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SEC/SEPT/SE/N&B/2019

Date: 19th September, 2019

To, **The Listing Department,** Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 SCRIP CODE:539636	To, **The Listing Department,** The National Stock Exchange of India Limited Exchange Plaza, Bandra -Kurla Complex, Bandra (E) Mumbai 400051 SCRIP CODE: PRECAM

Subject: Press Release with regards to clarification of the management of the Company on resignation of Statutory Auditors of the Company – M/s P.G. Bhagwat, Chartered Accountants.

Dear Sir/Madam,

Please find annexed herewith clarification of the management of the Company on the resignation of Statutory Auditors of the Company M/s P.G. Bhagwat, Chartered Accountants dated 18th September 2019

Yours Faithfully,

For **Precision Camshafts Limited**

PRECISION CAMSHAFTS LIMITED SOLAPUR

Mayuri Kulkarni
Company Secretary & Compliance Officer

SEC/SEPT/SE/N&B/2019

Date: 19th September, 2019

To, **The Listing Department,** Bombay Stock Exchange Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai – 400001 SCRIP CODE:539636	To, **The Listing Department,** The National Stock Exchange of India Limited Exchange Plaza, BandraKurla Complex, Bandra (E) Mumbai 400051 SCRIP CODE: PRECAM

Subject: Resignation of M/s P.G. Bhagwat as Statutory Auditors

Dear Sir/Madam,

We would like to give a clarification regarding the resignation of the statutory auditors as follows:

Sr. No.	Date of event	Particulars
1	27st Sept 2017	**M/s P G Bhagwat were appointed as statutory auditors as the retiring auditors M/s S R Batliboi& Co (E & Y) had completed two terms of 5 years each and could not be reappointed due to statutory regulations.**
1	27th May 2019	a. The Standalone and Consolidated Financial Statements for the year ended 31st March 2019 were approved by the Board of Directors. b. The Audit Report on Consolidated Financial Statements was qualified as under- ***The consolidated financial statements of PCL BV are management drawn as on March 31, 2019 and have not been audited or reviewed by us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary including with respect to Ind AS specified under section 133 of the Act (if any). Our opinion on the Consolidated Ind AS Financial Statements of the Company in so far as it relates to the amounts and disclosures included, in respect of the consolidated financial statements of PCL BV, is based on such management certified financial information.*** c. The Company had filed to the Stock Exchange – Statement on Impact of Audit Qualification on 27th May 2019 with estimation on the impact of qualification ***PCL (International) B.V, Netherlands is a Wholly Owned Subsidiary of Precision Camshafts Limited. It has acquired MFT Moteren und Fahrzeugtechnik GmbH on 22/03/2018 and EMOSS Mobile Systems B.V. (Netherlands) during FY 2018-19.The management of Precision Camshafts Limited have already started implementing accounting practices and procedures which are necessary to comply with Indian Laws and Accounting Principles. According to the prevailing applicable Accounting Standards and***

		Audit Requirement criteria in Netherlands, PCL (International) B.V. is not subject to audit and therefore the Consolidated Ind AS Financial Statements of the Company in so far as it relates to the amounts and disclosures included, in respect of the consolidated financial statements of PCL (International) B.V., is based on such management certified financial information. ***From the financial year 2019-20, pursuant to Regulation 33(3)(b) of SEBI (LODR) Regulations, 2015, Listed entities has to submit quarterly/year to date consolidated financial results with effect from April 1, 2019 . Accordingly, the management of Precisions Camshafts Limited has taken necessary steps to ensure that the books of accounts of PCL (International) B.V. will be audited as per the statutory requirements of LODR.***
2	1st July 2019	Accordingly, the management have taken necessary steps to appoint auditor for PCL (International) Holding B.V. At the same time, the management was of the view that the parent company Precision Camshafts Limited (PCL India) should also have an additional auditor who has international presence and who is familiar with international accounting practices. This would ease the process of consolidation and timely reporting. Therefore, MSKA & Associates, Chartered Accountants were identified to suit the requirement.
3	13th Aug 2019	The Audit Committee at its meeting held on 13th August 2019 reviewed the firm's(MSKA & Associates) profile, experience and expertise and recommended the same to the Board of Directors. The Board of Directors in its meeting held on 13th August 2019 recommended appointment of M/s MSKA & Associates, Chartered Accountants, as joint statutory auditors, at the ensuing Annual General Meeting, scheduled on 25th September 2019, subject to the approval of shareholders. Accordingly, the agenda for appointment of MSKA & Associates, Chartered Accountants, as joint statutory auditors, forms part of the Notice of the 27th Annual General Meeting.
4	18thSept 2019	M/s P.G. Bhagwat resigned from the post Statutory Auditor with immediate effect. The Company has intimated to the Stock Exchanges on 18th September 2019.
5	Company's comments on the resignation	1) PCL (International)Holding B.V. Netherlands (Wholly Owned Subsidiary of Precisions Camshafts Limited) has acquired MFT Motoren und Fahrzeugtechnik GmbH (Germany) and EMOSS Mobile Systems B.V. (Netherlands) during March 2018 to May 2018.In such foreign acquisitions, a considerable amount of time is required to educate and train the personnel from the foreign entities and to familiarize them with statutory requirements of the parent company, particularly in our case 'Indian Laws' which are new and complex for the aforesaid foreign entities. PCL India

		have managed to provide the financial information required for consolidated financial statements to M/s P.G. Bhagwat. The Executive Directors and CFO have always considered various suggestions given by Statutory Auditors, M/s P G Bhagwat and have tried their best to implement the same. The management and Finance team has always co-operated with Auditor's engagement team and provided timely reply to all the emails and provided list of documents of Foreign Subsidiaries and Joint Ventures as soon as documents were available with the finance team. E.g. Draft Auditors Report was received by the Management and Finance team on Friday, 24th May, 2019.**The Auditors had indicated that Audit Qualification will not be necessary if** a completeAudit of Consolidated Financials Statement for FY ended 31st March, 2019 is provided. Themanagement of PCL India had appointed M/s Karan A Agrawal & Co, Chartered Accountants, Nigdi, Pune for verification of subsidiaries Companies in December, 2018 . Management provided complete Audit of Consolidated Financials Statement for FY ended 31st March, 2019 verifiedby M/s Karan A Agrawal & Co, Chartered Accountant on 25th May, 2019 to M/s P.G .Bhagwat. There may have been slight delays in communication/response from both ends which have caused situational discomfort but there were no serious issues of dispute between the Company and M/s P.G. Bhagwat. The inter personnel communication between the Finance/Accounts team and the Engagement team have been cordial except for the information required for consolidation which was totally dependent on flow of information from the foreign entities. This led to a stressful situation in order to meet the timelines for reporting. 2) As per Regulation of SEBI LODR, Regulation 29, an intimation of Board Meeting is required to be given at least 5 Days in advance (excluding date of intimation and Date of the Meeting) and as per Section 173 of Companies Act, 2013, Board Meeting is required to be called by giving not less than 7 days' notice in writing. Thus, for the Board meeting to be held on 27th May, 2019, the Company had issued Notice on 18th May, 2019, in order to comply with LODR and Companies Act, 2013. 3) The Chairman of the Audit Committee over telephonic conversion had

		discussed with the Managing Partner of M/s P G Bhagwat about recommending appointment of Joint Auditor of the Company with intension to take corrective measure for audit qualifications. The Audit Committee and Board of Directors have **recommended appointment** of M/s MSKA & Associates, Chartered Accountants, at its meeting held on 13th August ,2019 as Joint Statutory Auditor to shareholders at ensuing 27Th Annual General Meeting. Appointment of M/s MSKA & Associates, Chartered Accountant will be effective subject to the approval of Shareholders at Annual General Meeting. M/s MSKA & Associates, Chartered Accountants officially will be Joint Auditor of the Company from conclusion of ensuing 27th Annual General Meeting. Roles and Responsibility of Joint Auditors were to be discussed after Annual General Meeting, as till the date of Annual General Meeting only M/s P G Bhagwat are the Statutory Auditors of the Company. As a competent Firm like M/s MSKA & Associates Chartered Accountants is being appointed as Statutory Auditors, Company/ shareholders will not have any gap in the services which are rendered by Statutory Auditors.
6	Appreciation	Company would like to place on record appreciation for the time, efforts, support extended by M/s P.G. Bhagwat during their tenure as Statutory Auditors.