55,465,996            | -                                      |
| <b>At 31 March 2015</b>  | <b>18,603,119</b> | <b>701,555,521</b> | <b>2,486,391,074</b> | <b>27,670,398</b> | <b>26,329,234</b>      | <b>45,327,801</b> | <b>3,305,877,147</b>  | <b>18,395,969</b>                      |
| <b>Depreciation / amortization</b>   |                   |                    |                      |                   |                        |                   |                       |  |
| At 1 April 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)          | -                                      |
| <b>At 31 March 2014</b>  | <b>2,225,660</b>  | <b>79,052,368</b>  | <b>787,613,156</b>   | <b>13,238,886</b> | <b>8,302,928</b>       | <b>9,221,120</b>  | <b>899,654,118</b>    | <b>14,364,111</b>                      |
| Charge for the year#   | 207,493           | 22,903,391         | 273,452,092          | 8,456,380         | 3,769,085              | 3,440,268         | 312,228,709           | 2,197,409                              |
| Additional depreciation on account of change in estimate (refer note 2.1(b)) | 6,719             | 9,182,844          | 95,098,720           | 1,061,036         | 3,026,185              | 1,713,968         | 110,089,472           | (293,473)                              |
| Disposal   | -                 | -                  | (17,204,467)         | -                 | (482,974)              | (228,851)         | (17,916,292)          | -                                      |
| <b>At 31 March 2015</b>  | <b>2,439,872</b>  | <b>111,138,603</b> | <b>1,138,959,501</b> | <b>22,756,302</b> | <b>14,615,224</b>      | <b>14,146,505</b> | <b>1,304,056,007</b>  | <b>16,268,047</b>                      |
| <b>Net Block</b>   |                   |                    |                      |                   |                        |                   |                       |  |
| At 31 March 2015   | 16,163,247        | 590,416,918        | 1,347,431,573        | 4,914,096         | 11,714,010             | 31,181,296        | 2,001,821,140         | 2,127,922                              |
| At 31 March 2014   | 16,377,459        | 609,490,152        | 1,553,566,036        | 12,272,674        | 13,273,087             | 19,183,386        | 2,224,162,794         | 2,002,251                              |

# The charge for the year includes Rs. 32,877,732 written off relating to assets with nil revised remaining useful life and adjusted in retained earnings, as stated in Note 2.1(b).

**CWIP for year**

|                  |            |
|------------------|------------|
| At 31 March 2015 | 88,055,580 |
| At 31 March 2014 | 3,485,000  |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 11: NON-CURRENT INVESTMENTS**

|   | 31 March<br>2015   | 31 March<br>2014   |
|---|--------------------|--------------------|
| <b>Trade investment (valued at cost)</b><br>(Unquoted equity instruments)   |                    |                    |
| <b><u>Investment in subsidiary</u></b><br>PCL (Shanghai) Co. Ltd.<br>(Investment of USD 230,000 as paid up capital)<br>(31 March 2014: USD 230,000 as paid up capital)  | 11,048,275         | 11,048,275         |
| <b><u>Investment in joint ventures</u></b><br>Ningbo Shenglong PCL Camshafts Co. Ltd.<br>(Investment of USD 375,000 as paid up capital)<br>(31 March 2014: USD 375,000 as paid up capital)  | 20,213,205         | 20,213,205         |
| Pcl Shenglong (Huzhou) Specialised Casting Co. Ltd.<br>(Investment of USD 1,760,000 as paid up capital)<br>(31 March 2014: USD 1,313,245 as paid up capital)  | 110,121,670        | 82,087,794         |
| <b><u>Unquoted preference shares</u></b><br>Cams Technology Limited<br>(62,000,000 5% redeemable non convertible<br>preference shares of Rs 10 each fully paid up)<br>(31 March 2014: 62,000,000 5% non cumulative optionally<br>fully convertible preference shares of Rs 10 each fully paid ) | 620,000,000        | 620,000,000        |
| <b><u>Non-trade investments (valued at cost)</u></b><br>(Unquoted equity instruments)   |                    |                    |
| Shares of Laxmi Co-op. Bank Limited<br>(5,000 Equity shares of Rs. 25 each fully paid-up)<br>(31 March 2014: 5,000 Equity shares of<br>Rs. 25 each fully paid-up)   | 125,000            | 125,000            |
| Shares of Solapur Janata Sahakari Bank Limited<br>(500 Equity shares of Rs. 10 each fully paid-up)<br>(31 March 2014: 500 Equity shares of<br>Rs. 10 each fully paid-up)  | 5,000              | 5,000              |
| <b>Aggregate amount of unquoted investments</b>   | <b>761,513,150</b> | <b>733,479,274</b> |

The Company holds 62,000,000 5% redeemable non convertible preference shares of Cams Technology Limited ( CTL ) as at March 31, 2015. These preference shares were issued on August 17, 2013 as optionally fully convertible non cumulative preference shares, the terms of which subsequently, pursuant to a resolution passed in the class meeting of preference shareholders on April 1, 2014, were altered to 5% redeemable non convertible preference shares. In this regard, CTL has filed Form No. MGT-14 for filing the resolutions passed by CTL and Form No. SH-7 for alteration of its share capital with the Registrar of Companies, Pune on December 5, 2014. The Management, based on a legal opinion is of the view that CTL is not a subsidiary under the provisions of the Companies Act, 2013. The accounting treatment and disclosures in the financial statements have been made accordingly.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

| <b>NOTE 12: LOANS AND ADVANCES</b><br>(Unsecured, considered good) | <b>Non-current</b>       |                          | <b>Current</b>           |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <b>31 March<br/>2015</b> | <b>31 March<br/>2014</b> | <b>31 March<br/>2015</b> | <b>31 March<br/>2014</b> |
| Capital advances   | 67,656,295               | 28,122,212               | -                        | -                        |
| Security deposit   | 17,127,598               | 16,677,598               | -                        | -                        |
| Advances recoverable in cash or kind                               | 4,624,766                | 4,684,905                | 79,258,280               | 48,757,431               |
| <b>Other loans and advances</b>                                    |                          |                          |                          |                          |
| Income tax deposited with tax authorities                          | 2,890,000                | 8,397,000                | -                        | -                        |
| Balances with statutory/government authorities                     | -                        | -                        | 99,690,434               | 86,265,887               |
| Gratuity Advance   | -                        | -                        | -                        | 618,119                  |
| Other advances (refer note 29(b))                                  | 1,211,744                | 1,211,744                | -                        | -                        |
|  | <b>4,101,744</b>         | <b>9,608,744</b>         | <b>99,690,434</b>        | <b>86,884,006</b>        |
| <b>Total</b>   | <b>93,510,403</b>        | <b>59,093,459</b>        | <b>178,948,715</b>       | <b>135,641,437</b>       |

**NOTE 13: TRADE RECEIVABLES**

|   | <b>Current</b>           |                          |
|---|--------------------------|--------------------------|
|   | <b>31 March<br/>2015</b> | <b>31 March<br/>2014</b> |
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                          |                          |
| - Unsecured, considered good  | 48,171                   | 712,435                  |
| - Doubtful  | 515,760                  | 5,827,487                |
|   | 563,931                  | 6,539,922                |
| Less: Provision for doubtful receivables  | 515,760                  | 5,827,487                |
|   | <b>48,171</b>            | <b>712,435</b>           |
| <b>Other receivables</b>  |                          |                          |
| - Unsecured, considered good  | 1,052,377,514            | 1,123,948,593            |
| - Doubtful  | 1,672,966                | 6,378,653                |
|   | 1,054,050,480            | 1,130,327,246            |
| Less: Provision for doubtful receivables  | 1,672,966                | 6,378,653                |
|   | <b>1,052,377,514</b>     | <b>1,123,948,593</b>     |
| <b>Total</b>  | <b>1,052,425,685</b>     | <b>1,124,661,028</b>     |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 14: OTHER ASSETS (Unsecured, considered good)**

|  | Non-current       |                   | Current           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 31 March 2015     | 31 March 2014     | 31 March 2015     | 31 March 2014     |
| Non-current bank balance (refer note 16)               | 22,915,388        | 22,828,980        | -                 | -                 |
| Unamortised expenditure (ancillary cost of borrowings) | 2,829,638         | 5,079,974         | 2,250,336         | 2,717,035         |
| Interest accrued on fixed deposits                     | -                 | -                 | 4,069,500         | 1,875,128         |
| Income accrued on export incentives                    | -                 | -                 | 49,791,339        | 1,851,336         |
| Forward contract receivables                           | -                 | -                 | 4,303,809         | 3,176,694         |
| Central sales tax balance receivables                  | -                 | -                 | 6,541,395         | 7,811,534         |
|  | <b>25,745,026</b> | <b>27,908,954</b> | <b>66,956,379</b> | <b>17,431,727</b> |

**NOTE 15: INVENTORIES**

| (At lower of cost and net realisable value) | 31 March 2015      | 31 March 2014      |
|---|--------------------|--------------------|
| Raw materials and components                | 23,548,691         | 27,656,421         |
| Stores, spares and packing materials        | 52,284,060         | 51,440,708         |
| Semi-finished goods                         | 62,289,252         | 62,012,114         |
| Finished goods                              | 238,182,579        | 270,239,511        |
|   | <b>376,304,582</b> | <b>411,348,754</b> |

**NOTE 16: CASH AND BANK BALANCES**

|  | Non-current       |                   | Current            |                    |
|--|-------------------|-------------------|--------------------|--------------------|
|  | 31 March 2015     | 31 March 2014     | 31 March 2015      | 31 March 2014      |
| <b>Cash and cash equivalents</b>   |                   |                   |                    |                    |
| Balance with Banks:  |                   |                   |                    |                    |
| On Current Accounts  | -                 | -                 | 78,857,184         | 104,555,015        |
| Deposits with original maturity of less than 3 months                          | -                 | -                 | 406,738,487        | 116,209,141        |
| Cash in hand   | -                 | -                 | 557,753            | 141,322            |
|  | -                 | -                 | <b>486,153,424</b> | <b>220,905,478</b> |
| <b>Other bank balances</b>   |                   |                   |                    |                    |
| Deposits with original maturity for more than 12 months*                       | 22,915,388        | 22,828,980        | -                  | -                  |
| Deposits with original maturity for more than 3 months but less than 12 months | -                 | -                 | 410,023,610        | 46,256,048         |
|  | <b>22,915,388</b> | <b>22,828,980</b> | <b>410,023,610</b> | <b>46,256,048</b>  |
| Amount disclosed under non current assets (refer note 14)                      | 22,915,388        | 22,828,980        | --                 | --                 |
| <b>Total</b>   | -                 | -                 | <b>896,177,034</b> | <b>267,161,526</b> |

\*Includes Rs. 29,835,035 (31 March 2014: Rs. 40,074,213) held as lien by banks against bank guarantees.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

**Note 17: REVENUE FROM OPERATIONS**

|  | <b>31 March<br/>2015</b> | <b>31 March<br/>2014</b> |
|--|--------------------------|--------------------------|
| Sale of Finished goods                 | 5,092,690,810            | 4,566,833,342            |
| Sale of Services                       | 27,387,137               | 9,561,318                |
| <b>Other operating revenue</b>         |                          |                          |
| Tooling Income                         | 40,832,931               | 53,288,150               |
| Scrap sales                            | 1,775,324                | 1,610,124                |
| Export Incentives                      | 123,063,353              | 115,963,918              |
| <b>Revenue from operations (gross)</b> | <b>5,285,749,555</b>     | <b>4,747,256,852</b>     |
| Less: Excise duty                      | 142,121,286              | 152,562,435              |
| <b>Revenue from operations (net)</b>   | <b>5,143,628,269</b>     | <b>4,594,694,417</b>     |
| <b>Details of Finished goods sold</b>  |                          |                          |
|  | <b>31 March 2015</b>     | <b>31 March 2014</b>     |
| Casting camshafts                      | 3,604,249,847            | 3,103,876,564            |
| Machined camshafts                     | 1,488,440,963            | 1,462,956,778            |
|  | <b>5,092,690,810</b>     | <b>4,566,833,342</b>     |
| <b>Details of services rendered</b>    |                          |                          |
|  | <b>31 March 2015</b>     | <b>31 March 2014</b>     |
| Job work charges                       | 27,387,137               | 9,561,318                |
|  | <b>27,387,137</b>        | <b>9,561,318</b>         |

**Note 18: OTHER INCOME**

|  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|--|----------------------|----------------------|
| Interest income on                               |                      |                      |
| Bank deposits                                    | 53,163,981           | 16,018,548           |
| Others   | 1,401,820            | 1,423,979            |
| Dividend income on long-term investments         | 15,600               | 22,500               |
| Exchange differences (net)                       | -                    | 64,083,506           |
| Excess provision for doubtful debts written back | 4,194,874            | 8,954,577            |
| Technical support fee (refer note 30 (c))        | 19,805,117           | 10,171,721           |
| Compensation from customer                       | 23,771,229           | 22,369,988           |
| Miscellaneous income                             | 3,200,915            | 551,237              |
|  | <b>105,553,536</b>   | <b>123,596,056</b>   |



**PRECISION CAMSHAFTS LIMITED**  
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(All amounts in rupees unless otherwise stated)

**NOTE 19 : COST OF RAW MATERIALS CONSUMED**

|   | 31 March 2015        | 31 March 2014        |
|---|----------------------|----------------------|
| <b>Inventory at the beginning of the year</b> | 27,656,421           | 25,534,947           |
| Add: Purchases                                | 1,637,025,432        | 1,522,144,928        |
|   | 1,664,681,853        | 1,547,679,875        |
| Less: Inventory at the end of the year        | 23,548,691           | 27,656,421           |
| <b>Cost of raw materials consumed</b>         | <b>1,641,133,162</b> | <b>1,520,023,454</b> |
| <b>Detail of raw material consumed</b>        |                      |                      |
|   | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Resin coated sand                             | 685,682,921          | 611,487,901          |
| Pig iron                                      | 424,256,791          | 358,682,864          |
| M.S scrap                                     | 239,809,413          | 247,002,206          |
| Others  | 291,384,037          | 302,850,483          |
|   | <b>1,641,133,162</b> | <b>1,520,023,454</b> |
| <b>Detail of Inventory</b>                    | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Resin coated sand                             | 2,815,052            | 4,197,923            |
| Pig iron                                      | 5,590,220            | 8,065,983            |
| M S Scrap                                     | 1,875,792            | 2,863,447            |
| Others  | 13,267,627           | 12,529,068           |
|   | <b>23,548,691</b>    | <b>27,656,421</b>    |

**NOTE 20: (INCREASE) / DECREASE IN INVENTORIES**

|   | 31 March 2015        | 31 March 2014        |
|---|----------------------|----------------------|
| <b>Opening Stock:</b>                     |                      |                      |
| Finished goods                            | 270,239,511          | 222,087,020          |
| Semi-finished goods                       | 62,012,114           | 80,761,492           |
|   | 332,251,625          | 302,848,512          |
| <b>Closing Stock:</b>                     |                      |                      |
| Finished goods                            | 238,182,579          | 270,239,511          |
| Semi-finished goods                       | 62,289,252           | 62,012,114           |
|   | <b>300,471,831</b>   | <b>332,251,625</b>   |
| <b>(Increase)/decrease in inventories</b> | <b>31,779,794</b>    | <b>(29,403,113)</b>  |
| <b>Detail of Inventory</b>                | <b>31 March 2015</b> | <b>31 March 2014</b> |
| <b>Semi-finished goods</b>                |                      |                      |
| casting camshafts                         | 40,751,771           | 47,004,160           |
| Machined camshafts                        | 21,537,481           | 15,007,954           |
|   | <b>62,289,252</b>    | <b>62,012,114</b>    |
| <b>Finished Goods</b>                     |                      |                      |
| Casting camshafts                         | 211,711,450          | 231,876,057          |
| Machined camshafts                        | 26,471,129           | 38,363,454           |
|   | <b>238,182,579</b>   | <b>270,239,511</b>   |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 21: EMPLOYEE BENEFIT EXPENSE**

|   | 31 March 2015      | 31 March 2014      |
|---|--------------------|--------------------|
| Salaries, wages, bonus and commission (refer note 30 (c)) | 583,383,526        | 478,490,469        |
| Employee stock option scheme                              | 3,361,698          | 457,847,513        |
| Contribution to provident fund and superannuation fund    | 28,800,689         | 27,764,850         |
| Gratuity expense (refer note 26)                          | 27,251,409         | (4,170,370)        |
| Staff welfare expenses                                    | 10,965,345         | 11,625,246         |
|   | <b>653,762,667</b> | <b>971,557,708</b> |

**NOTE 22: OTHER EXPENSES**

|  | 31 March 2014        | 31 March 2013        |
|--|----------------------|----------------------|
| Consumption of components and spares   | 297,838,520          | 269,360,761          |
| Packing material consumed  | 63,725,645           | 60,077,022           |
| Increase / (decrease) in excise duty on inventory  | (70,698)             | (2,968,642)          |
| Power and fuel expenses  | 538,477,105          | 534,337,200          |
| Job work expenses  | 81,093,990           | 78,958,865           |
| Freight outward charges  | 143,178,383          | 117,119,359          |
| Rent   | 999,000              | 465,000              |
| Rates and taxes  | 11,058,584           | 10,738,327           |
| Insurance  | 8,397,315            | 7,865,409            |
| Repairs and maintenance  |                      |                      |
| Plant and machinery  | 78,286,298           | 58,345,934           |
| Building   | 5,108,053            | 5,730,814            |
| Others   | 19,381,646           | 19,522,769           |
| Advertisement and sales promotion  | 1,137,002            | 432,997              |
| CSR expenditure (refer note below)   | 3,502,000            | 2,375,000            |
| Sales commission   | 41,635,151           | 37,201,250           |
| Travelling and conveyance  | 43,949,248           | 39,220,448           |
| Communication costs  | 3,348,371            | 2,924,703            |
| Legal and professional fees  | 14,747,642           | 58,392,733           |
| Auditors' remuneration and expenses  |                      |                      |
| Statutory audit  | 3,000,000            | 1,400,000            |
| Out of pocket expenses   | 210,258              | 36,571               |
| Exchange differences (net)   | 8,199,194            | -                    |
| Loss on assets sold /discarded, net  | 1,641,746            | 4,175,802            |
| Miscellaneous expenses   | 83,826,034           | 43,732,477           |
|  | <b>1,452,670,487</b> | <b>1,349,444,798</b> |
| <b>CSR expenditure</b>   | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Gross amount required to be spent during the year  | 7,829,558            | 6,148,981            |
| Amount spent during the year in cash   | 3,502,000            | 2,375,000            |
| Amount spent during the year includes contribution to a trust significantly influenced by key management personnel or their relatives<br>(Also Refer Note 30( c )) | 3,100,000            | 2,295,000            |

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(All amounts in rupees unless otherwise stated)

**NOTE 23: DEPRECIATION AND AMORTISATION EXPENSE**

|                                   | 31 March 2015      | 31 March 2014      |
|-----------------------------------|--------------------|--------------------|
| Depreciation of tangible assets   | 389,531,991        | 268,868,749        |
| Amortisation of intangible assets | 1,812,394          | 3,739,620          |
|                                   | <b>391,344,385</b> | <b>272,608,369</b> |

**NOTE 24: FINANCE COST**

|                        | 31 March 2015     | 31 March 2014      |
|------------------------|-------------------|--------------------|
| Interest on borrowings | 75,416,456        | 99,950,580         |
| Other borrowing cost   | 2,717,035         | 4,125,101          |
| Bank charges           | 15,368,041        | 16,865,272         |
|                        | <b>93,501,532</b> | <b>120,940,953</b> |

**NOTE 25: EARNING PER SHARE**

|   | 31 March 2015      | 31 March 2014      |
|---|--------------------|--------------------|
| <b>The following reflects the profit and share data used in the basic and diluted EPS computation</b> |                    |                    |
| <b>Total operations for the year</b>  |                    |                    |
| Profit after tax  | 476,301,525        | 298,803,392        |
| <b>Net profit for calculation of basic EPS</b>  | <b>476,301,525</b> | <b>298,803,392</b> |
| Net profit as above   | 476,301,525        | 298,803,392        |
| <b>Net profit for calculation of diluted EPS</b>  | <b>476,301,525</b> | <b>298,803,392</b> |
| <b>Weighted average number of equity shares in calculating basic EPS</b>                              | <b>81,841,600</b>  | <b>63,649,819</b>  |
| Effect of dilution:   |                    |                    |
| Stock option granted under ESOP   | 26,466             | -                  |
| <b>Weighted average number of equity shares in calculating diluted EPS</b>                            | <b>81,868,066</b>  | <b>63,649,819</b>  |
| Earnings Per Share (Basic) (Rupees/share)   | <b>5.82</b>        | <b>4.69</b>        |
| Earnings Per Share (Diluted) (Rupees/share)   | <b>5.82</b>        | <b>4.69</b>        |

**PRECISION CAMSHAFTS LIMITED**  
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**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 2015 | 31 March 2014 |
|---|---------------|---------------|
| Defined benefit obligation at the beginning of the year | 39,129,417    | 42,789,943    |
| Current service cost                                    | 10,876,271    | 7,220,648     |
| Interest cost   | 3,226,551     | 3,339,420     |
| Actuarial (gain)/loss on obligation                     | 16,363,487    | (11,504,739)  |
| Benefits paid   | (8,040,088)   | (2,715,855)   |
| Defined benefit obligation at the end of the year       | 61,555,638    | 39,129,417    |

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

| Particulars  | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| Fair value of plan assets at the beginning of the year | 39,747,536    | 32,714,466    |
| Adjustment to opening balance                          | (1,065,518)   | -             |
| Expected return on plan assets                         | 3,421,153     | 3,029,088     |
| Contribution by employer                               | 8,873,825     | 6,523,226     |
| Benefits paid  | (8,040,088)   | (2,715,855)   |
| Actuarial gain/(loss) on plan assets                   | (206,253)     | 196,611       |
| Fair value of plan assets at the end of the year       | 42,730,655    | 39,747,536    |

\* The Company expects to contribute Rs. 8,479,099 (Rs.6,834,874) to its defined benefit gratuity plan in 2015-16.

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

| Particulars   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Investment with Insurer (Life Insurance Corporation of India) | 100%          | 100%          |

**Balance Sheet**  
**Benefit asset/liability**

| Particulars                | 31 March 2015 | 31 March 2014 |
|----------------------------|---------------|---------------|
| Defined Benefit Obligation | 61,555,638    | 39,129,417    |
| Fair Value of Plan Assets  | 42,730,655    | 39,747,536    |
| Plan Asset / (Liability)   | (18,824,983)  | 618,119       |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

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

| Particulars  | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| Current Service cost                               | 10,876,271    | 7,220,648     |
| Interest cost on benefit obligation                | 3,226,551     | 3,339,420     |
| Net actuarial (gain) / loss recognised in the year | 16,569,740    | (11,701,350)  |
| Expected return on plan assets                     | (3,421,153)   | (3,029,088)   |
| Net benefit expense                                | 27,251,409    | (4,170,370)   |
| Actual return on plan assets                       | 3,214,900     | 3,225,699     |

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

| Particulars                                | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
|--|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation                 | 61,555,638    | 39,129,417    | 42,789,943    | 29,026,609    | 18,728,872    |
| Plan assets                                | 42,730,655    | 39,747,536    | 32,714,466    | 29,152,924    | 15,802,743    |
| Surplus / (deficit)                        | (18,824,983)  | 618,119       | (10,075,477)  | 126,315       | (2,926,129)   |
| Experience adjustments on plan liabilities | 93,461        | (5,414,017)   | 2,237,571     | (1,186,258)   | (286,831)     |
| Experience adjustments on plan assets      | (206,253)     | 196,611       | 129,674       | 177,805       | 200,876       |

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

| Particulars                           | 31 March 2015 | 31 March 2014 |
|---------------------------------------|---------------|---------------|
| Discount rate                         | 7.77%         | 9.19%         |
| Expected rate of return on plan asset | 8.75%         | 9.25%         |
| Increase in compensation cost         | 8.00%         | 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 : VALUE OF IMPORTS CALCULATED ON CIF BASIS**

| Particulars                | 31 March 2015     | 31 March 2014     |
|----------------------------|-------------------|-------------------|
| Raw Materials              | 19,713,849        | 17,502,611        |
| Components and spare parts | 29,310,846        | 33,109,765        |
| Capital goods              | 42,993,199        | 22,704,238        |
|                            | <b>92,017,894</b> | <b>73,316,614</b> |

**NOTE 28 : CAPITAL AND OTHER COMMITMENTS**

| Particulars   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) | 74,049,469    | 161,864,737   |

**PRECISION CAMSHAFTS LIMITED**  
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**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. 2,423,488 (Previous Year Rs. 2,423,488). The Company has deposited an amount of Rs. 1,211,744 (Previous Year Rs. 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 (Previous Year Rs. 2,076,478) on sales tax retained under sales tax deferral scheme.
- d. During the previous year the Company has received an showcause from Commissioner, Central Excise Solapur for inadmissible cenvat credit amounting to Rs. 97,449 (Previous Year Nil) on outward transportation.

In all cases the cases mentioned above, the outflow is not deemed probable, and hence not provided for by the Company.

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 30: 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) Related parties under Accounting Standard 18- Related Party Disclosures, with whom transactions have taken place during the year**
- i) Entity having significant influence**  
Tata Capital Limited (Upto August 21, 2013)
- ii) Key Management Personnel**  
Mr. Yatin S Shah , Managing Director  
Dr. Suhasini Y Shah, Director  
Mr. Ravindra R. Joshi, Director
- iii) Relatives of Key Management Personnel**  
Mrs. Urmila Subhash Shah, mother of Mr. Yatin S Shah  
Mr. Karan Y Shah, son of Mr. Yatin S Shah  
Ms. Tanvi Y Shah, daughter of Mr. Yatin S Shah  
Dr. Manjiri Chitale, mother of Dr. Suhasini Y Shah  
Dr. Vinayak Chitale, father of Dr. Suhasini Y Shah
- iv) Enterprises owned or significantly influenced by key management personnel or their relatives:**  
Kimaya Construction Private Limited  
Chitale Clinic Private Limited  
Precision Foundation & Medical Research Trust  
Yatin S. Shah (HUF)  
Cams Technology Limited
- v) Individual having significant influence:**  
Mr. Jayant Aradhya
- vi) Relative of Individual having significant influence:**  
Mr. Maneesh Aradhya, son of Mr. Jayant Aradhya  
Dr. Sunita Aradhya, wife of Mr. Jayant Aradhya  
Mrs. Rama Aradhya, wife of Mr. Maneesh Aradhya  
Mr. Vijay Aradhya, brother of Mr. Jayant Aradhya
- vii) Joint Venture**  
Ningbo Shenglong PCL Camshaft Co Ltd.  
PCL Shenglong (Huzhou) Specialized Casting Co Ltd.
- c) Additional Related parties as per Companies Act, 2013 with whom transactions have taken place during the year**
- i) Company Secretary**  
Mr. Swapneel S Kuber

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
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**B The transactions with related parties during the year and their outstanding balances are as follows:**

| Sr. No. | Particulars                                       | Entity having significant influence |               | Key management personnel |               | Relatives of Key management personnel |               | Entities where KMP / RKMP have significant influence |               | Subsidiary    |               | Joint Venture |               | Individual having significant influence |               | Relative of Individual having significant influence |         |
|---------|---|-------------------------------------|---------------|--------------------------|---------------|---------------------------------------|---------------|--|---------------|---------------|---------------|---------------|---------------|---|---------------|---|---------|
|         |   | 31 March 2015                       | 31 March 2014 | 31 March 2015            | 31 March 2014 | 31 March 2015                         | 31 March 2014 | 31 March 2015  | 31 March 2014 | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 | 31 March 2015                           | 31 March 2014 | 31 March 2015                                       |         |
|         | Transactions                                      |                                     |               |                          |               |                                       |               |  |               |               |               |               |               |   |               |   |         |
| 1       | Remuneration* (including commission)              | -                                   | -             | 192,084,965              | 128,891,752   | -                                     | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 2       | ESOP Cost#  | -                                   | -             | 131,920,800              | 384,213,645   | -                                     | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 3       | Dividend paid on equity shares                    | -                                   | -             | 2,516,580                | 1,604,991     | 14,800                                | 16,800        | 803,940  | 803,940       | -             | -             | -             | -             | 560,100                                 | 560,100       | 157,440   | 167,440 |
| 4       | Investment in equity shares                       | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | -             | -             | 28,033,876    | 82,087,794    | -                                       | -             | -   | -       |
| 5       | Investment in preference shares                   | -                                   | -             | -                        | -             | -                                     | -             | -  | 620,000,000   | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 6       | Repayment of deposits                             | -                                   | -             | -                        | -             | 3,100,000                             | 500,000       | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 7       | Interest paid on deposits                         | -                                   | -             | -                        | -             | 372,000                               | 375,871       | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 8       | Interest paid on loans                            | -                                   | 1,175,476     | -                        | -             | -                                     | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 9       | Rent paid   | -                                   | -             | 240,000                  | 240,000       | -                                     | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 10      | Sale of goods                                     | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 168,413,898   | 122,761,209   | 537,530,010   | 358,455,588   | -                                       | -             | -   | -       |
| 11      | Deposits taken (including renewals and transfers) | -                                   | -             | -                        | -             | -                                     | 200,000       | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 12      | Technical support fee received                    | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | -             | -             | 19,805,117    | 10,171,721    | -                                       | -             | -   | -       |
| 13      | CSR Expenditure                                   | -                                   | -             | -                        | -             | -                                     | -             | 3,100,000  | 2,295,000     | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 14      | Purchases of goods, material or services          | -                                   | -             | -                        | -             | -                                     | -             | 5,197,651  | 1,970,236     | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 15      | Purchases of Material/ Services for fixed assets  | -                                   | -             | -                        | -             | -                                     | -             | 1,118,242  | 32,907,411    | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 16      | Equity Shares Issued                              | -                                   | -             | -                        | 8,360,000     | -                                     | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 17      | Equity Shares Issued- Bonus                       | -                                   | -             | 478,150,200              | -             | 2,812,000                             | -             | 152,748,600  | -             | -             | -             | -             | -             | 106,419,000                             | -             | 31,813,600  | -       |
| 18      | Advance Received                                  | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | -             | -             | 21,863,111    | 19,805,117    | -                                       | -             | -   | -       |
|         | <b>Balances outstanding</b>                       |                                     |               |                          |               |                                       |               |  |               |               |               |               |               |   |               |   |         |
| 1       | Remuneration payable (gross)                      | -                                   | -             | 129,767,763              | 90,740,000    | -                                     | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 2       | Deposits taken outstanding                        | -                                   | -             | -                        | -             | 3,100,000                             | -             | -  | -             | -             | -             | -             | -             | -                                       | -             | -   | -       |
| 3       | Trade receivables                                 | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 72,119,854    | 26,035,082    | 159,999,042   | 128,426,197   | -                                       | -             | -   | -       |
| 4       | Trade and other payables                          | -                                   | -             | -                        | -             | -                                     | -             | 2,938,164  | 837,418       | -             | -             | 19,805,117    | -             | -                                       | -             | -   | -       |
| 5       | Advance from customers                            | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | -             | -             | 21,863,111    | -             | -                                       | -             | -   | -       |

\* 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.  
# ESOP cost for key managerial personnel relates to the impact arising out of the adjustments referred in note 38.



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**C. Disclosure in respect of material related party transaction during the period / year**

| Sr. No. | Particulars  | Relationship  | 31 March 2015   | 31 March 2014                                       |
|---------|--|---|---|---|
| 1       | <b>Remuneration*</b><br>Mr.Yatin Shah<br>Dr. Suhasini Shah<br>Mr. Ravindra Joshi<br>Mr. Swapneel S Kuber   | Key management personnel<br>Key management personnel<br>Key management personnel<br>Key management personnel  | 105,747,723<br>32,839,188<br>53,263,956<br>234,099    | 82,504,653<br>17,705,103<br>28,681,996<br>-         |
| 2       | <b>ESOP Cost</b><br>Mr.Yatin Shah<br>Dr. Suhasini Shah   | Key management personnel<br>Key management personnel  | 78,900,000<br>53,020,800                              | 229,792,850<br>154,420,795                          |
| 3       | <b>Dividend paid on equity shares</b><br>Cams Technology Limited<br>Mr.Yatin Shah<br>Mr. Jayant Aaradhye<br>Mr Yatin Shah Jointly held with Dr. Suhasini Shah<br>Dr. Suhasini Shah | Entities where KMP / RKMP have significant influence<br>Key management personnel<br>Individual having significant influence<br>Key management personnel<br>Key management personnel                       | 803,940<br>1,293,720<br>560,100<br>675,200<br>547,660 | 803,940<br>689,753<br>560,100<br>675,200<br>240,038 |
| 4       | <b>Investment in equity shares</b><br>PCL Shenglong (Huzhou) Specialized Casting Co Ltd  | Joint Venture   | 28,033,876  | 82,087,794  |
| 5       | <b>Investment in preference shares</b><br>Cams Technology Limited  | Entities where KMP / RKMP have significant influence  | --  | 620,000,000   |
| 6       | <b>Repayment of deposits</b><br>Dr. Manjiri Chitale<br>Dr. Vinayak Chitale<br>Ms.Urmila Shah<br>Mr. Karan Shah<br>Ms. Tanvi Shah   | Relatives of Key management personnel<br>Relatives of Key management personnel<br>Relatives of Key management personnel<br>Relatives of Key management personnel<br>Relatives of Key management personnel | 600,000<br>800,000<br>-<br>1,050,000<br>650,000       | 100,000<br>300,000<br>100,000<br>-<br>-             |
| 7       | <b>Interest paid on deposits</b><br>Ms. Tanvi Shah<br>Mr. Karan Shah<br>Dr. Manjiri Chitale<br>Dr. Vinayak Chitale<br>Ms. Urmila Shah  | Relatives of Key management personnel<br>Relatives of Key management personnel<br>Relatives of Key management personnel<br>Relatives of Key management personnel<br>Relatives of Key management personnel | 39,000<br>63,000<br>36,000<br>48,000<br>-             | 78,000<br>126,000<br>72,066<br>96,115<br>3,690      |
| 8       | <b>Interest paid on loans</b><br>Tata Capital Limited  | Entity having significant influence   | -   | 1,175,476   |
| 9       | <b>Rent paid</b><br>Mr.Yatin Shah  | Key management personnel  | 240,000   | 240,000   |
| 10      | <b>Sale of goods</b><br>PCL (Shanghai) Co. Ltd.<br>Ningbo Shenglong PCL Camshafts Co Ltd   | Subsidiary<br>Joint Venture   | 168,413,898<br>537,530,010                            | 122,761,209<br>358,455,588                          |
| 11      | <b>Deposits taken (including renewals and transfers)</b><br>Dr. Vinayak Chitale  | Relatives of Key management personnel   | --  | 200,000   |
| 12      | <b>Technical support fee received</b><br>Ningbo Shenglong Pcl Camshafts Co Ltd<br>PCL Shenglong (Huzhou) Specialized Casting Co Ltd  | Joint Venture<br>Joint Venture  | --<br>19,805,117                                      | 10,171,720<br>--                                    |
| 13      | <b>CSR Expenditure</b><br>Precision Foundation   | Entities where KMP / RKMP have significant influence  | 3,100,000   | 2,295,000   |
| 14      | <b>Purchases of goods, material or Services</b><br>Kimaya Construction Private Limited<br>Cams Technology Limited<br>Chitale Clinic Pvt Ltd.                                       | Entities where KMP / RKMP have significant influence<br>Entities where KMP / RKMP have significant influence<br>Entities where KMP / RKMP have significant influence                                      | 281,544<br>4,789,552<br>147,888                       | 556,905<br>1,350,310<br>--                          |
| 15      | <b>Purchases of Material/Services for Fixed Assets</b><br>Kimaya Construction Private Limited  | Entities where KMP / RKMP have significant influence  | 1,209,917   | 32,907,411  |
| 16      | <b>Advance received</b><br>PCL Shenglong (Huzhou) Specialized Casting Co. Ltd.<br>Ningbo Shenglong Pcl Camshafts Co Ltd  | Joint Venture<br>Joint Venture  | 16,615,431<br>5,247,680                               | 19,805,117<br>-                                     |

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| Sr. No. | Particulars  | Relationship   | 31 March 2015   | 31 March 2014                                      |
|---------|--|--|---|--|
| 17      | <b>Issue of Equity Shares</b><br>Mr. Yatin Shah<br>Dr. Suhasini Shah   | Key management personnel<br>Key management personnel   | --<br>--  | 5,000,000<br>3,360,000                             |
| 18      | <b>Issue of Equity Shares- Bonus</b><br>Mr. Yatin Shah<br>Dr. Suhasini Shah<br>Cams Technology Limited<br><br>Mr Yatin Shah Jointly held with Dr. Suhasini<br>Mr. Jayant Aradhye<br>Mr. Maneesh Aradhye<br>Dr. Sunita Aradhye<br>Mrs. Rama Aradhye<br>Dr. Manjiri Chitale<br>Mr. Vijay Aradhye | Key management personnel<br>Key management personnel<br>Entities where KMP / RKMP have significant influence<br>Key management personnel<br>Individual having significant influence<br>Relative of Individual having significant influence<br>Relative of Individual having significant influence<br>Relative of Individual having significant influence<br>Relatives of Key Management Personnel<br>Relative of Individual having significant influence | 245,806,800<br>104,055,400<br>152,748,600<br><br>128,288,000<br>106,419,000<br>15,540,100<br>7,761,500<br>6,612,000<br>2,774,000<br>1,900,000 | -<br>-<br>-<br><br>-<br>-<br>-<br>-<br>-<br>-<br>- |
|         | <b>Balances outstanding</b>  |  |   |  |
|         | <b>Remuneration Payable</b><br>Mr. Yatin S Shah<br>Dr. Suhasini Y Shah<br>Mr. Ravindra R Joshi   | Key management personnel<br>Key management personnel<br>Key management personnel   | 57,674,561<br>28,837,281<br>43,255,921  | 54,000,000<br>14,000,000<br>22,740,000             |
|         | <b>Trade Payables</b><br>Kimaya Construction Private Limited<br><br>Cams Technology Limited  | Entities where KMP / RKMP have significant influence<br>Entities where KMP / RKMP have significant influence   | 275,913<br>1,503,442  | -<br>837,418                                       |
|         | <b>Sundry payables for capital goods purchased</b><br>Kimaya Construction Private Limited  | Entities where KMP / RKMP have significant influence   | 1,158,809   | -  |
|         | <b>Advance from customers</b><br>PCL Shenglong (Huzhou) Specialized Casting Co Ltd.<br>Ningbo Shenglong Pcl Camshafts Co Ltd   | Joint Venture<br>Joint Venture   | 16,615,431<br>5,247,680   | 19,805,117<br>-                                    |
|         | <b>Investments in Joint Ventures</b><br>PCL Shenglong (Huzhou) Specialized Casting Co Ltd  | Joint Venture  | -   | 82,087,794   |
|         | <b>Trade Receivables</b><br>PCL (Shanghai) Co. Ltd.<br>Ningbo Shenglong PCL Camshafts Co Ltd   | Subsidiary<br>Joint Venture  | 72,119,854<br>159,999,042   | 26,035,082<br>128,426,197                          |

\* 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.

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**NOTE 31: 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, 2015 | USD           | 1,000,000        | 61,950,000 | Hedge of trade receivables |
|                | EUR           | 300,000          | 19,905,000 | Hedge of trade receivables |
|                | GBP           | 375,000          | 34,267,500 | Hedge of trade receivables |
| 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 |

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

| Category                        | Currency Type | 31 March 2015    |               | 31 March 2014    |               |
|---------------------------------|---------------|------------------|---------------|------------------|---------------|
|                                 |               | Foreign Currency | INR Amount    | Foreign Currency | INR Amount    |
| Borrowings                      | USD           | 20,890,525       | 1,315,685,244 | 26,337,708       | 1,586,846,903 |
|                                 | EUR           | 6,537,153        | 448,448,694   | 5,270,312        | 437,435,857   |
| Import payables                 | USD           | 112,429          | 7,080,777     | 172,303          | 10,381,274    |
|                                 | EUR           | 62,137           | 4,262,608     | 284,741          | 23,633,532    |
|                                 | GBP           | 13,111           | 1,227,179     | 19,779           | 1,985,819     |
|                                 | JPY           | 81,540,400       | 43,094,101    | 35,812,400       | 21,093,504    |
| Other current liabilities       | USD           | 508,152          | 31,498,821    | 180,804          | 10,893,423    |
|                                 | EUR           | 100,289          | 7,626,871     | 737,964          | 61,250,976    |
|                                 | GBP           | 2,454            | 225,984       | 22,289           | 2,237,831     |
| Investment in overseas entities | USD           | 2,365,000        | 141,383,150   | 1,918,245        | 113,349,274   |
| Trade receivables               | USD           | 5,537,441        | 343,044,490   | 5,717,145        | 344,457,984   |
|                                 | EUR           | 4,645,250        | 308,212,349   | 3,869,804        | 321,193,705   |
|                                 | GBP           | 1,528,269        | 139,653,192   | 835,194          | 83,853,495    |
| Cash and bank balances          | USD           | 484,090          | 29,989,364    | 1,244,422        | 74,976,441    |
|                                 | GBP           | 178,326          | 16,295,397    | 155,196          | 15,581,631    |
|                                 | EUR           | 40,030           | 2,656,020     | 28,760           | 2,387,042     |

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

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

| Particulars  | 31 March<br>2015 | 31 March<br>2014 |
|--|------------------|------------------|
| (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  | 91,211,272       | 74,347,021       |
| Interest due on above  | 1,202,613        | 1,029,122        |
| (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.   | NIL              | NIL              |
| (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 | 26,404,079       | 15,238,915       |

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 for the year is Rs. 27,606,692 (31 March 2014: Rs. 16,268,036). The same has not been accrued in the books of the Company as amount is not contractually payable.

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 33: EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)**

| Particulars                       | 31 March 2015      | 31 March 2014      |
|-----------------------------------|--------------------|--------------------|
| Travelling and conveyance         | 6,281,120          | 2,026,293          |
| Interest expense                  | 73,621,649         | 86,533,868         |
| Bank charges                      | 3,266,602          | 5,555,284          |
| Sales commission                  | 39,049,698         | 32,668,632         |
| Legal and professional fees       | -                  | 6,225,953          |
| Rework and shot blasting charges  | 640,698            | 14,684,632         |
| Freight outward charges           | 6,293,256          | 9,739,537          |
| Repairs and maintenance           | -                  | 4,394,113          |
| Fees and forms                    | 1,698,679          | -                  |
| Research and development Expenses | 6,750,975          | -                  |
| Others                            | -                  | 474,568            |
|                                   | <b>137,602,677</b> | <b>162,302,880</b> |

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

| Year ended 31 March 2015            | % of total consumption<br>31 March 2015 | Value<br>31 March 2015 | % of total consumption<br>31 March 2014 | Value<br>31 March 2014 |
|-------------------------------------|---|------------------------|---|------------------------|
| <b>Raw Material</b>                 |   |                        |   |                        |
| Imported                            | 1.21%                                   | 19,778,228             | 1.07%                                   | 16,246,778             |
| Indigenously obtained               | 98.79%                                  | 1,621,354,934          | 98.93%                                  | 1,503,776,675          |
|                                     | <b>100.00%</b>                          | <b>1,641,133,162</b>   | <b>100.00%</b>                          | <b>1,520,023,454</b>   |
| <b>Components &amp; spare parts</b> |   |                        |   |                        |
| Imported                            | 7.50%                                   | 22,324,814             | 10.05%                                  | 27,071,082             |
| Indigenously obtained               | 92.50%                                  | 275,513,706            | 89.95%                                  | 242,289,679            |
|                                     | <b>100.00%</b>                          | <b>297,838,520</b>     | <b>100.00%</b>                          | <b>269,360,761</b>     |

**NOTE 35: EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)**

| Particulars                | 31 March 2015 | 31 March 2014 |
|----------------------------|---------------|---------------|
| F.O.B. value of exports    | 3,991,768,136 | 3,334,996,114 |
| Technical support fee      | 19,805,117    | 10,171,721    |
| Tooling Income             | 38,423,120    | 46,750,650    |
| Compensation from customer | 23,771,229    | 22,369,988    |

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**NOTE 36: INTEREST IN JOINT VENTURE**

The Company has interests in two joint ventures, both in China.

The Company holds 22.5% interest in Ningbo Shenglong PCL Camshafts Co. Limited, situated at Ningbo, China. The joint venture entity is involved in machining and sale of camshafts.

The Company holds 40% interest in PCL Shenglong (Huzhou) Specialized Casting Co Ltd. Situated at Huzhou, China. The joint venture entity is involved in manufacture and sale of camshafts.

The Company's share of the assets, liabilities, income and expenses in the jointly controlled entities

| <b>Particulars</b>                    | <b>31 March 2015</b> | <b>31 March 2014</b> |
|---------------------------------------|----------------------|----------------------|
| Current assets                        | 219,164,351          | 120,911,238          |
| Non- current assets                   | 406,986,015          | 112,958,867          |
| Current liabilities                   | 169,388,167          | 93,452,606           |
| Non- current liabilities              | 336,902,622          | 57,836,072           |
| <b>Equity</b>                         | <b>119,859,577</b>   | <b>82,581,427</b>    |
| Revenue                               | 307,974,297          | 68,905,097           |
| Cost of raw material consumed         | 118,193,097          | 51,708,148           |
| Depreciation and amortisation expense | 20,889,017           | 5,114,548            |
| Employee benefits expenses            | 34,905,146           | 2,139,425            |
| Other expenses                        | 106,990,084          | 18,662,832           |
| Profit before tax                     | 26,996,953           | (8,719,856)          |
| Income tax expense                    | 14,263,389           | -                    |
| <b>Profit/(loss) after tax</b>        | <b>12,733,564</b>    | <b>(8,719,856)</b>   |

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The Company's share of contingent liability and capital commitments in the jointly controlled entities for the year ended 31 March are as follows:

| <b>Particulars</b>  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|---|----------------------|----------------------|
| Contingent liabilities that the Company has incurred in relation to its interests in joint ventures and its Share in each of the contingent liabilities which have been incurred jointly with other venturers | Nil                  | Nil                  |
| Share of the contingent liabilities of the joint ventures themselves for which the Company is contingently liable   | Nil                  | Nil                  |
| Capital commitments of the Company in relation to its interests in joint ventures   | Nil                  | Nil                  |
| Company's share in capital commitments that have been incurred jointly with other venturers   | Nil                  | Nil                  |
| Company's share of the capital commitments of the joint ventures themselves   | Nil                  | Nil                  |

**NOTE 37 : EMPLOYEE STOCK OPTION SCHEME**

The Company provides share-based payment schemes to its employees. During the year ended 31 March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 27 January 2015, the board of directors approved the PCL Employee Stock Option Scheme 2015 (PCL ESOS 2015) for issue of stock options to the employees of the Company. According to the PCL ESOS 2015, 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 under PCL ESOS 2015 is 6 years (PCL KESOS 2014- 30 days). The other relevant terms of the grant are as below:

|                                | <b>PCL ESOS 2015</b> | <b>PCL KESOS 2014</b>   |
|--------------------------------|----------------------|-------------------------|
| Date of share holders approval | 30 December 2014     | '30 January 2014        |
| Number of options granted      | 382,950              | 100,000                 |
| Exercise price per option      | Rs. 10               | Rs. 100                 |
| Intrinsic Value                | Rs. 125.78           | Rs. 5108(refer Note 38) |
| Vesting Period                 | 3 years              | Immediate               |
| Exercise Period                | 3 years              | 30 years                |

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The details of activity under the PCL esop scheme are summarized below:

| Particulars                              | 31 March 2015<br>PCL ESOS 2015 | 31 March 2014<br>PCL KESOS 2014 |
|--|--------------------------------|---------------------------------|
| Outstanding at the beginning of the year | -                              | -                               |
| Granted during the year                  | 382,950                        | 100,000                         |
| Forfeited during the year                | -                              | -                               |
| Exercised during the year                | -                              | 100,000                         |
| Outstanding at the end of the year       | 382,950                        | -                               |
| Exercisable at the end of the year       | 382,950                        | -                               |

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

| Particulars  | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| Compensation cost of equity settled employee shared based payment plan | 44,337,951    | 343,000,000   |
| Charged during the year  | 3,361,698     | 343,000,000   |
| Cost deferred over balance vesting period                              | 40,976,253    | -             |

Also refer note 38, the Company has accounted for the error in ESOP valuation amounting to Rs. 157,800,000 in the current year.

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2015 is 3 years.

The weighted average fair value of stock options granted during the year was Rs. 125.78 (31 March 2014: Rs. 5,108). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars                               | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Dividend yield (%)                        | 10.00%        | 10.00%        |
| Expected volatility                       | 56.25%        | 56.25%        |
| Risk-free interest rate                   | 7.82%         | 9.19%         |
| Weighted average share price (₹)          | 125.78        | 5,108.00      |
| Exercise price (₹)                        | 10.00         | 100.00        |
| Expected life of options granted in years | 3             | -             |



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The ESOP cost using the intrinsic value method for the year ended March 31, 2015 has not been adjusted for adjustments as per note 38. Had the amount been considered, the proforma basic EPS and diluted EPS for the year ended March 31, 2014 would be Rs. 4.77 and Rs. 4.77 respectively.

The weighted average share price for the year ended March 31, 2014 has been computed after considering the impact of adjustment referred in note 38.

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

| <b>Particulars</b>                              | <b>31 March 2015</b> | <b>31 March 2014</b> |
|---|----------------------|----------------------|
| Profit after tax as reported                    | 476,301,525          | 298,803,392          |
| Add: ESOP cost using the intrinsic value method | 3,361,698            | 343,000,000          |
| Less: ESOP cost using the fair value method     | 3,360,225            | 496,042,000          |
| Proforma profit after tax                       | 476,302,999          | 145,761,392          |
| <b>Earnings Per Share</b>                       |                      |                      |
| <b>Basic</b>                                    |                      |                      |
| - As reported                                   | 5.82                 | 4.69                 |
| - Proforma                                      | 5.82                 | 2.29                 |
| <b>Diluted</b>                                  |                      |                      |
| - As reported                                   | 5.82                 | 4.69                 |
| - Proforma                                      | 5.82                 | 2.29                 |

**NOTE 38: PRIOR PERIOD ITEMS**

Prior period items include Rs.157,800,000 pertaining to shortfall in employee stock option expenses not accounted for in the year ended March 31, 2014 due to an error in determination of intrinsic value for its equity shares, now adjusted.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

**NOTE 39: SEGMENT REPORTING**

The Company's operations comprise of only one segment. i.e. Camshafts. In view of the same, separate primary business 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 2015        | 31 March 2014        |
|-----------------------|----------------------|----------------------|
| Revenue within India  | 1,113,385,237        | 1,058,389,392        |
| Revenue outside India | 4,030,243,032        | 3,536,305,025        |
|                       | <b>5,143,628,269</b> | <b>4,594,694,417</b> |

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

| Particulars   | 31 March 2015        | 31 March 2014        |
|---------------|----------------------|----------------------|
| Within India  | 2,901,551,956        | 3,046,048,311        |
| Outside India | 908,516,139          | 916,937,640          |
|               | <b>3,810,068,095</b> | <b>3,962,985,951</b> |

**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 2015      | 31 March 2014      |
|---------------|--------------------|--------------------|
| Within India  | 384,059,813        | 260,604,244        |
| Outside India | -                  | -                  |
|               | <b>384,059,813</b> | <b>260,604,244</b> |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

**NOTE 40 : OPERATING LEASE**

The Company has entered into commercial lease for office premises. The lease have an average life of between three years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

| Particulars                                 | 31 March 2015    | 31 March 2014 |
|---|------------------|---------------|
| Within one year                             | 1,082,400        | -             |
| After one year but not more than five years | 1,723,040        | -             |
| More than five years                        | -                | -             |
|   | <b>2,805,440</b> | -             |

**NOTE 41: RESEARCH AND DEVELOPMENT EXPENDITURE**

| Particulars            | 31 March 2015     | 31 March 2014     |
|------------------------|-------------------|-------------------|
| Capital                |                   |                   |
| - Plants and machinery | 53,789,890        | 44,016,235        |
| Revenue                |                   |                   |
| - Raw material         | 5,361,627         | 3,127,507         |
| - Salary               | 5,910,789         | 5,585,209         |
| - Others               | 9,166,138         | 1,590,960         |
|                        | <b>74,228,444</b> | <b>54,319,911</b> |

**NOTE 42: PREVIOUS YEAR FIGURES**

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

**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**

ICAI Firm Registration Number: 324982E  
 Chartered Accountants

**per Paul Alvares**  
**Partner**

Membership Number: 105754  
 Place: Pune  
 Date : July 3, 2015

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

**Yatin S Shah**  
**Managing Director**  
**DIN. 00318140**

Place: Solapur  
 Date: July 3, 2015

**Dr. Suhasini Y Shah**  
**Director**  
**DIN. 02168705**

Place: Solapur  
 Date: July 3, 2015

**Ravindra R Joshi**  
**Director & CFO**  
**DIN. 03338134**

Place: Solapur  
 Date: July 3, 2015

**Swapneel S Kuber**  
**Company Secretary**  
**M No. 29707**

Place: Solapur  
 Date: July 3, 2015

## CONSOLIDATED FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REPORT

To the Members of  
Precision Camshafts Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Precision Camshafts Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and jointly controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of

the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, and its jointly controlled entities as at March 31, 2015, their consolidated profit, and their consolidated 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. The Holding Company did not have any subsidiary or associate in India; or did not exercise joint control over any entity incorporated in India; and .

2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act. The Holding Company did not have any subsidiary or associate in India or did not exercise joint control over any entity incorporated in India.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and its jointly controlled entities Refer Note 29 to the consolidated financial statements;
  - ii. The Group and its jointly controlled entities did not have any material foreseeable losses in long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company. The Holding Company did not have any subsidiary or associate in India or did not exercise joint control over any entity incorporated in India.

#### **Other Matter**

The accompanying consolidated financial statements include total assets of Rs 662,164,298 as at March 31, 2015, and total revenues and net cash outflows of Rs 469,999,463 and Rs 25,518,948 for the year ended on that date, in respect of a subsidiary, and two jointly controlled entities, which have not been audited, and whose unaudited financial statements and other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of these subsidiary and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and jointly controlled entities is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the financial statements and other financial information certified by the Management.

For **SRBC & COLLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

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**per Paul Alvares**  
Partner  
Membership Number: 105754  
Place of Signature Pune  
Date: July 3, 2015

**Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date**

**Re: The Group, comprising Precision Camshafts Limited (the “Holding Company”)**

- i. a) The Holding 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 of the Holding Company during the year and no material discrepancies were identified on such verification.
- ii. a) The management of the Holding Company has conducted physical verification of inventory at reasonable intervals during the year.  
b) The procedures of physical verification of inventory followed by management of the Holding Company are reasonable and adequate in relation to the size of the Holding Company and the nature of its business.  
c) The Holding Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Holding Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories in the nature of resin coated sand and certain fixed assets in the nature of plot levelling work 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. In respect of deposits accepted by the Holding Company, 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 section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management of the Holding Company 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.
- vi. We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of camshafts, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited

with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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 by the Holding Company.

c) According to the records of the Holding Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

| Name of the statute      | Nature of dues | Amount (Rs.) | Period for which the amount relates | Forum where dispute is pending |
|--------------------------|----------------|--------------|-------------------------------------|--------------------------------|
| Central Excise Act, 1944 | Excise duty    | 2,076,478    | 2007-08                             | Central Excise, Pune           |

d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- viii. The Holding 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.
- ix. Based on our audit procedures and as per the information and explanations given by the management of the Holding Company, we are of the opinion that the Holding Company has not defaulted in repayment of dues to banks. The Holding Company did not have any outstanding dues in respect of a financial institution or in respect of debenture holders during the year.
- x. According to the information and explanations given to us, the Holding Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xi. Based on the information and explanations given to us by the management of Holding Company, the term loans were applied for the purpose for which the loans were obtained.
- xii. 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 the management of the Holding Company, we report that no fraud on or by the Holding Company has been noticed or reported during the year.

**For SRBC & COLLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

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**per Paul Alvares**  
Partner  
Membership Number: 105754  
Place of Signature: Pune  
Date : July 3, 2015



**PRECISION CAMSHAFTS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|  | Notes | 31 March 2015        | 31 March 2014        |
|--|-------|----------------------|----------------------|
| <b>EQUITY AND LIABILITIES</b>              |       |                      |                      |
| <b>Shareholders' funds</b>                 |       |                      |                      |
| Share capital                              | 3     | 818,416,000          | 40,920,800           |
| Reserves and surplus                       | 4     | 1,500,687,138        | 1,683,010,904        |
|  |       | <b>2,319,103,138</b> | <b>1,723,931,704</b> |
| <b>Non-current liabilities</b>             |       |                      |                      |
| Long-term borrowings                       | 5     | 1,222,937,516        | 1,305,178,028        |
| Deferred tax liabilities (net)             | 6     | 111,127,998          | 149,139,910          |
| Other long-term liabilities                | 9     | 5,300,137            | -                    |
|  |       | <b>1,339,365,651</b> | <b>1,454,317,938</b> |
| <b>Current liabilities</b>                 |       |                      |                      |
| Short-term borrowings                      | 8     | 639,021,133          | 546,347,482          |
| Trade payables                             | 9     | 658,447,826          | 643,295,170          |
| Other current liabilities                  | 9     | 807,183,073          | 648,390,083          |
| Short-term provisions                      | 7     | 185,570,116          | 103,436,314          |
|  |       | <b>2,290,222,148</b> | <b>1,941,469,049</b> |
| <b>TOTAL</b>                               |       | <b>5,948,690,937</b> | <b>5,119,718,691</b> |
| <b>ASSETS</b>                              |       |                      |                      |
| <b>Non-current assets</b>                  |       |                      |                      |
| Fixed assets                               |       |                      |                      |
| Tangible assets                            | 10    | 2,309,030,889        | 2,289,811,643        |
| Intangible assets                          | 10    | 2,484,291            | 2,127,973            |
| Capital work-in-progress                   |       | 162,439,880          | 49,913,055           |
|  |       | <b>2,473,955,060</b> | <b>2,341,852,671</b> |
| Non-current investments                    | 11    | 620,130,000          | 620,130,000          |
| Deferred tax asset                         | 6     | 1,763,700            | -                    |
| Long-term loans and advances               | 12    | 116,903,798          | 59,915,104           |
| Other non-current assets                   | 14    | 25,745,026           | 27,908,954           |
|  |       | <b>3,238,497,584</b> | <b>3,049,806,729</b> |
| <b>Current assets</b>                      |       |                      |                      |
| Inventories                                | 15    | 443,454,739          | 435,176,242          |
| Trade receivables                          | 13    | 1,048,813,239        | 1,122,180,792        |
| Cash and bank balances                     | 16    | 945,345,271          | 341,848,711          |
| Short-term loans and advances              | 12    | 204,188,264          | 142,326,410          |
| Other current assets                       | 14    | 68,391,840           | 28,379,807           |
|  |       | <b>2,710,193,353</b> | <b>2,069,911,962</b> |
| <b>TOTAL</b>                               |       | <b>5,948,690,937</b> | <b>5,119,718,691</b> |
| Summary of significant accounting policies |       | 2.1                  |                      |

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date  
For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754  
Place: Pune  
Date : July 3, 2015

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

Yatin S Shah  
Managing Director  
DIN. 00318140  
Place: Solapur  
Date: July 3, 2015

Dr. Suhasini Y Shah  
Director  
DIN. 02168705  
Place: Solapur  
Date: July 3, 2015

Ravindra R Joshi  
Director & CFO  
DIN. 03338134  
Place: Solapur  
Date: July 3, 2015

Swapneel S Kuber  
Company Secretary  
M No. 29707  
Place: Solapur  
Date: July 3, 2015

**PRECISION CAMSHAFTS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|   | Notes | 31 March 2015        | 31 March 2014        |
|---|-------|----------------------|----------------------|
| <b>INCOME</b>   |       |                      |                      |
| Revenue from operations (gross)   | 17    | 5,466,390,868        | 4,826,137,521        |
| Less: Excise duty   | 17    | 142,121,286          | 152,562,435          |
| Revenue from operations (net)   |       | <b>5,324,269,582</b> | <b>4,673,575,086</b> |
| Other income  | 18    | 103,219,689          | 125,555,959          |
| <b>Total (I)</b>  |       | <b>5,427,489,271</b> | <b>4,799,131,045</b> |
| <b>EXPENSES</b>   |       |                      |                      |
| Cost of raw material consumed   | 19    | 1,673,309,797        | 1,543,984,167        |
| (Increase)/decrease in inventories  | 20    | 5,005,400            | (13,199,507)         |
| Employee benefits expenses  | 21    | 690,584,827          | 980,372,198          |
| Other expenses  | 22    | 1,546,949,546        | 1,380,497,493        |
| <b>Total (II)</b>   |       | <b>3,915,849,570</b> | <b>3,891,654,351</b> |
| <b>Earning before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>                    |       | <b>1,511,639,701</b> | <b>907,476,694</b>   |
| Depreciation and amortisation expense   | 23    | 412,233,397          | 277,774,435          |
| Finance costs   | 24    | 112,327,896          | 126,327,584          |
| <b>Profit before tax</b>  |       | <b>987,078,409</b>   | <b>503,374,675</b>   |
| <b>Tax expense</b>  |       |                      |                      |
| <b>Current tax</b>  |       |                      |                      |
| -Pertaining to profit for the current year  |       | 392,030,433          | 180,835,995          |
| -Adjustment of tax relating to earlier periods  |       | 1,721,680            | -                    |
| Deferred tax (credit)/ charge   |       | (28,600,471)         | 33,478,917           |
| <b>Total tax expense</b>  |       | <b>365,151,642</b>   | <b>214,314,912</b>   |
| <b>Profit after tax</b>   |       |                      | -                    |
| Prior period items (refer note 34)  |       | 157,800,000          |                      |
| <b>Profit for the year</b>  |       | <b>464,126,767</b>   | <b>289,059,763</b>   |
| <b>Earnings per equity share</b><br>[nominal value of share Rs. 10 each<br>(31 March 2014: Rs. 100 each)] | 25    |                      |                      |
| <b>Basic</b>  |       |                      |                      |
| Computed on the basis of profit for the year  |       | 5.67                 | 4.54                 |
| <b>Diluted</b>  |       |                      |                      |
| Computed on the basis of profit for the year  |       | 5.67                 | 4.54                 |
| Summary of significant accounting policies  | 2.1   |                      |                      |

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date  
For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754  
Place: Pune  
Date : July 3, 2015

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

Yatin S Shah  
Managing Director  
DIN. 00318140

Place: Solapur  
Date: July 3, 2015

Dr. Suhasini Y Shah  
Director  
DIN. 02168705

Place: Solapur  
Date: July 3, 2015

Ravindra R Joshi  
Director & CFO  
DIN. 03338134

Place: Solapur  
Date: July 3, 2015

Swapneel S Kuber  
Company Secretary  
M No. 29707

Place: Solapur  
Date: July 3, 2015

**PRECISION CAMSHAFTS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|  | 31 March 2015        | 31 March 2014        |
|--|----------------------|----------------------|
| <b>Cash flow from operating activities</b>   |                      |                      |
| <b>Profit before tax and prior period items</b>                                    | <b>987,078,409</b>   | <b>503,374,675</b>   |
| Adjustment to reconcile profit before tax to net cash flows                        |                      |                      |
| Depreciation and amortisation expense  | 412,233,397          | 277,774,435          |
| Provision for doubtful debts written back  | (2,069,525)          | (8,954,577)          |
| Loss on assets sold /discarded, net  | 17,343,226           | 4,040,802            |
| Dividend income on long-term investments   | (15,600)             | (22,500)             |
| ESOP expense   | 3,361,698            | 343,000,000          |
| Interest expense   | 96,760,782           | (17,442,527)         |
| Interest income  | (54,605,658)         | (2,740,460)          |
| Unrealised exchange differences  | (87,423,026)         | (68,528,693)         |
|  | 385,585,294          | 634,581,391          |
| Operating profit before working capital changes                                    | <b>1,372,663,703</b> | <b>1,137,956,066</b> |
| Movements in working capital :   |                      |                      |
| Increase in trade payables   | 13,524,359           | 71,435,178           |
| (Decrease) in long-term provisions   | -                    | (3,240,603)          |
| Increase (Decrease) in short-term provisions                                       | 29,371,440           | (3,356,609)          |
| Increase in other current liabilities  | 131,682,728          | 49,443,029           |
| Increase (decrease) in other long term liabilities                                 | 5,300,137            | -                    |
| (Increase) Decrease in trade receivables   | 87,621,942           | (271,658,747)        |
| Decrease (Increase) in inventories   | (8,278,496)          | (38,744,590)         |
| (Increase) Decrease in long-term loans and advances                                | 431,784              | (2,694,842)          |
| (Increase) in short-term loans and advances  | (61,861,855)         | (36,583,845)         |
| (Increase) Decrease in other current assets  | (37,307,769)         | 1,476,532            |
| Change in working capital  | 160,484,270          | (233,924,497)        |
| Cash generated from operations   | 1,533,147,973        | 904,031,569          |
| Direct taxes paid (net of refunds)   | (335,482,572)        | (123,649,914)        |
| <b>Net cash flow from operating activities (A)</b>                                 | <b>1,197,665,221</b> | <b>780,381,655</b>   |
| <b>Cash flow from investing activities</b>   |                      |                      |
| Purchase of fixed assets, including intangible assets and capital work in progress | <b>(664,434,441)</b> | <b>(472,894,653)</b> |
| Proceeds from sale of fixed assets   | 841,275              | 715,643              |
| Investment in unquoted preference shares   | -                    | (620,000,000)        |
| Redemption of bank deposits (original maturity of more than three months)          | 8,000,000            | -                    |
| Investment of bank deposits (original maturity of more than three months)          | (371,853,970)        | 79,174,562           |
| Interest received  | 51,434,694           | 17,442,527           |
| Dividend received  | 15,600               | 22,500               |
| <b>Net cash used in investing activities (B)</b>                                   | <b>(975,996,843)</b> | <b>(995,539,421)</b> |

**PRECISION CAMSHAFTS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

|  | 31 March 2015      | 31 March 2014      |
|--|--------------------|--------------------|
| <b>Cash flow from financing activities</b>   |                    |                    |
| Proceeds from issuance of equity share capital                                       | -                  | 10,000,000         |
| Proceeds of long term borrowings   | 172,518,956        | 173,018,154        |
| Repayment of long term borrowings  | (217,563,011)      | (41,181,378)       |
| Proceeds/(repayment) of short term borrowings (net)                                  | 161,133,002        | 346,025,600        |
| Interest paid  | (95,951,472)       | (98,402,039)       |
| Dividend paid on shares  | (4,092,080)        | (3,182,491)        |
| Tax on dividend paid   | (833,066)          | (540,865)          |
| <b>Net cash flow from/(used in) financing activities (C)</b>                         | <b>15,212,329</b>  | <b>385,736,981</b> |
| Net increase in cash and cash equivalents (A+B+C)                                    | 236,880,707        | 170,579,215        |
| Cash and cash equivalents as at beginning of year                                    | 295,592,663        | 133,474,134        |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 2,848,291          | (8,460,686)        |
| <b>Cash and cash equivalents as at year end</b>                                      | <b>535,321,661</b> | <b>295,592,663</b> |
| <b>Components of cash and cash equivalents:</b>                                      |                    |                    |
|  | 31 March 2015      | 31 March 2014      |
| Balances with banks:   |                    |                    |
| On current accounts  | 128,025,421        | 179,242,200        |
| Deposit with original maturity of less than 3 months                                 | 406,738,487        | 116,209,141        |
| Cash in hand   | 557,753            | 141,322            |
| <b>Total cash and cash equivalents (refer note 16)</b>                               | <b>535,321,661</b> | <b>295,592,663</b> |

**As per our report of even date**  
**For S R B C & CO LLP**  
ICAI Firm Registration Number: 324982E  
Chartered Accountants

**per Paul Alvares**  
**Partner**  
Membership Number: 105754  
Place: Pune  
Date : July 3, 2015

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

**Yatin S Shah**  
**Managing Director**  
**DIN. 00318140**  
Place: Solapur  
Date: July 3, 2015

**Dr. Suhasini Y Shah**  
**Director**  
**DIN. 02168705**  
Place: Solapur  
Date: July 3, 2015

**Ravindra R Joshi**  
**Director & CFO**  
**DIN. 03338134**  
Place: Solapur  
Date: July 3, 2015

**Swapneel S Kuber**  
**Company Secretary**  
**M No. 29707**  
Place: Solapur  
Date: July 3, 2015

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**NOTE 1. CORPORATE INFORMATION**

Precision Camshafts Limited (hereinafter referred to as 'the Company'), its subsidiary (together referred to as "the Group") and joint ventures are primarily engaged in the manufacture and sale of camshaft castings and machined camshafts to the Auto industry and the Railways.

**NOTE 2. BASIS OF CONSOLIDATION**

The consolidated financial statements of the Group and joint ventures have been prepared in accordance with AS 21, Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Group and joint ventures and are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP'). The consolidated financial statements of the Group and joint ventures have been prepared on the following basis:

(i) The financial statements of the Company, its subsidiary and joint venture have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra Group and joint ventures balances and intra Group and joint ventures transactions and unrealised profits. Unrealised losses resulting from intra Group and joint ventures transactions are eliminated unless cost cannot be recovered.

(ii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

(iii) The financial statements of the joint venture entities have been combined by using proportionate consolidation method and accordingly, venturer's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported by way of a separate note in the consolidated financial statements.

(iv) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2015.

The list of subsidiaries included in consolidation are mentioned below :

| <b>Subsidiary Name</b> | <b>Country of Incorporation</b> | <b>Proportion of ownership interest of the Company as on March 31, 2015</b> | <b>Proportion of ownership interest of the Company as on March 31, 2014</b> |
|------------------------|---------------------------------|---|---|
| PCL (Shanghai) Co. Ltd | China                           | 100%  | 100%  |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

The list of Joint venture entities of the Company included in consolidation are mentioned below:

| <b>Name of the Joint Venture entity</b>             | <b>Country of Incorporation</b> | <b>Proportion of ownership interest of the Company as on March 31, 2015</b> | <b>Proportion of ownership interest of the Company as on March 31, 2014</b> |
|---|---------------------------------|---|---|
| Ningbo Shenglong PCL Camshafts Co. Ltd              | China                           | 22.50%  | 10%   |
| PCL Shenglong (Huzhou) Specialised Casting Co. Ltd. | China                           | 40%   | 40%   |

## **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Use of estimates**

The preparation of consolidated financial statements of the Group and joint ventures in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### **(a) Change in accounting estimate**

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management of the Company has re-estimated useful lives and residual values of all its fixed assets. As a result of this change, the depreciation charge for the year ended March 31, 2015 is higher by Rs.108,895,181. In respect of assets whose useful life is already exhausted as on April 1, 2014, depreciation of Rs.21,702,591 ( net of deferred tax impact of Rs. 11,175,141) has been adjusted in surplus in statement of profit and loss in accordance with the requirement of Schedule II of the Act.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**(c) Tangible fixed assets**

Fixed assets, are stated at cost (net of cenvat), 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 consolidated profit and loss for the period during which such expenses are incurred.

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

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

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 consolidated profit and loss when the asset is derecognised.

Component accounting is mandatory for financial years commencing on or after 1 April 2015. It is optional for financial years beginning 1 April 2014. The Group and joint ventures has not applied component accounting in the current year.

**(d) Depreciation on tangible fixed assets**

Depreciation is provided using the straight line method as per the useful lives of assets estimated by the management or at the rates as per the useful life prescribed under Schedule II of the Act ( from April 1, 2014) and at the rates prescribed under Schedule XIV of the Companies Act, 1956 ( from April 1, 2009 to March 31, 2014), whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets:

| Description of asset group | Useful lives as per management's estimate from April 1, 2014 | Useful lives as per management's estimate from April 1, 2009 to March 31, 2014 |
|----------------------------|--|--|
| Buildings                  | 30 - 60 years  | 30 - 60 years  |
| Internal roads             | 5 - 10 years   | 30 - 60 years  |
| Plant & equipments         | 3 - 9.5 years  | 3 - 10 years   |
| Office equipments          | 5 - 9.5 years  | 15-16 years  |
| Furniture & fixture        | 5 years  | 9 - 10 years   |
| Vehicles                   | 8 years  | 10 - 11 years  |
| Computers                  | 3 years  | 6 years  |

Cost of leasehold land is amortised over the period of lease i.e. 90 years.



**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**(e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of consolidated profit and loss in the year in which the expenditure is incurred.

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

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

**(f) Leases**

Where the group 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 consolidated profit and loss on a straight-line basis over the lease term.

**(g) Borrowing costs**

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**(h) Impairment of tangible and intangible assets**

The Group and joint ventures 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 Group and joint ventures 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 consolidated profit and loss.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and joint ventures estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of consolidated profit and loss.

**(i) Investments**

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

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

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

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 consolidated profit and loss.

**(j) Inventories**

Raw materials, components, stores and spares and traded goods 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 and stores and spares is determined on a weighted average basis.

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

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

**(k) Revenue recognition**

Revenue 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 Group and joint ventures collect sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group and joint ventures. 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 Group and joint ventures collect service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group and joint ventures. Hence, it is excluded from revenue.

*Tooling Income*

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

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

*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 Group and joint ventures right to receive dividend is established by the reporting date.

*Export benefits*

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

**(I) Foreign currency translation**

*Foreign currency transactions and balances*

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

The Group and joint ventures 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. For this purpose, the Company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

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

*Translation of integral and non-integral foreign operation*

The Group and joint ventures 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.

**(m) Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The Company recognizes contribution payable to the provident fund and superannuation fund as an expenditure, when an employee renders the related service. The

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

Group and joint ventures has no obligation, other than the contribution payable to the provident fund and superannuation funds.

The Group and joint ventures 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 consolidated profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group and joint ventures 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 Group and joint ventures 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 at the year-end. Actuarial gains/losses are immediately taken to the statement of consolidated 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.

**(n) Income taxes**

Tax expenses comprise current and deferred taxes. 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 Group and joint ventures 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 Group and joint ventures is entitled to a tax holiday under the Income-

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Group's and joint ventures 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 Group and joint ventures restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

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

**(o) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**(p) Provisions**

A provision is recognised when the Group and joint ventures 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 Group and joint ventures 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 consolidated profit and loss net of any reimbursement.

**(q) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and joint ventures 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 Group and joint ventures does not recognise a contingent liability but discloses its existence in the financial statements.

**(r) Cash and cash equivalents**

Cash and cash equivalents for the purposes of consolidated 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 Group and joint ventures has elected to present earnings before interest, tax, depreciation and amortisation expense (EBITDA) as a separate line item on the face of the statement of consolidated profit and loss. The Group and joint ventures measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group and joint ventures does not include depreciation and amortisation expense, finance costs and tax expenses.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**(t) Employee stock compensation cost**

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.



**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

| <b>NOTE 3: SHARE CAPITAL</b>  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|---|----------------------|----------------------|
| <b>Authorised shares</b>  |                      |                      |
| 100,000,000 (31 March 2014: 775,000) Equity shares of Rs. 10 each (31 March 2014: Rs. 100 each)                             | 1,000,000,000        | 77,500,000           |
| NIL (31 March 2014: 2,125,000) optionally convertible redeemable cumulative Preference shares (31 March 2014: Rs. 100 each) | -                    | 212,500,000          |
|   | <b>1,000,000,000</b> | <b>290,000,000</b>   |
| <b>Issued, subscribed and fully paid-up shares</b>  |                      |                      |
| 81,841,600 (31 March 2014: 409,208) Equity shares of Rs. 10 each (31 March 2014: Rs. 100 each)                              | 818,416,000          | 40,920,800           |
| <b>Total issued, subscribed and fully paid up share capital</b>   | <b>818,416,000</b>   | <b>40,920,800</b>    |

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

|   | 31 March 2015     |                    | 31 March 2014  |                   |
|---|-------------------|--------------------|----------------|-------------------|
|   | Numbers           | Amount (Rs)        | Numbers        | Amount (Rs)       |
| At the beginning of the year              | 409,208           | 40,920,800         | 309,208        | 30,920,800        |
| Issued during the year- ESOP              | -                 | -                  | 100,000        | 10,000,000        |
| Addition on account of share split        | 3,682,872         | -                  | -              | -                 |
| Bonus Issue Post Shares Split             | 77,749,520        | 777,495,200        | -              | -                 |
| <b>Outstanding at the end of the year</b> | <b>81,841,600</b> | <b>818,416,000</b> | <b>409,208</b> | <b>40,920,800</b> |

During the year, the Company has split the face value of equity shares from Rs. 100 per share to Rs. 10 per share. As a result, the number of equity shares increased from 409,208 equity shares having a face value of Rs. 100 each to 4,092,080 equity shares having a face value of Rs. 10 each. Post the share split, the Company further issued bonus shares in the ratio of 19 equity shares for 1 equity share held. The bonus issue was made out of the securities premium, capital redemption reserve and partly out of general reserve. Post the bonus issue, the number of equity increased from 4,092,080 shares of Rs. 10 each to 81,841,600 shares of Rs. 10 each.

Simultaneously, the Company has made changes in authorised capital. The existing 775,000 equity shares of Rs. 100 each and 2,125,000 optionally convertible redeemable cumulative preference shares of Rs. 100 each have been replaced by 100,000,000 equity shares of Rs. 10 each; on account of share split and bonus issue.

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share (March 31, 2014: 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 2015, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 0.05 (31 March 2014 : Rs. 10).

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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. 10 each fully paid       | 31 March 2015 |                        | 31 March 2014 |                        |
|---|---------------|------------------------|---------------|------------------------|
|   | Numbers       | % holding in the class | Numbers       | % holding in the class |
| Yatin S Shah                                  | 25,874,400    | 31.62%                 | 112,972       | 27.61%                 |
| Cams Technology Limited                       | 16,078,800    | 19.65%                 | 80,394        | 19.65%                 |
| Jayant Vasudeo Aradhye                        | 11,202,000    | 13.69%                 | 56,010        | 13.69%                 |
| Yatin S Shah jointly with Dr. Suhasini Y Shah | 13,504,000    | 16.50%                 | 56,000        | 13.68%                 |
| Dr. Suhasini Y Shah                           | 10,953,200    | 13.38%                 | 54,566        | 13.33%                 |
|   | 77,612,400    | 94.83%                 | 359,942       | 87.96%                 |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

|   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Number of equity shares allotted as fully paid bonus shares by capitalisation of securities premium, capital redemption reserve and general reserve | 77,749,520    | --            |

In addition, the Company has issued 100,000 equity shares of Rs. 100 each (equivalent to 2,000,000 of Rs. 10 each post bonus issue and share split as referred in 3(a) above) (31 March 2014: 100,000 of Rs. 100 each) during the period of five years immediately preceding the date arising out of exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

**e. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 32.

**PRECISION CAMSHAFTS LIMITED**  
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|  | 31 March 2015        | 31 March 2014        |
|--|----------------------|----------------------|
| <b>NOTE 4 : RESERVES AND SURPLUS</b>   |                      |                      |
| <b>Capital reserve</b>   |                      |                      |
| SICOM Capital Incentive Subsidy  | 2,500,000            | 2,500,000            |
| <b>Securities premium</b>  |                      |                      |
| Balance as per last financial statements   | 430,426,684          | 87,426,684           |
| Add: additions on ESOPs exercised  | 157,800,000          | 343,000,000          |
| Less: Bonus Issue Transfer   | 588,226,684          | --                   |
| <b>Closing balance</b>   | <b>--</b>            | <b>430,426,684</b>   |
| <b>General reserve</b>   |                      |                      |
| Balance as per last financial statements   | 55,720,031           | 55,720,031           |
| Less: Bonus Issue Transfer   | 8,499,316            | --                   |
| <b>Closing balance</b>   | <b>47,220,715</b>    | <b>55,720,031</b>    |
| <b>Capital redemption reserve</b>  |                      |                      |
| Balance as per last financial statements   | 180,769,200          | 180,769,200          |
| Less: Bonus Issue Transfer   | 180,769,200          | --                   |
| <b>Closing balance</b>   | <b>--</b>            | <b>180,769,200</b>   |
| <b>Employee stock option outstanding</b>   |                      |                      |
| Balance as per last financial statements   | --                   | --                   |
| Add: Gross compensation for options granted during the year                              | 161,161,698          | 343,000,000          |
| Less: Transferred to securities premium on exercise of stock options                     | 157,800,000          | 343,000,000          |
| <b>Closing Balance</b>   | <b>3,361,698</b>     | <b>--</b>            |
| <b>Statutory reserve for SLPCL</b>   |                      |                      |
| Balance as per last financial statements   | --                   | --                   |
| Add: Transfer from surplus in the Statement of profit and loss                           | 4,537,989            | --                   |
| <b>Closing balance</b>   | <b>4,537,989</b>     | <b>--</b>            |
| <b>Surplus in the statement of profit and loss</b>                                       |                      |                      |
| Balance as per last financial statements   | 1,016,120,131        | 730,783,724          |
| Profit for the year  | 464,126,767          | 289,059,763          |
| Less: Appropriations   |                      |                      |
| Proposed final equity dividend<br>(amount per share Rs. 0.05/- (31 March 2014: Rs 10/-)) | 4,092,080            | 3,182,491            |
| Tax on dividend  | 833,066              | 540,865              |
| FA write off / write back  | 21,702,591           | --                   |
| Transfer to statutory reserve for SLPCL  | 4,537,989            | --                   |
|  | 31,165,726           | 3,723,356            |
| <b>Net surplus in the statement of profit and loss</b>                                   | <b>1,449,081,172</b> | <b>1,016,120,131</b> |
| <b>Foreign Currency Translation Reserve</b>  |                      |                      |
| Balance as per last financial statements   | (2,525,142)          | 215,318              |
| Less: movement during the year   | (3,489,293)          | (2,740,460)          |
| <b>Closing balance</b>   | <b>(6,014,435)</b>   | <b>(2,525,142)</b>   |
| <b>Total reserves and surplus</b>  | <b>1,500,687,138</b> | <b>1,683,010,904</b> |

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| NOTE 5: LONG-TERM BORROWINGS  | Non - current portion |                      | Current maturities |                    |
|---|-----------------------|----------------------|--------------------|--------------------|
|   | 31 March 2015         | 31 March 2014        | 31 March 2015      | 31 March 2014      |
| <b>Term loans</b>   |                       |                      |                    |                    |
| - Foreign currency loan from banks (Secured)                                    | 992,582,488           | 1,244,241,956        | 269,631,551        | 342,604,947        |
| - Loan from Bank of China (Secured)   | 20,381,556            | -                    | -                  | -                  |
| - Import & Export Bank of China (Secured)                                       | 188,934,750           | -                    | 86,386,950         | -                  |
| - Loan from Ningbo Shenglong Automotive Powertrain Systems Co. Ltd. (Unsecured) | 9,480,550             | 57,836,072           | -                  | -                  |
| - Loan from Ningbo Shenglong PCL Camshafts Co Ltd (Unsecured)                   | 11,558,172            | -                    | -                  | -                  |
| Vehicle loans (Secured)   | -                     | -                    | -                  | 1,683,093          |
| Deposits (Unsecured)  |                       |                      |                    |                    |
| - Deposits from share holders   | -                     | 3,100,000            | -                  | 30,000,000         |
|   | <b>1,222,937,516</b>  | <b>1,305,178,028</b> | <b>356,018,501</b> | <b>374,288,040</b> |
| <b>The above amount includes</b>  |                       |                      |                    |                    |
| Secured borrowings  | 1,201,898,794         | 1,244,241,956        | 356,018,501        | 344,288,040        |
| Unsecured borrowings  | 21,038,722            | 60,936,072           | -                  | 30,000,000         |
| Amount disclosed under the head "other current liabilities" (refer note 9)      | -                     | -                    | (356,018,501)      | (374,288,040)      |
| <b>Net Amount</b>   | <b>1,222,937,516</b>  | <b>1,305,178,028</b> | -                  | -                  |

**Precision Camshafts Limited**

1. Foreign currency loan amounting to Rs. 1,089,554,000/- 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, viz., 1 August 2013. 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 Directors, Mr. Yatin S Shah and Dr. Suhasini Y Shah.
2. Foreign currency loan amounting to Rs. 172,660,039/- carries interest at the rate of LIBOR plus 405 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. viz., 2 November 2013. 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 Directors, Mr. Yatin S Shah and Dr. Suhasini Y Shah.
3. 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. The loans have been repaid during the current year.
4. Deposits from shareholders and others carry interest at the rate of 12.00% p.a. and are

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repayable after 3 years from the respective dates of deposit. The Company has repaid the deposits during the year in accordance with the provisions of section 74 of the Companies Act, 2013.

**Ningbo Shenglong PCL Camshafts Co. Ltd ('SLPCL')**

5. Secured Loan from Import & Export Bank of China, carries interest rate of 6.4%. The tenure of the loan is 5 years and the loan is repayable in 6 half yearly installments of RMB 10,000,000 each and 4 half yearly installment of RMB 15,000,000 each, and interest on loan is repayable on a monthly basis. The loan is secured by charge on land and building of Ningbo Shenglong Group Co. Ltd.
6. Unsecured foreign currency term loan is from Ningbo Shenglong Powertrain Co. Ltd, carries interest rate of China prime interest rate plus 20%. No maturity term has been specified by the lender, and interest on loan is repayable on a monthly basis.

**PCL Shenglong (Huzhou) Specialised Casting Co Ltd. ('PCLSL')**

7. Secured Loan from Bank of China, carries interest rate ranging from 6% to 6.4%. No maturity term has been specified by the lender, and interest on loan is repayable on a monthly basis. The loan is secured by charge on land and building of Ningbo Shenglong Group Co. Ltd.
8. Unsecured foreign currency term loan is from SLPCL, carries interest rate of 6.9%. No maturity term has been specified by the lender, and interest on loan is repayable on a monthly basis.

The Company does not have any continuing defaults in repayment of loans and interest as at the reporting date.

**NOTE 6 : DEFERRED TAX LIABILITIES (NET)**

|   | 31 March 2015       | 31 March 2014      |
|---|---------------------|--------------------|
| <b>Deferred tax liability</b>   |                     |                    |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortization for the financial reporting | 246,053,523         | 260,165,993        |
| Others  | -                   | -                  |
| <b>Gross deferred tax liability</b>   | <b>246,053,523</b>  | <b>260,165,993</b> |
| <b>Deferred tax assets</b>  |                     |                    |
| Provision for doubtful debts and advances   | 743,948             | 4,148,867          |
| Employee related costs allowed for tax purposes on payment basis  | 23,625,790          | 4,992,835          |
| Unrealised exchange loss capitalised in the books   | 99,380,646          | 95,766,650         |
| Impact of adjustment to block of fixed assets {refer note 2.1(b)}   | 11,175,141          | --                 |
| Others  | --                  | 6,117,731          |
| <b>Gross deferred tax assets</b>  | <b>134,925,525</b>  | <b>111,026,083</b> |
| <b>Net deferred tax liability</b>   | <b>111,127,998</b>  | <b>149,139,910</b> |
| <b>Deferred tax change for the year</b>   |                     |                    |
| Closing deferred tax liability, net   | 111,127,998         | 149,139,910        |
| Less: opening deferred tax liability, net   | 149,139,910         | 115,660,993        |
| Deferred tax movement for the period / year   | <b>(38,011,912)</b> | <b>33,478,917</b>  |
| Deferred tax (credit) / charge recorded in statement of profit and loss   | <b>(26,836,771)</b> | <b>33,478,917</b>  |
| Deferred tax asset recognised (SLPCL)   | 1,763,700           | --                 |
| Deferred tax credit recorded in reserves and surplus {refer note 2.1 (b) }  | <b>(11,175,141)</b> | --                 |
| Deferred tax charge for the year  | <b>(28,600,471)</b> | <b>33,478,917</b>  |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
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| NOTE 7: PROVISIONS                            | Long-term     |               | Short Term         |                    |
|---|---------------|---------------|--------------------|--------------------|
|   | 31 March 2015 | 31 March 2014 | 31 March 2015      | 31 March 2014      |
| <b>Provision for employee benefits</b>        |               |               |                    |                    |
| Provision for gratuity (refer note 27)        | -             | -             | 18,824,983         | --                 |
| Provision for leave benefit                   | -             | -             | 31,864,534         | 22,519,866         |
|   | -             | -             | <b>50,689,517</b>  | <b>22,519,866</b>  |
| <b>Other provisions</b>                       |               |               |                    |                    |
| Provision for Income tax                      | -             | -             | 129,955,453        | 77,193,092         |
| Proposed equity dividend                      | -             | -             | 4,092,080          | 3,182,491          |
| Provision for tax on proposed equity dividend | -             | -             | 833,066            | 540,865            |
|   | -             | -             | <b>134,880,599</b> | <b>80,916,448</b>  |
|   | -             | -             | <b>185,570,116</b> | <b>103,436,314</b> |

**NOTE 8 : SHORT-TERM BORROWINGS**

|  | 31 March 2015      | 31 March 2014      |
|--|--------------------|--------------------|
| Cash credit from banks (Secured)                   | 29,493,279         | 46,203,910         |
| Overdraft against fixed deposits (Secured)         | 50,236,302         | -                  |
| Packing credit loans in Indian rupees (Secured)    | -                  | 38,472,465         |
| Packing credit loans in foreign currency (Secured) | 501,932,864        | 437,435,857        |
| Foreign currency loans from others (Secured)       | 57,358,688         | -                  |
| Foreign currency loans from others (Unsecured)     | -                  | 24,235,250         |
|  | <b>639,021,133</b> | <b>546,347,482</b> |
| <b>The above amount includes</b>                   |                    |                    |
| Secured borrowings                                 | 639,021,133        | 522,112,232        |
| Unsecured borrowings                               | -                  | 24,235,250         |
| <b>Net Amount</b>                                  | <b>639,021,133</b> | <b>546,347,482</b> |

**Precision Camshafts Limited**

- Cash credit and packing credit in loans 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 Directors, Mr. Yatin S Shah and Dr. Suhasini Y Shah. The cash credit is repayable on demand and carries interest at the rate of 11.70% to 13.25% p.a. (31 March 2014 : 11.70% to 13.25% p.a.). Packing credit in foreign currency carries interest at the rate of 2.82% to 3.89% p.a. (31 March 2014 : 2.86% to 3.86% p.a.).
- Overdraft against fixed deposits is secured by fixed deposit of Rs. 56,000,000 made with Bank of India and carries interest at the rate of 10.05% p.a.

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**Ningbo Shenglong PCL Camshafts Co. Ltd ('SLPCL')**

3. Secured foreign currency loan is obtained from Bank of Industry & Commerce and Pudong Development Bank, carries an interest of 5.75 % to 6.60%. The loan is repayable on demand and the interest is payable on a monthly basis. The facilities have been secured by the guarantee of Ningbo Shenglong Group Co. Ltd.
4. Unsecured foreign currency loan is obtained from Ningbo Shenglong Powertrain Co. Ltd, carries an interest of 6.16 % to 6.60%. The loan is repayable on demand and the interest is payable to the party on a monthly basis. The loans have been repaid during the current year.

**NOTE 9: OTHER LIABILITIES**

|   | Non-current      |                  | Current              |                      |
|---|------------------|------------------|----------------------|----------------------|
|   | 31 March<br>2015 | 31 March<br>2014 | 31 March<br>2015     | 31 March<br>2014     |
| Trade payables (including acceptances)                    | --               | --               | 658,447,826          | 643,295,170          |
| <b>Other liabilities</b>                                  |                  |                  |                      |                      |
| Current maturities of long-term borrowings (refer note 5) | --               | --               | 356,018,501          | 374,288,040          |
| Interest accrued but not due on borrowings                | --               | --               | 10,306,365           | 10,907,104           |
| Interest accrued and due on borrowings                    | --               | --               | --                   | 1,306,987            |
| Unpaid matured deposits and interest accrued thereon      | --               | --               | 13,729,570           | 13,729,570           |
| Advances from customers                                   | --               | --               | 22,064,996           | 51,294,729           |
| Payables for capital goods purchased                      | --               | --               | 85,255,203           | 37,967,678           |
| Employee benefits payable (including commission)          | --               | --               | 116,525,698          | 90,745,165           |
| Book overdraft  | --               | --               | 103,897,125          | 9,766,712            |
| Tax deducted at source payable                            | --               | --               | 47,901,018           | 34,657,953           |
| Value added tax payable                                   | --               | --               | 7,597                | 7,597                |
| Deferred income   | 5,300,137        | --               | --                   | --                   |
| Provision for expenses                                    | --               | --               | 51,477,000           | 23,718,548           |
|   | <b>5,300,137</b> | <b>--</b>        | <b>807,183,073</b>   | <b>648,390,083</b>   |
| <b>Total</b>  | <b>5,300,137</b> | <b>--</b>        | <b>1,465,630,899</b> | <b>1,291,685,254</b> |

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**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 10 : FIXED ASSETS**

| Particulars  | Tangible Assets |             |                   |                   |                        |            | Intangible Assets |                       |
|--|-----------------|-------------|-------------------|-------------------|------------------------|------------|-------------------|-----------------------|
|  | Leasehold land  | Buildings   | Plant & Machinery | Office equipments | Furniture and fixtures | Vehicles   |                   | Total Tangible assets |
| <b>Cost At 1 April 2013</b>  | 18,603,119      | 602,565,406 | 1,960,234,325     | 31,450,914        | 17,840,295             | 24,716,693 | 2,655,410,752     | 15,566,189            |
| Additions  | -               | 53,115,305  | 356,014,223       | 6,825,768         | 3,735,719              | 4,200,000  | 423,891,015       | 949,009               |
| Disposals  | -               | -           | (33,957,512)      | (6,615,559)       | -                      | (512,187)  | (41,085,258)      | -                     |
| Other adjustment   | -               | -           | -                 | -                 | -                      | -          | -                 | -                     |
| - Exchange differences   | -               | 32,886,860  | 122,909,086       | -                 | -                      | -          | 155,795,946       | -                     |
| - Foreign currency translation reserve                                       | -               | -           | 626,560           | 53,069            | -                      | -          | 679,629           | -                     |
| <b>At 31 March 2014</b>  | 18,603,119      | 688,567,571 | 2,405,826,682     | 31,714,192        | 21,576,014             | 28,404,506 | 3,194,692,084     | 16,515,198            |
| Additions  | 28,836,261      | -           | 260,772,450       | 5,418,667         | 4,753,219              | 16,923,295 | 316,703,892       | 2,259,765             |
| Additions due to increase in share at JV                                     | -               | -           | 80,796,826        | 7,603,936         | -                      | -          | 88,400,762        | -                     |
| Disposals  | -               | -           | (19,878,125)      | (1,427,172)       | -                      | -          | (21,305,297)      | -                     |
| Other adjustment   | -               | -           | -                 | -                 | -                      | -          | -                 | -                     |
| - Exchange differences   | 599,825         | 13,013,001  | 42,452,995        | -                 | -                      | -          | 55,465,996        | -                     |
| - Foreign currency translation reserve                                       | -               | -           | 11,568,356        | 434,616           | -                      | -          | 12,602,797        | 13,207                |
| <b>At 31 March 2015</b>  | 48,039,205      | 701,580,572 | 2,781,539,184     | 43,744,239        | 26,329,233             | 45,327,801 | 3,646,560,234     | 18,788,170            |
| <b>Depreciation / amortization</b>   |                 |             |                   |                   |                        |            |                   |                       |
| <b>At 1 April 2013</b>   | 2,024,638       | 58,120,719  | 574,270,609       | 17,039,283        | 7,146,411              | 6,998,927  | 665,600,587       | 10,636,048            |
| Charge for the year  | 201,022         | 20,931,649  | 246,087,822       | 3,276,460         | 1,156,517              | 2,369,789  | 274,023,259       | 3,751,177             |
| Disposals  | -               | -           | (28,017,507)      | (6,578,301)       | -                      | (147,596)  | (34,743,404)      | -                     |
| <b>At 31 March 2014</b>  | 2,225,660       | 79,052,368  | 792,340,924       | 13,737,442        | 8,302,928              | 9,221,120  | 904,880,442       | 14,387,225            |
| Charge for the year#   | 990,916         | 22,903,390  | 292,018,420       | 9,985,655         | 3,769,085              | 3,440,268  | 333,107,734       | 2,207,397             |
| Additional depreciation on account of change in estimate (refer note 2.1(b)) | 6,719           | 9,182,844   | 95,098,720        | 1,061,036         | 3,026,185              | 1,713,968  | 110,089,472       | (293,473)             |
| Addition due to increase in share at JV                                      | -               | -           | 5,859,757         | 547,008           | -                      | -          | 6,406,765         | -                     |
| Disposal   | -               | -           | (17,204,467)      | (343,917)         | (482,974)              | (228,851)  | (18,260,209)      | -                     |
| - Foreign currency translation reserve                                       | 16,340          | -           | 1,197,753         | 91,048            | -                      | -          | 1,305,141         | 2,730                 |
| <b>At 31 March 2015</b>  | 3,239,635       | 111,138,602 | 1,169,311,107     | 25,078,272        | 14,615,224             | 14,146,505 | 1,337,529,345     | 16,303,879            |
| <b>Net Block</b>   |                 |             |                   |                   |                        |            |                   |                       |
| <b>At 31 March 2015</b>  | 44,799,570      | 590,441,970 | 1,612,228,077     | 18,665,967        | 11,714,009             | 31,181,296 | 2,309,030,889     | 2,484,291             |
| <b>At 31 March 2014</b>  | 16,377,459      | 609,515,203 | 1,613,485,758     | 17,976,750        | 13,273,086             | 19,183,387 | 2,289,811,643     | 2,127,973             |

# The charge for the year includes Rs. 32,877,732 written off relating to assets with nil revised remaining useful life and adjusted in retained earnings, as stated in Note 2.1 (b).

**CWIP for year**

|                  |             |
|------------------|-------------|
| At 31 March 2015 | 162,439,880 |
| At 31 March 2014 | 49,913,055  |



**PRECISION CAMSHAFTS LIMITED**  
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(All amounts in rupees unless otherwise stated)

**NOTE 11: NON-CURRENT INVESTMENTS**

|   | 31 March<br>2015   | 31 March<br>2014   |
|---|--------------------|--------------------|
| <b>Trade investment (valued at cost)</b>  |                    |                    |
| <u>Unquoted preference shares</u>   |                    |                    |
| Cams Technology Limited<br>(62,000,000 5% redeemable non convertible preference shares of Rs 10 each fully paid up)<br>(31 March 2014: 62,000,000 5% non cumulative optionally fully convertible preference shares of Rs 10 each fully paid up) | 620,000,000        | 620,000,000        |
| <b>Non-trade investments (valued at cost)</b><br>(Unquoted equity instruments)  |                    |                    |
| Shares of Laxmi Co-op. Bank Limited<br>(5,000 Equity shares of Rs. 25 each fully paid-up)<br>(31 March 2014: 5,000 Equity shares of Rs. 25 each fully paid-up)  | 125,000            | 125,000            |
| Shares of Solapur Janata Sahakari Bank Limited<br>(500 Equity shares of Rs. 10 each fully paid-up)<br>(31 March 2014: 500 Equity shares of Rs. 10 each fully paid-up)   | 5,000              | 5,000              |
|   | <b>620,130,000</b> | <b>620,130,000</b> |

The Company holds 62,000,000 5% redeemable non convertible preference shares of Cams Technology Limited ( CTL ) as at March 31, 2015. These preference shares were issued on August 17, 2013 as optionally fully convertible non cumulative preference shares, the terms of which, subsequently, pursuant to a resolution passed in the class meeting of preference shareholders on April 1, 2014, were altered to 5% redeemable non convertible preference shares. In this regard, CTL has filed Form No. MGT-14 for filing the resolutions passed by CTL and Form No. SH-7 for alteration of its share capital with the Registrar of Companies, Pune on December 5, 2014. The Management, based on a legal opinion is of the view that CTL is not a subsidiary under the provisions of the Companies Act, 2013. The accounting treatment and disclosures in the financial statements have been made accordingly.

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 (All amounts in rupees unless otherwise stated)

| <b>NOTE 12: LOANS AND ADVANCES</b><br>(Unsecured, considered good) | <b>Non-current</b>   |                      | <b>Current</b>       |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <b>31 March 2015</b> | <b>31 March 2014</b> | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Capital advances   | 91,049,690           | 28,122,212           | -                    | -                    |
| Security deposit   | 17,127,598           | 16,677,598           | -                    | -                    |
| Advances recoverable in cash or kind                               | 4,624,766            | 4,684,905            | 76,498,255           | 54,696,270           |
| <b>Other loans and advances</b>                                    |                      |                      |                      |                      |
| Income tax deposited with tax authorities                          | 2,890,000            | 8,397,000            | -                    | -                    |
| Balances with statutory/government authorities                     | -                    | -                    | 121,073,678          | 87,012,022           |
| Gratuity Advance   | -                    | -                    | -                    | 618,118              |
| Liability paid under protest<br>(Refer note 29(b))                 | 1,211,744            | -                    | 1,211,744            | -                    |
| Other advances   | -                    | 2,033,389            | 5,404,587            | -                    |
|  | <b>4,101,744</b>     | <b>10,430,389</b>    | <b>127,690,009</b>   | <b>87,630,140</b>    |
| <b>Total</b>   | <b>116,903,798</b>   | <b>59,915,104</b>    | <b>204,188,264</b>   | <b>142,326,410</b>   |

**NOTE 13: TRADE RECEIVABLES**

|   | <b>Current</b>       |                      |
|---|----------------------|----------------------|
|   | <b>31 March 2015</b> | <b>31 March 2014</b> |
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                      |                      |
| - Unsecured, considered good  | 48,171               | 712,435              |
| - Doubtful  | 515,760              | 5,827,487            |
|   | 563,931              | 6,539,922            |
| Less: Provision for doubtful receivables  | 515,760              | 5,827,487            |
| <b>(A)</b>  | <b>48,171</b>        | <b>712,435</b>       |
| <b>Other receivables</b>  |                      |                      |
| - Unsecured, considered good  | 1,048,765,068        | 1,121,468,357        |
| - Doubtful  | 1,672,966            | 6,378,653            |
|   | 1,050,438,034        | 1,127,847,010        |
| Less: Provision for doubtful receivables  | 1,672,966            | 6,378,653            |
| <b>(B)</b>  | <b>1,048,765,068</b> | <b>1,121,468,357</b> |
| <b>Total</b>  | <b>(A+B)</b>         | <b>1,048,813,239</b> |
|   |                      | <b>1,122,180,792</b> |

**PRECISION CAMSHAFTS LIMITED**  
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(All amounts in rupees unless otherwise stated)

**NOTE 14: OTHER ASSETS (Unsecured, considered good)**

|  | Non-current       |                   | Current           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 31 March 2015     | 31 March 2014     | 31 March 2015     | 31 March 2014     |
| Non-current bank balance (refer note 16)               | 22,915,388        | 22,828,980        | -                 | -                 |
| Unamortised expenditure (ancillary cost of borrowings) | 2,829,638         | 5,079,974         | 2,250,336         | 2,717,035         |
| Interest accrued on fixed deposits                     | -                 | -                 | 5,046,091         | 1,875,128         |
| Income accrued on export incentives                    | -                 | -                 | 49,791,339        | 1,851,336         |
| Forward contract receivables                           | -                 | -                 | 4,303,809         | 3,176,694         |
| Central sales tax balance receivables                  | -                 | -                 | 6,541,395         | 18,759,614        |
| Other Claims and advances                              | -                 | -                 | 458,870           | -                 |
|  | <b>25,745,026</b> | <b>27,908,954</b> | <b>68,391,840</b> | <b>28,379,807</b> |

**NOTE 15: INVENTORIES**

| (At lower of cost and net realisable value) | 31 March 2015      | 31 March 2014      |
|---|--------------------|--------------------|
| Raw materials and components                | 41,901,802         | 35,590,046         |
| Stores, spares and packing materials        | 58,412,849         | 51,440,708         |
| Semi-finished goods                         | 64,798,414         | 62,482,329         |
| Finished goods                              | 278,341,674        | 285,663,159        |
|   | <b>443,454,739</b> | <b>435,176,242</b> |

**NOTE 16: CASH AND BANK BALANCES**

|  | Non-current       |                   | Current            |                    |
|--|-------------------|-------------------|--------------------|--------------------|
|  | 31 March 2015     | 31 March 2014     | 31 March 2015      | 31 March 2014      |
| <b>Cash and cash equivalents</b>   |                   |                   |                    |                    |
| Balance with Banks:  |                   |                   |                    |                    |
| On Current Accounts  | -                 | -                 | 128,025,421        | 179,242,200        |
| Deposits with original maturity of less than 3 months                          | -                 | -                 | 406,738,487        | 116,209,141        |
| Cash in hand   | -                 | -                 | 557,753            | 141,322            |
|  | -                 | -                 | <b>535,321,661</b> | <b>295,592,663</b> |
| <b>Other bank balances</b>   |                   |                   |                    |                    |
| Deposits with original maturity for more than 12 months*                       | 22,915,388        | 22,828,980        | -                  | -                  |
| Deposits with original maturity for more than 3 months but less than 12 months | -                 | -                 | 410,023,610        | 46,256,048         |
|  | <b>22,915,388</b> | <b>22,828,980</b> | <b>410,023,610</b> | <b>46,256,048</b>  |
| Amount disclosed under non current assets (refer note 14)                      | 22,915,388        | 22,828,980        |                    |                    |
| <b>Total</b>   | -                 | -                 | <b>945,345,271</b> | <b>341,848,711</b> |

\*Includes Rs. 29,835,035 (31 March 2014: Rs. 40,074,213) held as lien by banks against bank guarantees.

**PRECISION CAMSHAFTS LIMITED**  
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 (All amounts in rupees unless otherwise stated)

**Note 17: REVENUE FROM OPERATIONS**

|  | <b>31 March<br/>2015</b> | <b>31 March<br/>2014</b> |
|--|--------------------------|--------------------------|
| Sale of Finished goods                 | 5,273,332,123            | 4,645,714,011            |
| Sale of Services                       | 27,387,137               | 9,561,318                |
| <b>Other operating revenue</b>         |                          |                          |
| Tooling Income                         | 40,832,931               | 53,288,150               |
| Scrap sales                            | 1,775,324                | 1,610,124                |
| Export Incentives                      | 123,063,353              | 115,963,918              |
| <b>Revenue from operations (gross)</b> | <b>5,466,390,868</b>     | <b>4,826,137,521</b>     |
| Less: Excise duty                      | 142,121,286              | 152,562,435              |
| <b>Revenue from operations (net)</b>   | <b>5,324,269,582</b>     | <b>4,673,575,086</b>     |
| <b>Details of Finished goods sold</b>  |                          |                          |
|  | <b>31 March 2015</b>     | <b>31 March 2014</b>     |
| Casting camshafts                      | 3,770,437,746            | 3,113,852,136            |
| Machined camshafts                     | 1,792,252,527            | 1,531,861,875            |
|  | <b>5,273,332,123</b>     | <b>4,645,714,011</b>     |
| <b>Details of services rendered</b>    |                          |                          |
|  | <b>31 March 2015</b>     | <b>31 March 2014</b>     |
| Job work charges                       | 27,387,137               | 9,561,318                |
|  | <b>27,387,137</b>        | <b>9,561,318</b>         |

**Note 18: OTHER INCOME**

|  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|--|----------------------|----------------------|
| Interest income on                               |                      |                      |
| Bank deposits                                    | 53,163,981           | 16,018,548           |
| Others   | 1,441,677            | 1,423,979            |
| Dividend income on long-term investments         | 15,600               | 22,500               |
| Exchange differences (net)                       | 1,482,631            | 66,043,409           |
| Excess provision for doubtful debts written back | 2,069,525            | 8,954,577            |
| Technical support fee (refer note 30 (c))        | 11,883,070           | 10,171,721           |
| Compensation from customer                       | 23,771,229           | 22,369,988           |
| Miscellaneous income                             | 9,391,976            | 551,237              |
|  | <b>103,219,689</b>   | <b>125,555,959</b>   |

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**NOTE 19 : COST OF RAW MATERIAL CONSUMED**

|   | 31 March 2015        | 31 March 2014        |
|---|----------------------|----------------------|
| <b>Inventory at the beginning of the year</b> | 35,590,046           | 27,017,991           |
| Add: Purchases                                | 1,679,621,553        | 1,552,556,222        |
|   | 1,715,211,599        | 1,579,574,213        |
| Less: Inventory at the end of the year        | 41,901,802           | 35,590,046           |
| <b>Cost of raw material consumed</b>          | <b>1,673,309,797</b> | <b>1,543,984,167</b> |
| <b>Detail of raw material consumed</b>        | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Resin coated sand                             | 685,682,921          | 611,487,901          |
| Pig iron                                      | 424,256,791          | 358,682,864          |
| M.S scrap                                     | 239,809,413          | 247,002,206          |
| Others  | 323,560,672          | 326,811,196          |
|   | <b>1,673,309,797</b> | <b>1,543,984,167</b> |
| <b>Details of Inventory</b>                   | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Resin coated sand                             | 2,815,052            | 4,197,923            |
| Pig iron                                      | 5,590,220            | 8,065,983            |
| M S Scrap                                     | 1,875,792            | 2,863,447            |
| Others  | 31,620,738           | 20,462,693           |
|   | <b>41,901,802</b>    | <b>35,590,046</b>    |

**NOTE 20: (INCREASE) / DECREASE IN INVENTORIES**

|   | 31 March 2015        | 31 March 2014        |
|---|----------------------|----------------------|
| <b>Opening Stock:</b>                     |                      |                      |
| Finished goods                            | 285,663,159          | 254,337,455          |
| Semi-finished goods                       | 62,482,329           | 80,608,526           |
|   | <b>348,145,488</b>   | <b>334,945,981</b>   |
| <b>Closing Stock:</b>                     |                      |                      |
| Finished goods                            | 278,341,674          | 285,663,159          |
| Semi-finished goods                       | 64,798,414           | 62,482,329           |
|   | <b>343,140,088</b>   | <b>348,145,488</b>   |
| <b>(Increase)/decrease in inventories</b> | <b>5,005,400</b>     | <b>(13,199,507)</b>  |
| <b>Details of Inventory</b>               | <b>31 March 2015</b> | <b>31 March 2014</b> |
| <b>Semi-finished goods</b>                |                      |                      |
| casting camshafts                         | 40,751,771           | 47,004,160           |
| Machined camshafts                        | 24,046,643           | 15,478,169           |
|   | <b>64,798,414</b>    | <b>62,482,329</b>    |
| <b>Finished Goods</b>                     |                      |                      |
| Casting camshafts                         | 211,711,447          | 243,665,842          |
| Machined camshafts                        | 66,630,227           | 41,997,317           |
|   | <b>278,341,674</b>   | <b>285,663,159</b>   |

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(All amounts in rupees unless otherwise stated)

**NOTE 21: EMPLOYEE BENEFIT EXPENSE**

|  | 31 March 2015      | 31 March 2014      |
|--|--------------------|--------------------|
| Salaries, wages, bonus and commission (refer note 30 (c )) | 619,404,437        | 487,304,959        |
| Employee stock option scheme                               | 3,361,698          | 457,847,513        |
| Contribution to provident fund and superannuation fund     | 28,800,689         | 27,764,850         |
| Gratuity expense (refer note 27)                           | 27,251,409         | (4,170,370)        |
| Staff welfare expenses                                     | 11,766,594         | 11,625,246         |
|  | <b>690,584,827</b> | <b>980,372,198</b> |

**NOTE 22: OTHER EXPENSES**

|   | 31 March 2015        | 31 March 2014        |
|---|----------------------|----------------------|
| Consumption of stores and spares  | 314,592,053          | 269,360,761          |
| Packing material  | 64,672,235           | 60,077,022           |
| Increase / (decrease) in excise duty on inventory   | (70,698)             | (2,968,642)          |
| Power and fuel expenses   | 545,547,860          | 534,337,200          |
| Job work expenses   | 81,772,520           | 78,958,865           |
| Freight outward charges   | 155,705,249          | 133,280,376          |
| Rent  | 4,111,951            | 465,000              |
| Rates and taxes   | 11,560,037           | 16,138,327           |
| Insurance   | 8,562,860            | 7,865,409            |
| Repairs and maintenance   |                      |                      |
| Plant and machinery   | 80,090,087           | 21,096,415           |
| Building  | 5,108,053            | 5,730,814            |
| Others  | 19,381,646           | 56,772,288           |
| Advertisement and sales promotion   | 1,137,002            | 2,446,048            |
| CSR expenditure (refer note below)  | 3,502,000            | 2,375,000            |
| Sales commission  | 41,635,151           | 37,201,250           |
| Travelling and conveyance   | 45,208,736           | 39,220,448           |
| Communication costs   | 4,593,853            | 2,924,703            |
| Legal and professional fees   | 23,457,792           | 58,392,733           |
| Auditors' remuneration and expenses   |                      |                      |
| Statutory audit   | 3,000,000            | 1,400,000            |
| Out of pocket expenses  | 210,258              | 36,571               |
| Provision for doubtful debts  | -                    | 776,498              |
| Exchange differences (net)  | 8,199,194            | -                    |
| Loss on assets sold /discarded, net   | 21,500,309           | 4,175,802            |
| Miscellaneous expenses  | 103,471,398          | 50,434,605           |
|   | <b>1,546,949,546</b> | <b>1,380,497,493</b> |
| CSR expenditure   | <b>31 March 2015</b> | <b>31 March 2014</b> |
| Gross amount required to be spent during the year   | 7,829,558            | 6,148,981            |
| Amount spent during the year in cash  | 3,502,000            | 2,375,000            |
| Amount spent during the year includes contribution to a trust significantly influenced by key management personnel or their relatives (Also Refer Note 30( c )) | 3,100,000            | 2,295,000            |

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**NOTE 23: DEPRECIATION AND AMORTISATION EXPENSE**

|                                   | 31 March 2015      | 31 March 2014      |
|-----------------------------------|--------------------|--------------------|
| Depreciation of tangible assets   | 410,411,016        | 274,023,258        |
| Amortisation of intangible assets | 1,822,381          | 3,751,177          |
|                                   | <b>412,233,397</b> | <b>277,774,435</b> |

**NOTE 24: FINANCE COST**

|                        | 31 March 2015      | 31 March 2014      |
|------------------------|--------------------|--------------------|
| Interest on borrowings | 94,043,747         | 104,714,450        |
| Other borrowing cost   | 2,717,035          | 4,125,101          |
| Bank charges           | 15,567,114         | 17,488,033         |
|                        | <b>112,327,896</b> | <b>126,327,584</b> |

**NOTE 25: EARNING PER SHARE**

|   | 31 March 2015      | 31 March 2014      |
|---|--------------------|--------------------|
| <b>The following reflects the profit and share data used in the basic and diluted EPS computation</b> |                    |                    |
| <b>Total operations for the year</b>  |                    |                    |
| Profit after tax  | 464,126,767        | 289,059,763        |
| <b>Net profit for calculation of basic EPS</b>  | <b>464,126,767</b> | <b>289,059,763</b> |
| Net profit as above   | 464,126,767        | 289,059,763        |
| <b>Net profit for calculation of diluted EPS</b>  | <b>464,126,767</b> | <b>289,059,763</b> |
| <b>Weighted average number of equity shares in calculating basic and diluted EPS</b>                  | <b>81,841,600</b>  | <b>63,649,819</b>  |
| <b>Effect of dilution:</b>  |                    |                    |
| Stock option granted under ESOP   | 26,466             | -                  |
| <b>Weighted average number of equity shares in calculating diluted EPS</b>                            | <b>81,868,066</b>  | <b>63,649,819</b>  |
| <b>Earnings Per Share (Basic) (Rupees/share)</b>  | <b>5.67</b>        | <b>4.54</b>        |
| <b>Earnings Per Share (Diluted) (Rupees/share)</b>  | <b>5.67</b>        | <b>4.54</b>        |

**PRECISION CAMSHAFTS LIMITED**  
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 (All amounts in rupees unless otherwise stated)

**NOTE 26 : JOINT VENTURE**

The list of joint venture which are included in the consolidation and the company's effective holdings therein are as under :

| Name of the Company                                 | Effective ownership as on 31 March, 2015 | Effective ownership as on 31 March, 2014 | Country of incorporation |
|---|--|--|--------------------------|
| <b>List of joint venture</b>                        |  |  |                          |
| Ningbo Shenglong PCL Camshafts Co. Ltd.             | 22.5%                                    | 10%                                      | China                    |
| PCL Shenglong (Huzhou) Specialised Casting Co. Ltd. | 40%                                      | 40%                                      | China                    |

Details of the Company's share in joint ventures included in the consolidated financial statements are as follows (before inter-company eliminations):

| Particulars             | 31 March 2015 | 31 March 2014 |
|-------------------------|---------------|---------------|
| (i) Assets              |               |               |
| Fixed Assets            | 381,828,920   | 112,148,967   |
| Current assets          | 219,164,351   | 120,911,238   |
| (ii) Liabilities        |               |               |
| Long term borrowings    | 331,602,485   | 57,836,072    |
| Non-current liabilities | 5,300,137     | -             |
| Current liabilities     | 169,388,167   | 93,452,606    |
| (iii) Income            | 307,974,297   | 68,905,097    |
| (iv) Expenses           | 295,240,732   | 77,624,953    |



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**NOTE 27: 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, 2015 | 31 March, 2014 |
|---|----------------|----------------|
| Defined benefit obligation at the beginning of the year | 39,129,417     | 42,789,943     |
| Current service cost                                    | 10,876,271     | 7,220,648      |
| Interest cost   | 3,226,551      | 3,339,420      |
| Actuarial (gain)/loss on obligation                     | 16,363,487     | (11,504,739)   |
| Benefits paid   | (8,040,088)    | (2,715,855)    |
| Defined benefit obligation at the end of the year       | 61,555,638     | 39,129,417     |

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

| Particulars  | 31 March, 2015 | 31 March, 2014 |
|--|----------------|----------------|
| Fair value of plan assets at the beginning of the year | 39,747,536     | 32,714,466     |
| Adjustment to opening balance                          | (1,065,518)    | -              |
| Expected return on plan assets                         | 3,421,153      | 3,029,088      |
| Contribution by employer                               | 8,873,825      | 6,523,226      |
| Benefits paid  | (8,040,088)    | (2,715,855)    |
| Actuarial gain/(loss) on plan assets                   | (206,253)      | 196,611        |
| Fair value of plan assets at the end of the year       | 42,730,655     | 39,747,536     |

\* The Company expects to contribute Rs. 8,479,099 (Rs.6,834,874) to its defined benefit gratuity plan in 2015-16.

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

| Particulars  | 31 March, 2015 | 31 March, 2014 |
|--|----------------|----------------|
| Investment with Insurer<br>(Life Insurance Corporation of India) | 100%           | 100%           |

**Balance Sheet**  
**Benefit asset/liability**

| Particulars                | 31 March, 2015 | 31 March, 2014 |
|----------------------------|----------------|----------------|
| Defined Benefit Obligation | 61,555,638     | 39,129,417     |
| Fair Value of Plan Assets  | 42,730,655     | 39,747,536     |
| Plan Asset / (Liability)   | (18,824,983)   | 618,119        |

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

| Particulars  | 31 March, 2015 | 31 March, 2014 |
|--|----------------|----------------|
| Current Service cost                               | 10,876,271     | 7,220,648      |
| Interest cost on benefit obligation                | 3,226,551      | 3,339,420      |
| Net actuarial (gain) / loss recognised in the year | 16,569,740     | (11,701,350)   |
| Expected return on plan assets                     | (3,421,153)    | (3,029,088)    |
| Net benefit expense                                | 27,251,409     | (4,170,370)    |
| Actual return on plan assets                       | 3,214,900      | 3,225,699      |

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

| Particulars                                | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
|--|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation                 | 61,555,638    | 39,129,417    | 42,789,943    | 29,026,609    | 18,728,872    |
| Plan assets                                | 42,730,655    | 39,747,536    | 32,714,466    | 29,152,924    | 15,802,743    |
| Surplus / (deficit)                        | (18,824,983)  | 618,119       | (10,075,477)  | 126,315       | (2,926,129)   |
| Experience adjustments on plan liabilities | 93,461        | (5,414,017)   | 2,237,571     | (1,186,258)   | (286,831)     |
| Experience adjustments on plan assets      | (206,253)     | 196,611       | 129,674       | 177,805       | 200,876       |

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

| Particulars                           | 31 March, 2015 | 31 March, 2014 |
|---------------------------------------|----------------|----------------|
| Discount rate                         | 7.77%          | 9.19%          |
| Expected rate of return on plan asset | 8.75%          | 9.25%          |
| Increase in compensation cost         | 8.00%          | 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 28 : CAPITAL AND OTHER COMMITMENTS**

| Particulars   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) | 74,049,469    | 161,864,737   |

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**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. 2,423,488 (Previous Year 2,423,488). The Company has deposited an amount of Rs. 1,211,744 (Previous Year Rs. 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 (Previous Year Rs. 2,076,478) on sales tax retained under sales tax deferral scheme.
- d. During the previous year the Company has received an showcause from Commissioner, Central Excise Solapur for inadmissible cenvat credit amounting to Rs. 97,449 (Previous Year Nil) on outward transportation.

In all cases the cases mentioned above outflow is not probable, hence not provided by the Company.

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**PRECISION CAMSHAFTS LIMITED**  
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**NOTE 30: RELATED PARTY DISCLOSURE**

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

**a) Related parties under Accounting Standard 18- Related Party Disclosures, with whom transactions have taken place during the year**

**i) Entity having significant influence**

Tata Capital Limited (Upto August 21, 2013)

**ii) Key Management Personnel**

Mr. Yatin S Shah , Managing Director  
Dr. Suhasini Y Shah, Director  
Mr. Ravindra R. Joshi, Director

**iii) Relatives of Key Management Personnel**

Mrs. Urmila Subhash Shah, mother of Mr. Yatin S Shah  
Mr. Karan Y Shah, son of Mr. Yatin S Shah  
Ms. Tanvi Y Shah, daughter of Mr. Yatin S Shah  
Dr. Manjiri Chitale, mother of Dr. Suhasini Y Shah  
Dr. Vinayak Chitale, father of Dr. Suhasini Y Shah

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

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

**v) Individual having significant influence:**

Mr. Jayant Aradhya

**vi) Relative of Individual having significant influence:**

Mr. Maneesh Aradhya, son of Mr. Jayant Aradhya  
Dr. Sunita Aradhya, wife of Mr. Jayant Aradhya  
Mrs. Rama Aradhya, wife of Mr. Maneesh Aradhya  
Mr. Vijay Aradhya, brother of Mr. Jayant Aradhya

**vii) Joint Venture**

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

**c) Additional Related parties as per Companies Act, 2013 with whom transactions have taken place during the year**

**i) Company Secretary**

Mr. Swapneel S Kuber

**PRECISION CAMSHAFTS LIMITED**  
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**B The transactions with related parties during the year and their outstanding balances are as follows:**

| Sr. No. | Particulars                                       | Entity having significant influence |               | Key management personnel |               | Relatives of Key management personnel |               | Entities where KMP / RKMP have significant influence |               | Joint Venture |               | Individual having significant influence |               | Relative of Individual having significant influence |         |
|---------|---|-------------------------------------|---------------|--------------------------|---------------|---------------------------------------|---------------|--|---------------|---------------|---------------|---|---------------|---|---------|
|         |   | 31 March 2015                       | 31 March 2014 | 31 March 2015            | 31 March 2014 | 31 March 2015                         | 31 March 2014 | 31 March 2015  | 31 March 2014 | 31 March 2015 | 31 March 2014 | 31 March 2015                           | 31 March 2014 | 31 March 2015                                       |         |
|         | Transactions                                      |                                     |               |                          |               |                                       |               |  |               |               |               |   |               |   |         |
| 1       | Remuneration* (including commission)              | -                                   | 192,084,965   | 129,891,752              | -             | -                                     | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 2       | ESOP Cost #                                       | -                                   | 131,620,800   | 384,213,645              | -             | -                                     | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 3       | Dividend paid on equity shares                    | -                                   | 2,516,580     | 1,604,991                | 14,800        | 16,800                                | 803,940       | 803,940  | 803,940       | -             | -             | 560,100                                 | 560,100       | 157,440   | 167,440 |
| 4       | Investment in preference shares                   | -                                   | -             | -                        | -             | -                                     | -             | 620,000,000  | -             | -             | -             | -                                       | -             | -   | -       |
| 5       | Repayment of deposits                             | -                                   | -             | -                        | 3,100,000     | 500,000                               | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 6       | Interest paid on deposits                         | -                                   | -             | -                        | 342,000       | 375,871                               | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 7       | Interest paid on loans                            | -                                   | 1,175,476     | -                        | -             | -                                     | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 8       | Rent paid   | -                                   | 240,000       | 240,000                  | -             | -                                     | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 9       | Sale of goods                                     | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 416,585,768   | 322,610,029   | -                                       | -             | -   | -       |
| 10      | Deposits taken (including renewals and transfers) | -                                   | -             | -                        | -             | 200,000                               | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 11      | Technical support fee received                    | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 11,883,070    | 9,154,548     | -                                       | -             | -   | -       |
| 12      | CSR Expenditure                                   | -                                   | -             | -                        | -             | -                                     | -             | 3,100,000  | 2,295,000     | -             | -             | -                                       | -             | -   | -       |
| 13      | Purchases of goods, material or services          | -                                   | -             | -                        | -             | -                                     | -             | 5,197,651  | 1,970,236     | -             | -             | -                                       | -             | -   | -       |
| 14      | Purchases of Material/ Services for fixed assets  | -                                   | -             | -                        | -             | -                                     | -             | 1,118,242  | 32,907,411    | -             | -             | -                                       | -             | -   | -       |
| 15      | Equity Shares Issued                              | -                                   | -             | 8,360,000                | -             | -                                     | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 16      | Equity Shares Issued- Bonus                       | -                                   | 478,150,200   | -                        | 2,812,000     | -                                     | 152,748,600   | -  | -             | -             | -             | 106,419,000                             | -             | 31,813,600  | -       |
| 17      | Advance Received                                  | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 14,036,211    | 11,883,070    | -                                       | -             | -   | -       |
|         | <b>Balances outstanding</b>                       |                                     |               |                          |               |                                       |               |  |               |               |               |   |               |   |         |
| 1       | Remuneration payable (gross)                      | -                                   | 129,767,763   | 90,740,000               | -             | -                                     | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 2       | Deposits taken outstanding                        | -                                   | -             | -                        | -             | 3,100,000                             | -             | -  | -             | -             | -             | -                                       | -             | -   | -       |
| 3       | Trade receivables                                 | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 123,999,257   | 115,583,577   | -                                       | -             | -   | -       |
| 4       | Trade and other payables                          | -                                   | -             | -                        | -             | -                                     | -             | 2,938,164  | 837,418       | -             | -             | -                                       | -             | -   | -       |
| 5       | Advance from customers                            | -                                   | -             | -                        | -             | -                                     | -             | -  | -             | 14,036,211    | 11,883,070    | -                                       | -             | -   | -       |

\* 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.  
# ESOP cost for key managerial personnel relates to the impact arising out of the adjustments referred in note 34.

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

| Sr. No. | Particulars  | Relationship   | 31 March 2015 | 31 March 2014 |
|---------|--|--|---------------|---------------|
| 1       | <b>Remuneration*</b><br>Mr.Yatin Shah<br>Dr. Suhasini Shah<br>Mr. Ravindra Joshi<br>Mr. Swapneel S Kuber   | Key management personnel                             | 105,747,723   | 82,504,653    |
|         |  | Key management personnel                             | 32,839,188    | 17,705,103    |
|         |  | Key management personnel                             | 53,263,956    | 28,681,996    |
|         |  | Key management personnel                             | 234,099       | -             |
| 2       | <b>ESOP Cost</b><br>Mr.Yatin Shah<br>Dr. Suhasini Shah   | Key management personnel                             | 78,900,000    | 229,792,850   |
|         |  | Key management personnel                             | 53,020,800    | 154,420,795   |
| 3       | <b>Dividend paid on equity shares</b><br>Cams Technology Limited<br>Mr.Yatin Shah<br>Mr. Jayant Aaradhye<br>Mr Yatin Shah Jointly held with Dr. Suhasini Shah<br>Dr. Suhasini Shah | Entities where KMP / RKMP have significant influence | 803,940       | 803,940       |
|         |  | Key management personnel                             | 1,293,720     | 689,753       |
|         |  | Individual having significant influence              | 560,100       | 560,100       |
|         |  | Key management personnel                             | 675,200       | 675,200       |
| 4       | <b>Investment in preference shares</b><br>Cams Technology Limited  | Entities where KMP / RKMP have significant influence | --            | 620,000,000   |
|         |  |  |               |               |
| 5       | <b>Repayment of deposits</b><br>Dr. Manjiri Chitale<br>Dr. Vinayak Chitale<br>Ms.Urmila Shah<br>Mr. Karan Shah<br>Ms. Tanvi Shah   | Relatives of Key management personnel                | 600,000       | 100,000       |
|         |  | Relatives of Key management personnel                | 800,000       | 300,000       |
|         |  | Relatives of Key management personnel                | -             | 100,000       |
|         |  | Relatives of Key management personnel                | 1,050,000     | -             |
|         |  | Relatives of Key management personnel                | 650,000       | -             |
| 6       | <b>Interest paid on deposits</b><br>Ms. Tanvi Shah<br>Mr. Karan Shah<br>Dr. Manjiri Chitale<br>Dr. Vinayak Chitale<br>Ms. Urmila Shah  | Relatives of Key management personnel                | 39,000        | 78,000        |
|         |  | Relatives of Key management personnel                | 63,000        | 126,000       |
|         |  | Relatives of Key management personnel                | 36,000        | 72,066        |
|         |  | Relatives of Key management personnel                | 48,000        | 96,115        |
|         |  | Relatives of Key management personnel                | -             | 3,690         |
| 7       | <b>Interest paid on loans</b><br>Tata Capital Limited  | Entity having significant influence                  | -             | 1,175,476     |
| 8       | <b>Rent paid</b><br>Mr.Yatin Shah  | Key management personnel                             | 240,000       | 240,000       |
| 9       | <b>Sale of goods</b><br>Ningbo Shenglong PCL Camshafts Co Ltd  | Joint Venture  | 416,585,758   | 322,610,029   |
| 10      | <b>Deposits taken (including renewals and transfers)</b><br>Dr. Vinayak Chitale  | Relatives of Key management personnel                | --            | 200,000       |
| 11      | <b>Technical support fee received</b><br>Ningbo Shenglong Pcl Camshafts Co Ltd<br>PCL Shenglong (Huzhou) Specialized Casting Co Ltd  | Joint Venture  | --            | 9,154,548     |
|         |  | Joint Venture  | 11,883,070    | --            |
| 12      | <b>CSR Expenditure</b><br>Precision Foundation & Medical Research Trust  | Entities where KMP / RKMP have significant influence | 3,100,000     | 2,295,000     |
| 13      | <b>Purchases of goods, material or Services</b><br>Kimaya Construction Private Limited<br>Cams Technology Limited<br>Chitale Clinic Pvt Ltd.                                       | Entities where KMP / RKMP have significant influence | 281,544       | 556,905       |
|         |  | Entities where KMP / RKMP have significant influence | 4,789,552     | 1,350,310     |
|         |  | Entities where KMP / RKMP have significant influence | 147,888       | --            |
| 14      | <b>Purchases of Material/Services for Fixed Assets</b><br>Kimaya Construction Private Limited  | Entities where KMP / RKMP have significant influence | 1,209,917     | 32,907,411    |
| 15      | <b>Advance received</b><br>PCL Shenglong (Huzhou) Specialized Casting Co. Ltd.<br>Ningbo Shenglong Pcl Camshafts Co Ltd  | Joint Venture  | 9,969,259     | 11,883,070    |
|         |  | Joint Venture  | 4,066,952     | -             |

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| Sr. No. | Particulars  | Relationship   | 14 - 15                                | 13 - 14                                |
|---------|--|--|--|--|
| 16      | <b>Issue of Equity Shares</b><br>Mr. Yatin Shah<br>Dr. Suhasini Shah   | Key management personnel   | --                                     | 5,000,000                              |
|         |  | Key management personnel   | --                                     | 3,360,000                              |
| 17      | <b>Issue of Equity Shares- Bonus</b><br>Mr. Yatin Shah<br>Dr. Suhasini Shah<br>Cams Technology Limited<br><br>Mr Yatin Shah Jointly held with Dr. Suhasini<br>Mr. Jayant Aradhye<br>Mr. Maneesh Aradhye<br>Dr. Sunita Aradhye<br>Mrs. Rama Aradhye<br>Dr. Manjiri Chitale<br>Mr. Vijay Aradhye | Key management personnel   | 245,806,800                            | -                                      |
|         |  | Key management personnel   | 104,055,400                            | -                                      |
|         |  | Entities where KMP / RKMP have significant influence   | 152,748,600                            | -                                      |
|         |  | Key management personnel   | 128,288,000                            | -                                      |
|         |  | Individual having significant influence  | 106,419,000                            | -                                      |
|         |  | Relative of Individual having significant influence  | 15,540,100                             | -                                      |
|         |  | Relative of Individual having significant influence  | 7,761,500                              | -                                      |
|         |  | Relative of Individual having significant influence  | 6,612,000                              | -                                      |
|         |  | Relatives of Key Management Personnel  | 2,774,000                              | -                                      |
|         |  | Relative of Individual having significant influence  | 1,900,000                              | -                                      |
|         |  |  |  |  |
|         | <b>Balances outstanding</b>  |  |  |  |
|         | <b>Remuneration Payable</b><br>Mr. Yatin S Shah<br>Dr. Suhasini Y Shah<br>Mr. Ravindra R Joshi   | Key management personnel<br>Key management personnel<br>Key management personnel                             | 57,674,561<br>28,837,281<br>43,255,921 | 54,000,000<br>14,000,000<br>22,740,000 |
|         | <b>Trade Payables</b><br>Kimaya Construction Private Limited<br><br>Cams Technology Limited  | Entities where KMP / RKMP have significant influence<br>Entities where KMP / RKMP have significant influence | 275,913<br>1,503,442                   | -<br>837,418                           |
|         | <b>Sundry payables for capital goods purchased</b><br>Kimaya Construction Private Limited  | Entities where KMP / RKMP have significant influence   | 1,158,809                              | -                                      |
|         | <b>Advance from customers</b><br>PCL Shenglong (Huzhou) Specialized Casting Co Ltd.<br>Ningbo Shenglong Pcl Camshafts Co Ltd   | Joint Venture<br>Joint Venture   | 9,969,259<br>4,066,952                 | 11,883,070<br>-                        |
|         | <b>Trade Receivables</b><br>Ningbo Shenglong PCL Camshafts Co Ltd  | Joint Venture  | 123,999,257                            | 115,583,577                            |

\* 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.

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**NOTE 31: 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, 2015 | USD           | 1,000,000        | 61,950,000 | Hedge of trade receivables |
|                | EUR           | 300,000          | 19,905,000 | Hedge of trade receivables |
|                | GBP           | 375,000          | 34,267,500 | Hedge of trade receivables |
| 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 |

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

| Category                  | Currency Type | 31 March 2015    |               | 31 March 2014    |               |
|---------------------------|---------------|------------------|---------------|------------------|---------------|
|                           |               | Foreign Currency | INR Amount    | Foreign Currency | INR Amount    |
| Borrowings                | USD           | 20,890,525       | 1,315,685,244 | 26,337,708       | 1,586,846,903 |
|                           | EUR           | 6,537,153        | 448,448,694   | 5,270,312        | 437,435,857   |
| Import payables           | USD           | 112,429          | 7,080,777     | 172,303          | 10,381,274    |
|                           | EUR           | 62,137           | 4,262,608     | 284,741          | 23,633,532    |
|                           | GBP           | 13,111           | 1,227,179     | 19,779           | 1,985,819     |
|                           | JPY           | 81,540,400       | 43,094,101    | 35,812,400       | 21,093,504    |
| Other current liabilities | USD           | 508,152          | 31,498,821    | 180,804          | 10,893,423    |
|                           | EUR           | 100,289          | 7,626,871     | 737,964          | 61,250,976    |
|                           | GBP           | 2,454            | 225,984       | 22,289           | 2,237,831     |
| Trade receivables         | USD           | 5,537,441        | 343,044,490   | 5,717,145        | 344,457,984   |
|                           | EUR           | 4,645,250        | 308,212,349   | 3,869,804        | 321,193,705   |
|                           | GBP           | 1,528,269        | 139,653,192   | 835,194          | 83,853,495    |
| Cash and bank balances    | USD           | 484,090          | 29,989,364    | 1,244,422        | 74,976,441    |
|                           | GBP           | 178,326          | 16,295,397    | 155,196          | 15,581,631    |
|                           | EUR           | 40,030           | 2,656,020     | 28,760           | 2,387,042     |



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**NOTE 32 : EMPLOYEE STOCK OPTION SCHEME**

The Company provides share-based payment schemes to its employees. During the year ended 31 March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 27 January 2015, the board of directors approved the PCL Employee Stock Option Scheme 2015 (PCL ESOS 2015) for issue of stock options to the employees of the Company. According to the PCL ESOS 2015, 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 under PCL ESOS 2015 is 6 years (PCL KESOS 2014- 30 days). The other relevant terms of the grant are as below:

|                                | <b>PCL ESOS 2015</b> | <b>PCL KESOS 2014</b>    |
|--------------------------------|----------------------|--------------------------|
| Date of share holders approval | 30 December 2014     | 30 January 2014          |
| Number of options granted      | 382,950              | 100,000                  |
| Exercise price per option      | Rs. 10               | Rs. 100                  |
| Intrinsic Value                | Rs. 125.78           | Rs. 5,108(Refer note 34) |
| Vesting Period                 | 3 years              | Immediate                |
| Exercise Period                | 3 years              | 30 days                  |

The details of activity under the PCL esop scheme are summarized below:

|  | <b>31 March 2015<br/>PCL ESOS 2015</b> | <b>31 March 2014<br/>PCL KESOS 2014</b> |
|--|--|---|
| Outstanding at the beginning of the year | -                                      | -                                       |
| Granted during the year                  | 382,950                                | 100,000                                 |
| Forfeited during the year                | -                                      | -                                       |
| Exercised during the year                | -                                      | 100,000                                 |
| Outstanding at the end of the year       | 382,950                                | -                                       |
| Exercisable at the end of the year       | 382,950                                | -                                       |

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

| <b>Particulars</b>   | <b>31 March 2015</b> | <b>31 March 2014</b> |
|--|----------------------|----------------------|
| Compensation cost of equity settled employee shared based payment plan | 44,337,951           | 343,000,000          |
| Charged during the year  | 3,361,698            | 343,000,000          |
| Cost deferred over balance vesting period                              | 40,976,253           | -                    |

Also refer note 34, the Company has accounted for the error in ESOP valuation amounting to Rs. 157,800,000 in the current year.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
 (All amounts in rupees unless otherwise stated)

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2015 is 3 years.

The weighted average fair value of stock options granted during the year was Rs. 125.78 (31 March 2014: Rs. 5,108). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars                               | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Dividend yield (%)                        | 10.00%        | 10.00%        |
| Expected volatility                       | 56.25%        | 56.25%        |
| Risk-free interest rate                   | 7.82%         | 9.19%         |
| Weighted average share price (₹)          | 125.78        | 5,108.00      |
| Exercise price (₹)                        | 10.00         | 100.00        |
| Expected life of options granted in years | 5             | -             |

The ESOP cost using the intrinsic value method for the year ended March 31, 2015 has not been adjusted for adjustments as per note 34. Had the amount been considered, the proforma basic EPS and diluted EPS for the year ended March 31, 2014 would be Rs. 4.62 and Rs. 4.62 respectively.

The weighted average share price for the year ended March 31, 2014 has been computed after considering the impact of adjustment referred in note 34.

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

| Particulars                                     | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Profit after tax as reported                    | 464,126,767   | 289,059,763   |
| Add: ESOP cost using the intrinsic value method | 3,361,698     | 343,000,000   |
| Less: ESOP cost using the fair value method     | 3,360,225     | 496,042,000   |
| Proforma profit after tax                       | 464,128,240   | 136,017,763   |
| <b>Earnings Per Share</b>                       |               |               |
| <b>Basic</b>                                    |               |               |
| - As reported                                   | 5.67          | 4.54          |
| - Proforma                                      | 5.67          | 2.14          |
| <b>Diluted</b>                                  |               |               |
| - As reported                                   | 5.67          | 4.54          |
| - Proforma                                      | 5.67          | 2.14          |

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 33 : SEGMENT REPORTING**

The Company's operations comprise of only one segment. i.e. Camshafts. In view of the same, separate primary business 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 2015        | 31 March 2014        |
|-----------------------|----------------------|----------------------|
| Revenue within India  | 1,113,385,237        | 1,058,389,392        |
| Revenue outside India | 4,210,884,345        | 3,615,185,694        |
|                       | <b>5,324,269,582</b> | <b>4,673,575,086</b> |

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

| Particulars   | 31 March 2015        | 31 March 2014        |
|---------------|----------------------|----------------------|
| Within India  | 3,082,907,544        | 3,159,397,582        |
| Outside India | 1,262,612,969        | 955,592,945          |
|               | <b>4,345,520,513</b> | <b>4,114,990,527</b> |

**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 2015      | 31 March 2014        |
|---------------|--------------------|----------------------|
| Within India  | 384,059,813        | 260,604,244          |
| Outside India | 331,499,729        | 904,445,299          |
|               | <b>715,559,542</b> | <b>1,165,049,543</b> |

**NOTE 34 : PRIOR PERIOD ITEMS**

Prior period items include Rs. 157,800,000 pertaining to shortfall in employee stock option expenses not accounted for in the year ended March 31, 2014 due to an error in determination of intrinsic value for its equity shares, now adjusted.

**PRECISION CAMSHAFTS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**  
(All amounts in rupees unless otherwise stated)

**NOTE 35: PREVIOUS YEAR FIGURES**

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

**The accompanying notes are an integral part of the consolidated financial statements**

**As per our report of even date**  
**For S R B C & CO LLP**  
ICAI Firm Registration Number: 324982E  
Chartered Accountants

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

**per Paul Alvares**  
**Partner**  
Membership Number: 105754  
Place: Pune  
Date : July 3, 2015

**Yatin S Shah**  
**Managing Director**  
**DIN. 00318140**  
Place: Solapur  
Date: July 3, 2015

**Dr. Suhasini Y Shah**  
**Director**  
**DIN. 02168705**  
Place: Solapur  
Date: July 3, 2015

**Ravindra R Joshi**  
**Director & CFO**  
**DIN. 03338134**  
Place: Solapur  
Date: July 3, 2015

**Swapneel S Kuber**  
**Company Secretary**  
**M No. 29707**  
Place: Solapur  
Date: July 3, 2015



## PRECISION CAMSHAFTS LIMITED

|                              |                              |
|------------------------------|------------------------------|
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