



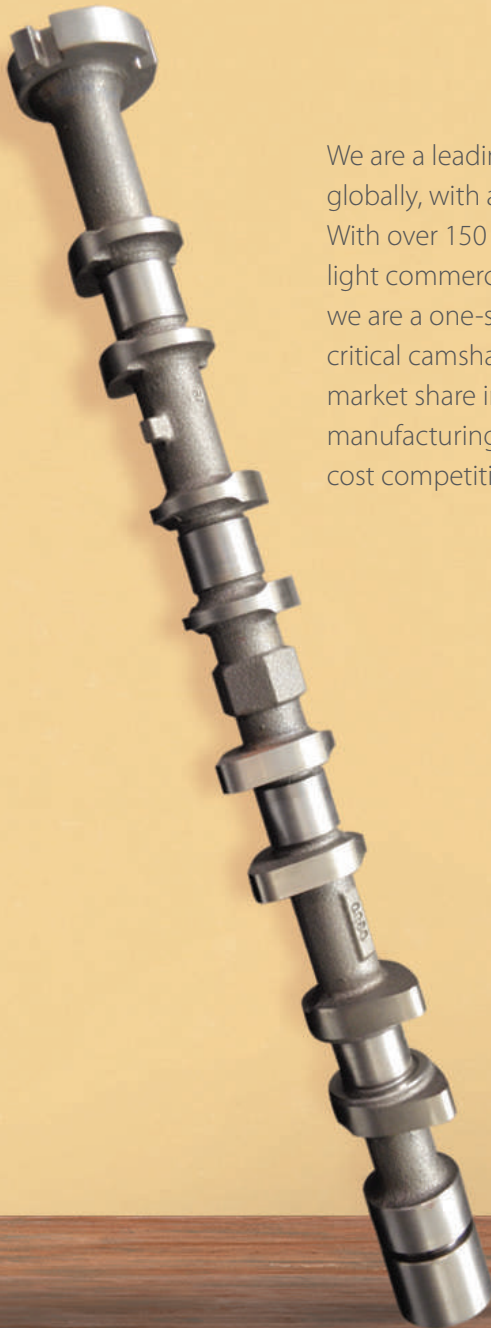
# Committed to Growth and Value Creation

**PRECISION CAMSHAFTS LIMITED**

Annual Report 2016 -17

# WE ARE Future Ready

We are a leading manufacturer and supplier of camshafts in India and globally, with a diversified product portfolio of automobile camshafts. With over 150 varieties of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications, we are a one-stop solution provider with a strong presence in the critical camshaft space. We have consistently increased our global market share in passenger vehicle camshafts through state-of-the-art manufacturing proficiency, design and engineering capabilities, and cost competitive engineering expertise.



Today, we are one of the few global camshaft manufacturers with technological capabilities across all the three manufacturing processes – chilled cast iron, ductile iron and assembled camshafts. With a continuous thrust on improving our camshaft technology and a solid focus on quality, we have transformed ourselves from just being a supplier to a “preferred development partner” of marquee global and domestic OEMs. With a well-spread footprint across geographies and presence in the Asia Pacific region with operations in China and India, we cater to the requirements of fast-growing economies, besides reaping the benefits of low-cost manufacturing destinations. Our core competency areas and our key focus on technology, lends us a further significant competitive edge.

To add sustainability to our business, we are setting up a machining unit with world-class equipment for the manufacturing of chilled cast iron, ductile and assembled camshafts. This will rank us as India’s only camshaft manufacturer offering a “one-stop solution” for types of camshaft needs globally. An augmented share of machined camshafts will expand our product offerings for existing and new customers. It will drive margin expansion, grow market share and better our earnings. Firm orders from global OEMs for supply of machined ductile camshafts is set to add visibility to the business, besides resulting in incremental revenues and driving earnings growth.

Over the years, we have built relevant size, scale and dynamism. Our endeavour is to have an innovative and high-quality product mix and implement efficiency measures to drive sustainability. Going forward, with an unparalleled manufacturing base and strong product portfolio, we aim to enter new markets, focus on new components, seek new revenue streams and advance our growth strategy.





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We are a global manufacturing company of automotive camshafts, respected by customers and other stakeholders for our benchmarked performance in product engineering, quality, cost, delivery and speed of response. We continue to sustain the status of being the 'Preferred Supplier' of camshafts from our customers.



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Yatin S. Shah, Chairman & Managing Director

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## At a Glance

At Precision Camshafts Limited, we are one of the world's largest manufacturers and suppliers of camshafts for domestic and global automobile players, and a leading global development partner of the global automotive component industry. We have established a leadership position in supplying a variety of passenger vehicle camshafts to the global arena.

We are the preferred suppliers of passenger vehicle camshafts to global OEMs. We supply more than 150 varieties of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications. We are one of the few global camshaft manufacturers with technological capabilities across all the three manufacturing processes.

Our goal is to be a technological driving force to our marquee customers. Our product portfolio for passenger vehicles demonstrates our unique systems competence, as we offer complete systems that stand out by the unrivalled width and depth of our product range.

### Key Numbers

23 Years

**Total Experience in Auto  
Component Manufacturing**

9%

**Global Market Share**

Rs 4,756

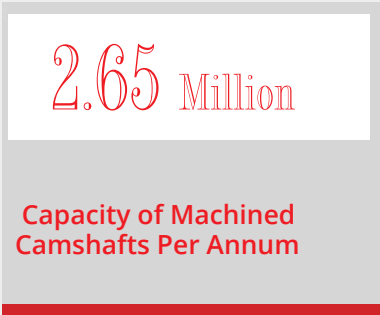
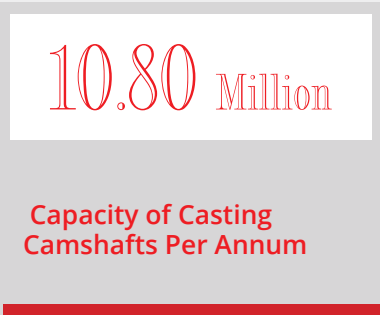
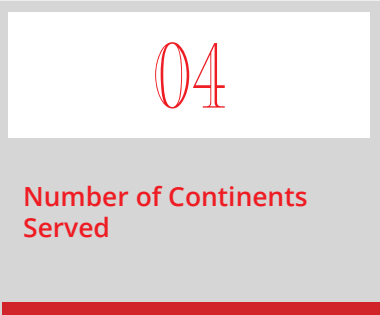
**Million  
Total Revenues in FY2017**

Rs 666

**Million  
Profit After Tax in FY2017**

Our strategy and business decisions are based on the legacy and values of our founders, Mr. Yatin Shah and Dr. Suhasini Shah. We constantly strive for the best possible solutions and realise them with products that meet the highest quality standards.

We are constantly expanding our global presence and have acquired a market share of 8-9% in the passenger vehicle camshaft market within a few years.

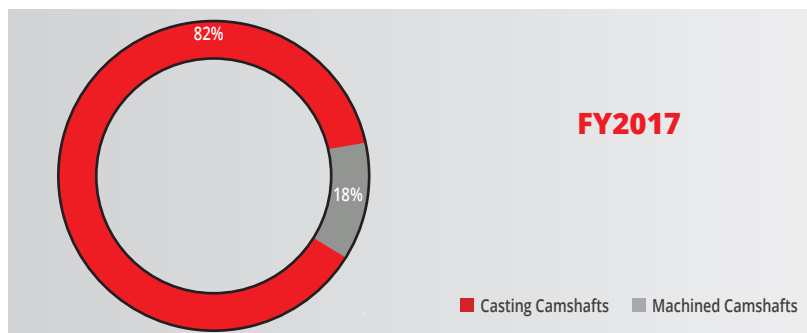




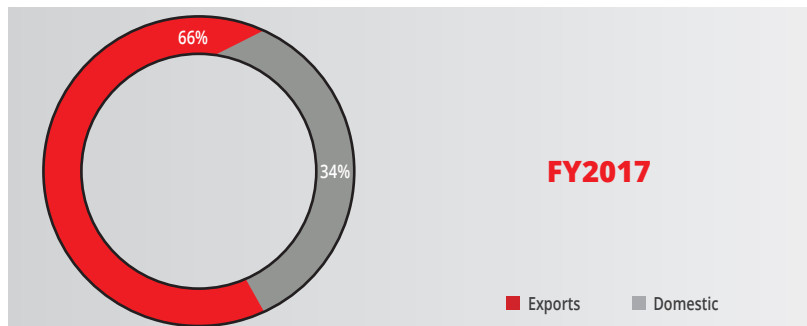
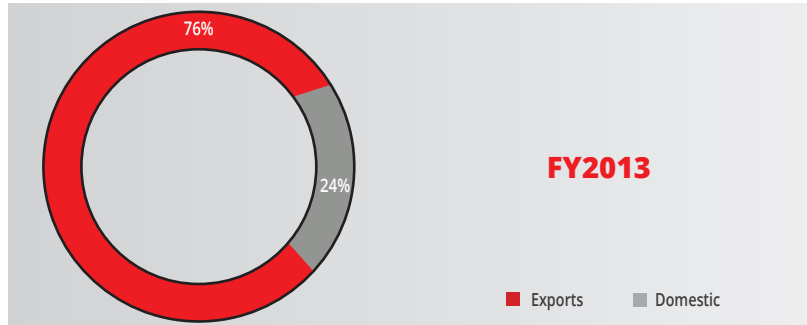
# 8-9%

Global Market Share

## Revenue Distribution (%)



## Geographic Distribution of Sales (%)



## Our Global Canvas



Europe



Asia



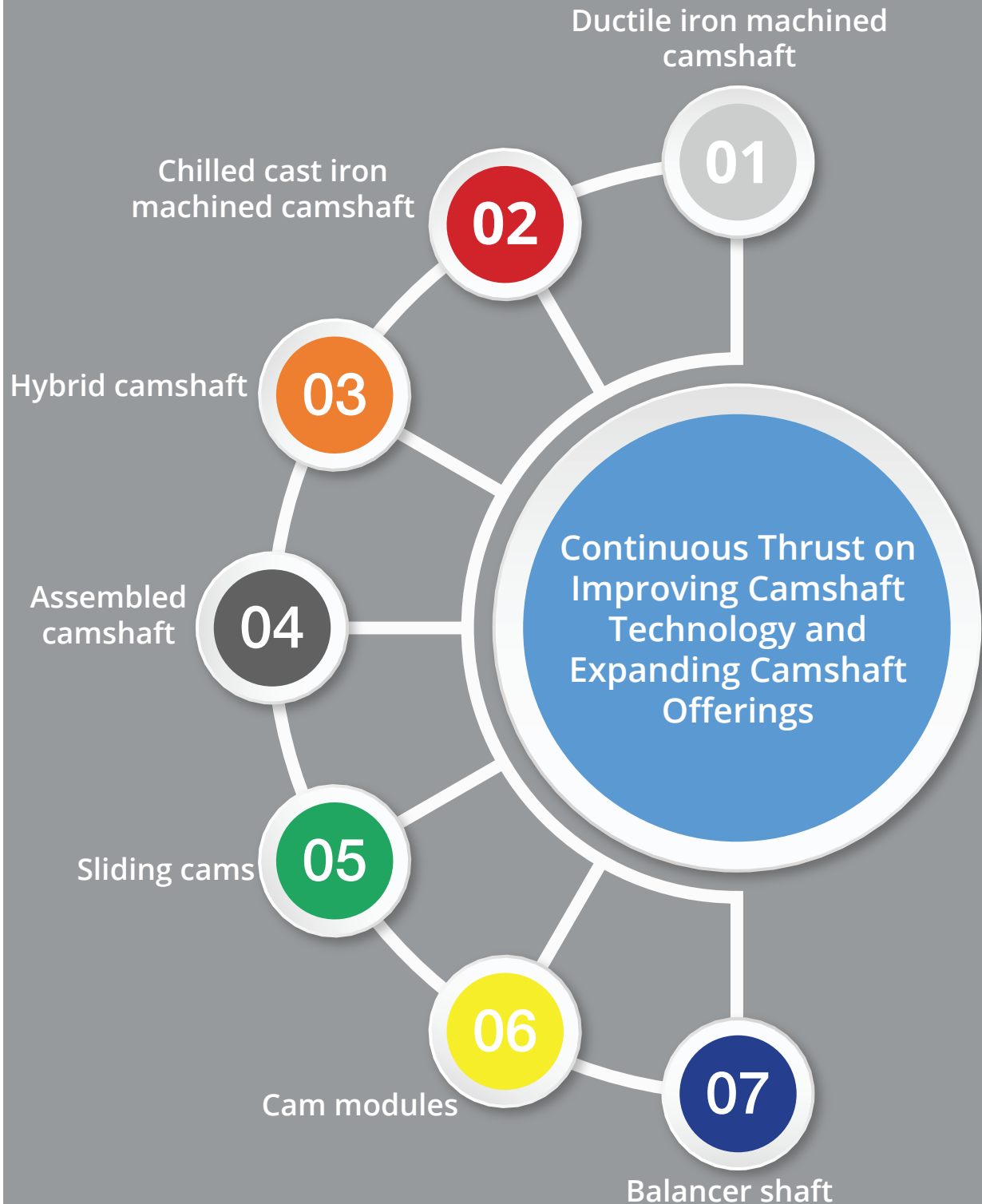
North America



South America



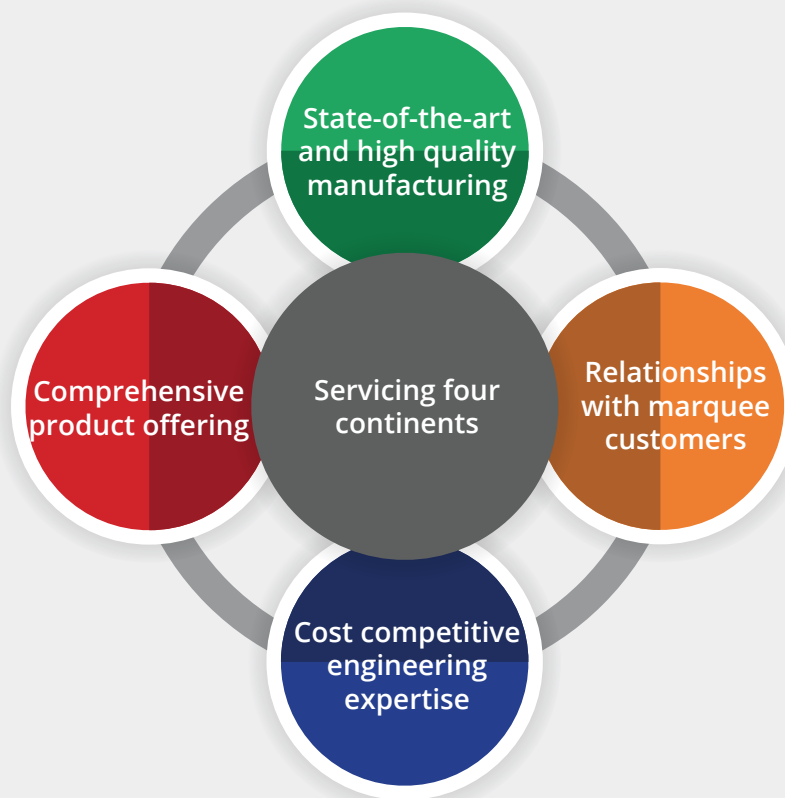
## Our Existing And Planned Bouquet Of Products



# What Defines Us

We are a global manufacturing company of automotive camshafts, respected by customers and other stakeholders for our bench-marked performance in product engineering, quality, cost, delivery and speed of response. We sustain the status of being the 'Preferred Supplier' of camshafts from our customers.

## Key Strengths



## Our Competitive Market Advantages





66%

Revenue from Exports

70%

Domestic Market Share

### Quality Certifications of Foundry

- ISO/TS 16949:2009 – Consistent manufacturing practices and defect free products
- ISO:14001:2004 – Environmental Management System
- BS OHSAS:18001:2007 – Occupational Health & Safety Management System

### Quality Certifications of Machine Shop

- ISO/TS 16949:2009 – Consistent manufacturing practices and defect free products
- ISO:14001:2004 – Environmental Management System
- BS OHSAS:18001:2007 – Occupational Health & Safety Management System

# 25 Years of Heritage and History

We are supported by 25 years of experience in manufacturing a wide range of high performance, critical camshafts. Over the years, we have transformed ourselves from just being a supplier of camshafts to being a preferred partner in the global automotive industry. Our focus on innovation and technology and adopting the latest manufacturing practices has been the cornerstone of our success.

- Incorporated Precision Camshafts Limited
- Commenced supply of 600 camshafts per month

1992

01

- Private equity investor CDC made investments
- Capacity of machine shop and foundry expanded

1997

02

- Entered into technical and financial JV with G. Glancey, a European camshaft manufacturer

1999

03

- Entered into JV with China-based Shenglong Automotive Powertrain Company for manufacturing of camshaft

2012

07

- Entered into JV with China-based Shenglong Automotive Powertrain Company for setting up foundry unit for camshaft castings

2013

08

- Signed exclusive agreement with EMAG, a tooling and machining company based in Germany

2014

09



We added a machine shop for manufacture of ductile, assembled, chilled cast iron camshafts at Solapur, with capacity of 2.0 million units a year.

- Acquired stake in the JV with G. Glancey

**2006**

04

- Tata Capital makes investment in PCL by purchasing shares from CDC

**2008**

05

- Incorporated 100% owned subsidiary in China – PCL (Shanghai) Company Limited

**2011**

06

- Made an Initial Public Offering to get listed on BSE and NSE

**2016**

10

- Added machine shop for manufacture of ductile, assembled, chilled cast iron camshafts at Solapur, with capacity of 2.0 million units a year
- Received orders from Ford Motors and Toyota for manufacture of ductile camshafts

**2017**

11

# Our Manufacturing Capabilities

We are an innovatively inclined, technologically competitive, and customer focused. Our state-of-the-art manufacturing facilities, modern manufacturing processes and systems and cost competitive engineering expertise have earned us the reputation of best-in-class performance in product engineering, quality, cost and delivery.

We added a new machine shop for ductile, assembled, chilled cast iron camshafts at our EOU division at Solapur, Maharashtra, with a 2.0-million unit per annum capacity in machined products. The capacity addition, which will come on stream by FY2018, is targeted to expand our product offerings for existing and new customers. We remain focused on our strategy to increase the sale of machined camshafts. A higher share of machined camshafts will help improve operating margins and return ratios and strengthen the profitability.

We are also planning to set up a new facility for manufacturing larger variety of camshafts for large stationary engines to cater to the growing market for these specialised products in India and overseas. We are also planning to manufacture and supply sliding cams and cam modules, besides catering to the two-wheeler market to diversify our portfolio.

## Our State-of-the-Art Facilities

FOUNDRIES	Latest technology enabling cost competitive and non-polluting manufacturing
MACHINE SHOPS	World-class machinery equipment recognised by global OEMs

## Our India Facility



EOU Unit Solapur, Maharashtra

- 4 Foundries
- 4 Machine Shops

### Installed Capacity

- Foundry: 10.80 Million Units Per Annum
- Machine Shop: 2.65 Million Units Per Annum



Domestic Unit Solapur, Maharashtra

- 1 Foundry
- 1 Machine Shop

### Installed Capacity

- Foundry: 1.38 Million Units per annum
- Machine Shop: 0.36 Million Units per annum



## Our China Facility



Joint Venture Partner:

**Ningbo Shenglong PCL  
Camshafts Company Limited**

Stake of PCL: 22.50%

Installed Capacity of Machine  
Shop:  
1.50 Million Units per annum



Joint Venture Partner:

**PCL Shenglong (Huzhou) Specialised  
Casting Company Limited**

Stake owned by PCL: 40%

Installed Capacity of Foundry:  
4.00 Million Units per annum

# The Worldwide Network of Precision Camshafts

Head-quartered in Solapur, Maharashtra, we are a technology-driven global leader in the automotive component sector with presence across 2 manufacturing locations and 12 countries.





### Our Marquee Customers

We are proud to cater to every major global and domestic OEM as our customer. Our strong capabilities, design and engineering capabilities and manufacturing prowess are enabling us to focus on new product development and new customer acquisition.



Mercedes-Benz



# Corporate Information

## 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. Aradhye  
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 S. Kuber

## Statutory Auditors

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

## Secretarial Auditors

M/s J. B. Bhawe & Co.,  
Practicing Company Secretaries,  
Pune

## Bankers

### Bank of India

Mid Corporate Branch, Shivaji Nagar,  
Pune.

### Bank of Baroda

Moledina Road, 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  
Website: www.pclindia.in  
CIN: L24231PN1992PLC067126

## 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)



About Us

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Our Strategies

MD&A

DR & CGR

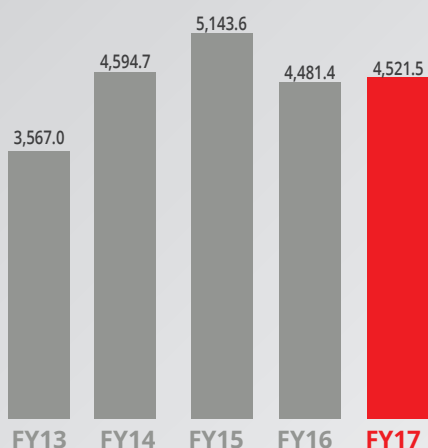
Financials

# Key Financial Indicators

Our financial and operational performance has improved significantly and is growing at a healthy pace over the last five years, driven by high growth opportunities, a wider customer base and focus on segments with better margins. During the year under review, the overseas market contributed 66% of the total revenues, while the remaining 34% was contributed by the domestic market.

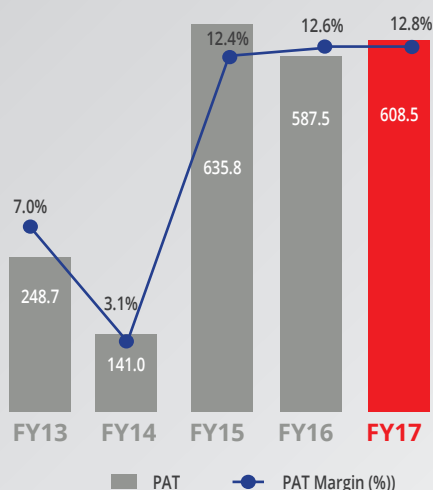
### Revenues

(₹ Mn)



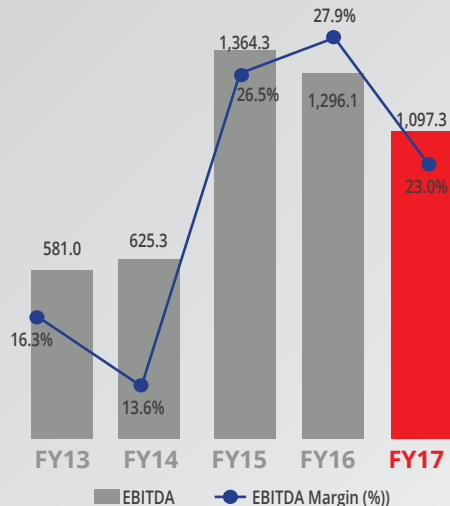
### PAT And PAT Margin

(₹ Mn)



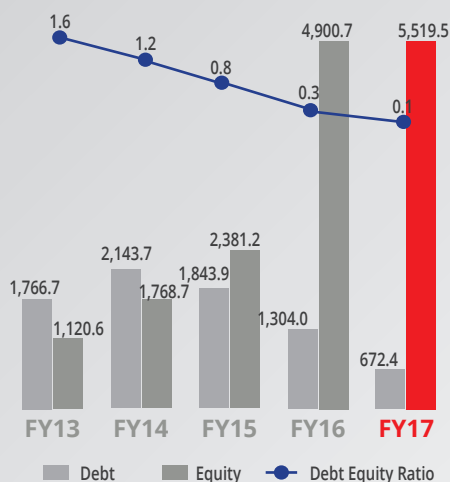
### EBITDA and EBITDA Margin

(₹ Mn)

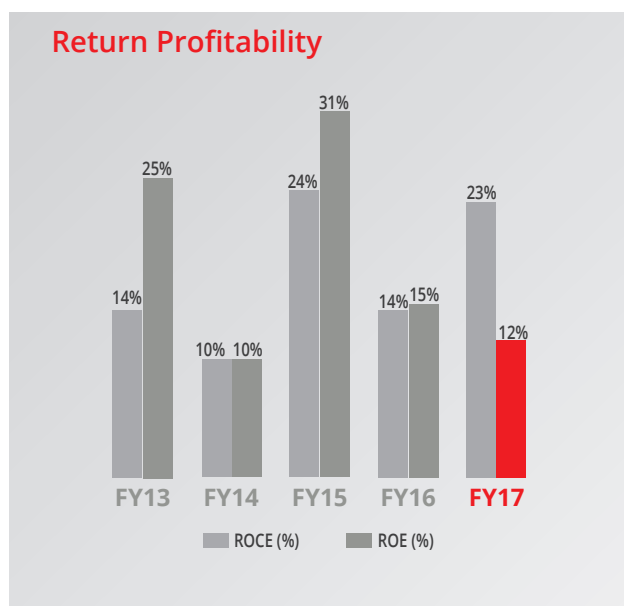


### Leverage Analysis

(₹ Mn)







**4,521** ₹ Million  
Current Revenue

**608** ₹ Million  
Profit After Tax

**23%**  
EBITDA Margin

## Operational Highlights

### A. Revenue

- Share of domestic vs export revenue 34:66

### B. Sales

- Increased global market share in passenger vehicle camshafts from 5-6% in FY2010 to 8-9% in FY2017
- In domestic market, sale to Maruti Suzuki, Toyota Kirloskar, Ford India and Hyundai increased
- In export market, sale to Ford, General Motors, Mahle and Schleicher increased
- Supply to General Motors at Uzbekistan is gaining traction
- Bagged orders from Ford Motors and Toyota for ductile camshafts

### C. Manufacturing

- New machine shop facility for ductile/assembled/chilled cast iron camshafts commissioned at EOU division of Solapur
- Installed one dedicated line of 0.25 million capacity per annum for Ford
- Incurred R&D expenses for development of assembled camshafts

# Board of Directors

## Mr. Yatin Shah

*Chairman & Managing Director*

Mr. Yatin Shah holds a B. Com from Bombay University and a MBA from Pune University. He has over 23 years of experience in the auto component manufacturing sector. He has received various awards, including J.R.D. Tata Udyog Ratna Award by Maharashtra Audyogik Vikas Parishad, Pune in 2011.

## Dr. Suhasini Shah

*Director*

Dr. Suhasini Shah holds a Bachelor's degree in Medicine & Surgery and in Law from Shivaji University. She has participated in an executive education programme on General Management for small & medium enterprises at IIM Ahmedabad. She has over 23 years of work experience in management.

## Mr. Ravindra Joshi

*Director & CFO*

Mr. Ravindra Rangnath Joshi holds a B. Com degree from Bangalore University and a Diploma in Business Management from Shivaji University. He has over 28 years of experience in the field of finance and accounts.

## Mr. Jayant Aradhye

*Non-Executive Director*

Mr. Jayant Aradhye holds a Bachelor's degree in metallurgic engineering from the University of Pune and a Bachelor's degree in mechanical engineering from Marathwada University.

## Mr. Sarvesh Joshi

*Independent Director*

Mr. Sarvesh Joshi holds a Bachelor's degree in law and a Bachelor's degree in commerce from the University of Pune. He is a certified member of the Institute of Chartered Accountants of India and has been a practicing Chartered Accountant for over 27 years.

## Mr. Pramod Mehendale

*Independent Director*

Mr. Pramod Mehendale holds a Bachelor's degree in commerce and is a fellow of the ICSI. He holds a certificate of merit from the Institute of Cost and Work Accountants of India. He is the founder and a former director of Link Intime India Private Limited.

## Mr. Vedant Pujari

*Independent Director*

Mr. Vedant Pujari holds a Bachelor's degree in commerce from Nagpur University, a bachelor's degree in law from the University of Pune and a diploma in corporate laws from Indian Law Society Pune. He is a member of the Delhi High Court Bar Association.

## Mr. Vaibhav Mahajani

*Independent Director*

Mr. Vaibhav Mahajani holds a Bachelor's degree in electronics engineering from Dnyaneshwar Vidyapeeth and has been certified by the ISACA, Pune as an Information Security Manager.

# Key Management

About us

Our Team

Our Strategies

MD&A

DR & CGR

Financials

## Mr. Achyut Gadre

*GM, Production*

Mr. Achyut Gadre holds a Bachelor of Science in Engineering from Shivaji University. He joined PCL in 1995 and has 19 years of work experience in automobile manufacturing.

## Mr. Ajitkumar Jain

*GM, Business Development and Projects*

Mr. Ajitkumar Jain holds a Bachelor's degree in production engineering from VJTI, Mumbai. He joined PCL in 2004 and has 20 years of work experience in manufacturing engineering.

## Mr. M. G. Valse

*GM, Design and Engineering Services*

Mr. G. Valse has a Diploma in Mechanical Engineering from the Maharashtra Board of Technical Examinations. He joined PCL in 2000 and has 34 years of work experience in product development.

## Mr. Rajkumar Kashid

*GM, Human Resources*

Mr. Rajkumar Kashid holds a Master's degree in social welfare and an LLB degree from Shivaji University. He joined PCL in 1995 and has 25 years of work experience in management.

## Mr. Deepak Kulkarni

*AGM, Projects*

Mr. Deepak Kulkarni holds a Diploma in Mechanical Engineering. He joined PCL in 1990 and has 25+ years of work experience in product development.

## Mr. Pradeep Mahindrakar

*Sr. Manager, Maintenance*

Mr. Pradeep Mahindrakar holds a Diploma in Mechanical Engineering. He has 21 years of work experience in mechanical engineering.

## Mr. Swapneel Kuber

*Company Secretary and Compliance Officer*

Mr. Swapneel Kuber holds a Bachelor's degree in law from Shivaji University. He is an associate of the Institute of Company Secretaries of India.

# Message to Shareholders

We remain focused on our strategy to increase the proportion of machined camshafts to 50% of total revenues by FY2019. This is driving margin expansion and strengthening our profitability.

**Yatin S. Shah**

Chairman & Managing Director



Dear Shareholders,

It is my pleasure to present to you our 25<sup>th</sup> Annual Report for the year ended March 31, 2017. I am happy to report that your Company has recorded a significant and all-round improvement in performance.

Our focus on products and processes has enabled us to gain a strong foothold in the domestic and global market. We also moved up the value chain from manufacturing raw chilled iron camshafts to machining of ductile iron camshafts and assembled camshafts. This, along with various efficiency measures, has been a key driver of a significant improvement in machining of camshafts. During FY2017, 66% revenue was contributed by the overseas market and 34% from India. About 18% of the revenues were earned from machined camshafts and 82% from casting camshafts.

Total revenue from operations stood at ₹ 467 crore, as compared to ₹ 452 crore in the previous financial year of FY2015-16. Our net profit (before exceptional items) was ₹ 60.99 crore, compared with ₹ 58.96 crore earlier. The Board has declared and paid a final dividend of ₹ 1 per share in the previous year.

## **Committed to Growth and Value Creation**

We are one of the world's leading manufacturers and suppliers of camshafts with a comprehensive product offering. Our state-of-the-art manufacturing facilities and competitive engineering expertise



helps grants us a competitive advantage in the marketplace. We are one of the few global camshaft manufacturers with technological capabilities in manufacturing all three types of camshafts – cast iron, ductile iron, hybrid and assembled. In the past two-and-a-half decades, we have created capabilities to supply more than 150 variants of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications.

### **Moving up the Value Chain**

FY2017 was an important milestone for us as we added a machine shop for ductile, assembled and chilled casting camshafts at our Solapur facility. This was a result of our continuous drive to improve camshaft technology and expand our offerings. Our capacity for the new unit will be 2.0 million units per year. With the manufacture of machined camshafts, we will expand our product offerings for existing and new customers.

We remain focused on our strategy to increase the proportion of machined camshafts to 50% of total revenues by FY2019. This is driving margin expansion and strengthening our profitability. We have already received orders from Ford Motors and Toyota for ductile camshafts. Our plan is to also put up a facility to manufacture larger variety of camshafts to address the growing market for these specialised products in India, and overseas, in order to mitigate risks.

### **Increasing Global Share**

Our unwavering focus on product quality, ability to meet stringent delivery schedules and effective execution have enabled us to enhance our presence with global OEMs. Our ability to adapt to the

changing requirements of OEMs is also helping us bag new global orders and move up in the value chain. We are consistently increasing our market share in the global market, which has increased from 8-9% in FY2014 to 15% by 2019-20. We are also establishing engineering centres manned with international experts in the US and Europe in order to sustain our growth further.

Our aim is to reach a global market share of 25% by 2025, increasing our global footprint by adding customer wins. We have strong relationships with marquee global and domestic OEMs across multiple geographies. We remain poised to procure major contracts from global OEMs for the recent technologies introduced. Furthermore, our presence in the APAC region, with operations in China and India, ideally places us to cater to the requirements of two of the fastest growing economies, and also reap the benefits of being one of the low-cost manufacturing destinations in the world.

### **Moving Ahead**

We continue to explore the possibilities of partnerships with companies operating in niche machined components through our technical expertise. Additionally, as a part of our organic growth drive, we are pursuing acquisitions in Europe to add niche products to our current portfolio, and also strengthen our position with customers in Europe and the US. We will maintain our focus on gaining incremental business from value-added products, such as machining and assembled camshafts, and also on gaining a presence in the higher-end luxury and sports cars.

It is our leadership team and our people, their passion, and shared wisdom that defines Precision Camshafts. Together, we have created a business constitution, where entrepreneurship can flourish within a corporate environment. Dreams are embraced, unraveled and turned into realities through diligence, discipline and strong work ethics.

We are grateful to all our shareholders and all other stakeholders for their support to the company. Our aim is to emerge from a regional specialist to become a global player. We seek your continued support so that we can sustain our performance and realise our vision of becoming a dynamic, global engineering company by 2020 and setting the pace for growth in the auto components sector.

I believe together we can go farther and achieve more.

Warm Regards,

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

# Leveraging our dominant position in Critical Camshaft Space to sustain and increase market share

We are the global suppliers of camshafts, a critical engine component. We are among the top 5 global makers of camshafts, and a one-stop shop to the global automobile sector. We are constantly improving our market share and expanding our range as well as client base.

150

Types of Camshaft Variants we manufacture

At Precision Camshafts Limited, we have attained leadership in the domestic market and also emerged as a strong global player in the passenger vehicle camshaft market. We are a one-stop-shop to the global automobile sector, with supply of camshafts using different material and technologies. With an aggregate capacity of 13.4 million casting units and 2.2 million machined camshafts, we focus on supplying camshafts to existing and new global OEMs.

## One-Stop Solution to Customers

We are among the few camshaft suppliers with the ability to produce all types of camshafts— casting, machining, hybrid/ductile and assembled. We manufacture 150 types of camshafts. While we were manufacturing chilled camshafts so far, we have been expanding our range to cover another two camshaft technologies – ductile and assembled camshafts.

We make chilled iron camshafts and also added ductile iron induction hardened camshafts to our range. Now, with the introduction of assembled camshafts, we are the only camshaft manufacturer in India offering a “one stop solution” for camshaft needs of mid-sized cars globally. With this, we have established a good track record of growth, execution and competitive strengths.







8%

Our Global Market Share



# Capitalising on Domain Expertise to capture a larger pie of the International Market

Our technical and manufacturing prowess enables us to serve clients across multiple geographies across the value chain, increasing our global market share. We have established relationships with over 40 global OEMs in the domestic and international markets.

Continuous development in engine technology has expanded the addressable market for camshaft manufacturers. With a focus on pushing volumes and lowering costs, global OEMs are increasingly outsourcing camshafts from quality camshaft suppliers with demonstrated technological and manufacturing capabilities. There is an increasing tendency of auto makers to outsource camshafts to auto part suppliers on the back of increasing volumes and the need to keep costs down.

We have an 8% global market share in the category of automobile engines, between 1-2 litres. We earn about 78% of our revenues from outside India. Two of our largest clients are global majors – Ford Motors and General Motors – which together account for 65% of our total revenue. We are working towards doubling our market share in the overseas market to 20% by 2025.

## Focus on Quality

At Precision, an unwavering focus on product quality, ability to meet quality standards, along with stringent delivery schedules of OEMs and Tier-1 suppliers and effective execution, have enabled us in matching global standards. We are leveraging growing opportunities in the overseas market and have established presence in 5 continents and 12 countries.

We are one of the world's leading manufacturers and preferred

suppliers of camshafts to global OEMs. We are one of the few global camshaft manufacturers with technological capabilities across all three types of camshafts – cast iron, ductile iron, hybrid and assembled camshafts.

## Preferred Suppliers to Global OEMs

While Ford and General Motors are our key clients, the UK, Germany, Spain and the US are some of the key markets we are focussing on. We continue to capitalise on the anticipated global demand for camshafts in the passenger vehicle market. We are enhancing our presence in some of the leading OEMs like General Motors, Ford, Hyundai, and Toyota among others. We derive about three-fourths of our revenue from export of camshafts, predominantly for passenger cars. Two of our largest customers – Ford Motor Company and General Motors Company – together account for 65% of our consolidated revenues. Due to our ability to provide unique cost advantages to customers, we are fast emerging as a large camshaft sourcing hub for global OEMs. We serve a variety of customers across geographies and have long-term relationships with several global OEMs.

We are the authorised supplier of camshafts for General Motors' plants in several regions including Europe, US, Uzbekistan, Brazil, Korea, China, and India. We also supply camshafts to Ford's plants in Europe, UK, China

and India. Europe accounts for the largest share of our revenues in the export market, followed by Asia and North America.

## Leveraging our Capabilities

We are working towards securing more contracts from global OEMs by virtue of our capabilities in the manufacture of ductile iron/hybrid camshafts and assembled camshafts. During the year, we added Toyota Kirloskar Motor to our list of global customers for supply of camshafts for Innova and Fortuner range of cars, serving a monthly supply order of 16,000 ductile camshafts for a period of two years. We are now targeting more Japanese OEM manufacturers. We are also focussing on supplying new components – sliding cams, cam modules and balancer shafts – to meet customers' expectations.



## Expanding revenue contribution from Machined Camshafts to penetrate deeper into the Camshaft space

We are adding a new machining shop to manufacture machined camshafts. With this, we aim to offer a wider product mix and cater to a larger addressable export market. This strategic move is aimed at commanding better margins, targeting new customers, increasing order inflow and improving our profitability.

We are adding capacity of 2.0 million units per annum to the value-added machined camshafts segment. With a total capex of ₹ 2,302 million, our new facility will be commissioned by FY2018. One dedicated line of the new machine shop facility, with 0.25 million units of ductile and assembled camshafts per annum capacity, has been commissioned. As we continue to manufacture the chilled cast iron variety of camshafts, we are fast expanding into the ductile iron variety, as well as assembled camshafts.

We are also witnessing a growth trajectory in the volume of machined camshafts. As compared to 11.79 million machined camshaft units sold in FY2016, we reported higher sale of 16.92 units in FY2017 – a net rise of 43.5%.

Besides adding value to the overall product mix, our expansion of machined camshafts capacity will help us target new customers, sustain better margins, increase order inflow and improve profitability. The trend of increase in outsourcing of machined operations for these components by auto manufacturers presents a good opportunity for us to increase our share in this segment.



# 2.0

Million

Addition of New Capacity in Machined Camshafts





### **Addressing a Larger Market**

We have received orders from automobile manufacturers Ford Motors and Toyota for ductile camshafts to be manufactured in the new facility. Our on-going capacity addition will enable us to increase the net contribution from machined camshafts, which command better margins over raw camshafts. The expansion will cater to a larger addressable

export market and bring on-board Japanese auto makers such as Toyota and Suzuki, which primarily use this variety of camshafts.

Our foray into this segment supports our focus in manufacturing and supplying higher value-added components. It also elevates our position from a regional player to become a partner for the support of global OEM platforms. We entered into a 5-year exclusive agreement

with EMAG earlier for the transfer of certain know-how and technology. This is targeted at strengthening our foray into assembled camshafts and expanding business operations in the European market. We also entered into a joint venture with China-based Ningbo Shenglong PCL Camshafts Company Limited for machining of camshafts.

### **Strategic Advantages**

The objective of our capacity addition is to deliver strategic advantages to our customers. Besides adding value to the overall product mix, our expansion will help us target new customers, sustain better margins, increase order inflow and improve profitability. The trend of increase in outsourcing of machined operations for these components by auto manufacturers presents a good opportunity for us to increase our share in this segment.

Assembled camshafts provide a manufacturing alternative over conventional methods to meet the demand for high performance camshafts at reduced costs. The manufacture of camshafts traditionally involves casting and the forging or machining of a rough blank, which was further machined to the finished cam geometry. In addition to the inherent advantages of assembled camshafts, the process typically results in cost advantages over conventionally processed camshafts.



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## Value-added products to improve Margins and better our Return Ratios

New product offerings and value addition in camshafts are boosting our EBITDA margins and Return on Capital Employed, besides establishing our technology prowess. This, along with efficiency measures and our debt free status, will be our key driver of a significant improvement in profitability and consistent revenue growth.

We have a profitable business model supporting strong cash generation. Over the past five years, our sales have been growing, driven largely by an increase in volumes. Our efforts to increase the proportion of the machining business from one-third currently to around 50% by FY2019 is estimated to substantially boost our EBITDA margins, as well as Return on Capital Employed (RoCE), over the next 2-3 years.

### Scaling up the Value Chain

We are scaled up the value chain from manufacturing plain vanilla raw chilled iron camshafts to machining and further to assembled camshafts. The value-added machined camshafts segment operates at higher margins, entailing a nearly 3x higher realisation. A focus on enhancing our machining business has benefitted our topline as well as profitability over the past 2-3 years.

During FY2017, our volumes jumped 3% YoY, primarily driven by a favourable product mix and our increased presence within OEMs with higher engine capacity models. On the debt front, the Company aims to become debt free during FY2018. Our zero-debt balance sheet and robust return ratios will further help us improve our margins, with a positive operating leverage and consistent revenue growth.





We expect our margins to improve once our machining camshafts business achieves higher scale and our already existing products generate higher revenues.



### **Moving Ahead**

Going forward, we expect margins to recover from the current levels, with major expenditure on products now completed. Revenues are expected to see a strong growth as new volumes come on steam. Profitability will also improve, given the expansion which will increase the proportion of fully machined camshafts. Furthermore, our endeavour to diversify our client base further and expand our geographies is eliminating concentration risk. Margins will improve once our machining camshafts business achieves higher scale and our already-existing products generate even higher revenues.

# Management's Discussion & Analysis

India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and significant domestic reforms gradually being implemented by the Government.

## ECONOMIC OVERVIEW

### Global Economic Outlook

Global growth was projected to slow down to 3.1% in 2016 before recovering to 3.4% in 2017, according to a forecast by the World Economic Outlook on global economic developments, issues affecting advanced, emerging, and developing economies. The forecast, revised down by 0.1 percentage point for 2016 and 2017 relative to April, reflects a more subdued outlook for advanced economies following the June U.K. vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer.

Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following

policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and sub-Saharan Africa experiencing a sharp low down. In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with anti-integration policy platforms gaining more traction. Several emerging markets and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a broad-based policy response to raise growth and manage vulnerabilities more urgent than ever.

After a lackluster outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. The assumptions underpinning the forecast should be more specific by the time of the April 2017 World Economic Outlook, as more clarity emerges on U.S. policies and their implications for the global economy. (Source: World Economic Outlook Update, January 2017; International Monetary Fund)

### India Economic Outlook

India's economy grew by 7.1% in FY2016-17, as against the estimate of 8% and as compared to the growth rate of 7.6% in FY2015-16. It remains the fastest growing large developing economy, as it benefits from strong private consumption and gradual introduction of significant domestic reforms, a United Nations report said. The Report, however, cautioned that low capacity utilisation and stressed balance sheets of banks and businesses will prevent a strong investment revival in the short term. The Report said India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and significant domestic reforms gradually being implemented by the Government.

According to the Report, investment demand is expected to slightly pick up, helped by monetary easing, Government efforts towards infrastructure investments and public-private partnerships, and the implementation of domestic reforms such as demonetisation of high value currency and the introduction of the Goods and Services Tax (GST) Bill. It added that the GST reform constitutes a "major change" by establishing a new uniform tax rate. The reform should promote investment in the medium term through lower transaction and logistic costs and efficiency gains. Its effective implementation requires



7.1%

India's GDP growth in FY2017

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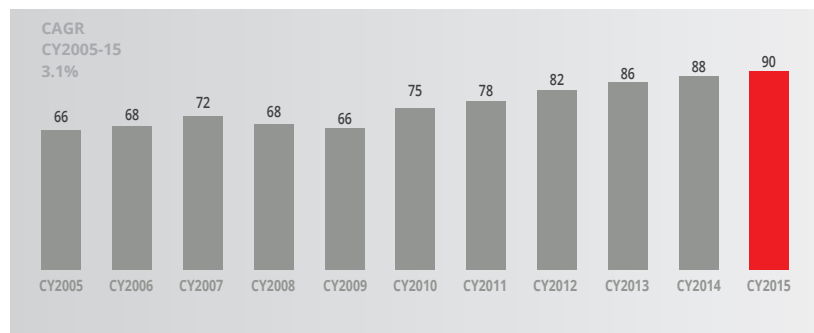
adequate capacity building of the tax administration. The Report added that in India, in spite of a strong emphasis on rural areas and infrastructure investments on the expenditure side, fiscal policy has largely followed a cautious approach and the budget deficit is expected to further decline gradually.

## INDUSTRY OVERVIEW

### Global Passenger Vehicle Market

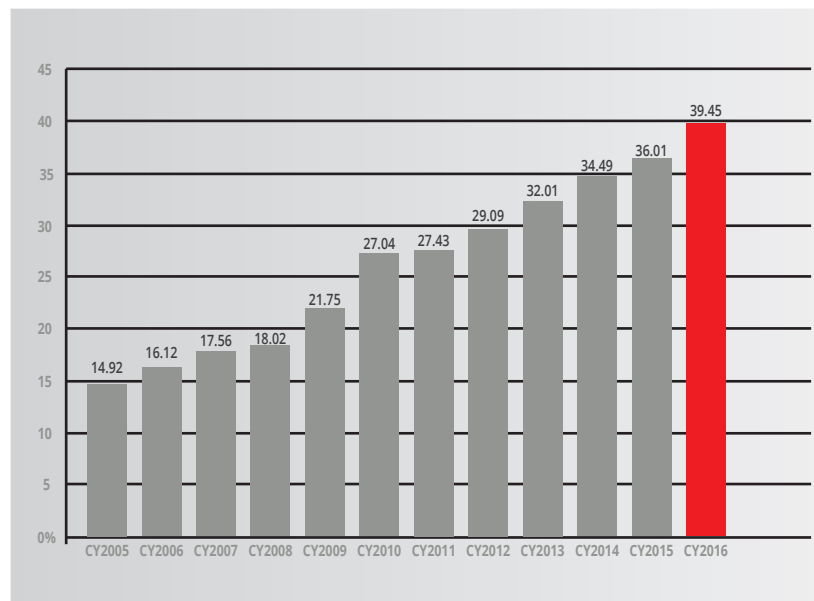
The global passenger car industry is expected to see modest growth and reach an estimated US\$ 1,394 billion in 2017 with a CAGR of 3.4% over the next five years. Demand for electric and hybrid vehicles and development of emerging technologies forecast bright outlook for global passenger car industry. This is according to "Global Passenger Car Industry 2012- 2017: Trend, Profit, and Forecast Analysis" by Lucintel, a leading global management consulting and market research firm. Vehicle production rebounded in 2010-2011, led by high demand from emerging markets such as China, India and Brazil. China dominates the market with greater share and growth is expected to be driven primarily by the BRIC countries.

### Rising Global Vehicle Demand



Units in Million  
Source: OICA

### Rising Share of Passenger Vehicle in Asia



Units in Million  
Source: Statista Website





3.4%

Projected CAGR in Global Passenger Vehicle Market till 2022

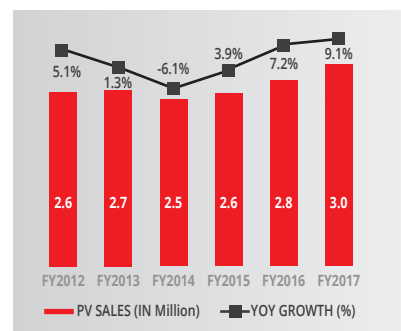
In the last one decade the share of passenger vehicles in 5 major economies EU-28, North and Latin America, Russia, Africa and Asia including Middle East have changed dramatically and the largest gainer is the Asian region. The share of passenger vehicles in Asia has increased from 15.1 million units in 2005 (33%) to 39.4 million units in 2016 (57%).

### Indian Passenger Vehicle Market

The Passenger Vehicle (PV) industry in India crossed a milestone in FY2017 as it grew by 10% at 3.04 million vehicles, topping the 3 million-unit mark for the first time in a 12-month period, according to data released by the apex industry body SIAM. The industry sold 2.78 million units in FY2016. India is the 5<sup>th</sup> largest passenger vehicle market globally. That was the fastest pace of expansion in seven years. Volumes were driven by new model launches and improved customer sentiments in the backdrop of a recovery in the overall economy. The domestic PV industry witnessed one of the highest product launches during the year, with the compact UV (< 4.4-meter length) segment taking the pole position with five new model launches.

Going forward, India is expected to become the third biggest car market in the world by 2020. The domestic passenger vehicle industry in India is expected to perform well, backed by the return of the first-time buyers, replacement demand and aggressive new model launches in the mini car and the UV segment. Multiple forces like lower interest rates, higher salaries driven by the 7<sup>th</sup> Pay Commission and a slew of new models to drive customer interest are likely to drive PV sales higher by 10-12% during FY2018.

### Indian Passenger Vehicle Sales Volumes



### Global Auto Component Industry

The global auto component market is expected to continue its growth momentum of the past few years, reaching approximately US\$ 730.8 billion in 2017, according to "Global Auto Component Market 2012-2017 Trend, Profit, and Forecast Analysis", a report by Lucintel, a leading global management consulting and market research firm. It is expected to register

a CAGR of 3.2% over next five years (2012-2017). It is a highly diversified sector that involves engine and auto component manufacturers, including aftermarket parts manufacturers, suppliers, dealers and retailers. APAC is anticipated to emerge as the leading growth market due to high demand and low-cost manufacturing practices in the region. The manufacturing of auto components has shifted toward Asian countries such as China, India and others because of higher market potential and the low-cost manufacturing options available. China and India are offering majority of low cost services, which are helping OEMs to improve and grow their businesses.

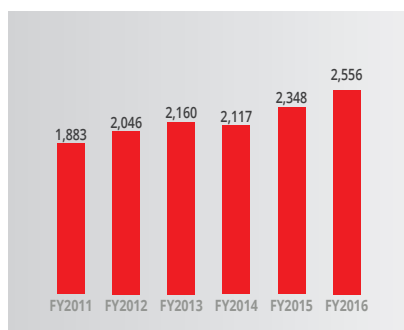
### Indian Auto Component Industry

The Indian auto components industry has been experiencing a healthy growth over the last few decades due to factors such as a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system. The auto components industry accounts for almost 7% of India's Gross Domestic Product (GDP) and employs as many as 19 million people, both directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure and adding to this, the "Make in India" initiative is fuelling the momentum of progressing forward to make India a favourable destination for investment.

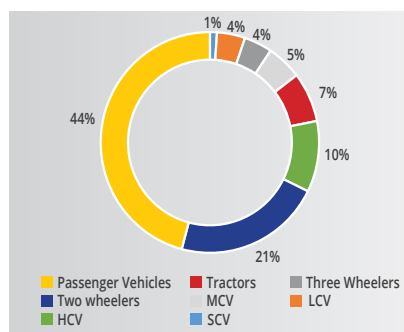
Being amongst the fastest growing economies in the world, India is bestowed with a rich pool of skilled and semi-skilled labour. This accounts for a majority of the working age population which makes India a cost competitive manufacturing destination.

The turnover of the automotive components industry in India stood at US\$ 39 billion (₹ 2.55 lakh crore) in 2015-16, contributing 2.3% to India's GDP, according to data released by the Automotive Component Manufacturers Association of India (ACMA). The industry is expected to grow by 8% to 10% in FY2017-18, based on higher localisation by original equipment manufacturers (OEM), higher component content per vehicle and rising exports from India, as per a report by ICRA Limited. According to the Automotive Component Manufacturers Association of India (ACMA), the apex body of the auto component industry, the Indian auto components industry is expected to register a turnover of US\$ 100 billion by 2020, backed by strong exports ranging between US\$ 80-US\$ 100 billion by 2016, from the current US\$ 11.2 billion.

#### Turnover of Auto Component Industry in India (Rs '00 Crore)



#### Supply of Auto Components to OEMs



Source: ACMA

#### India - A Global Auto Component Hub

A large number of domestic auto component suppliers have started expanding their footprint in key global markets to de-risk from the uncertainties in the domestic business. Hence, India's auto components exports have clocked a robust 20% CAGR over FY2006-16, according to Automotive Component Manufacturers Association of India (ACMA). Exports of automobile components saw a spurt from US\$ 3.2 billion in 2006 to US\$ 11.2 billion in FY2015-16. Auto components constitute 4% of India's overall exports, driven by strong domestic growth and enhanced globalisation of Indian auto component suppliers.

India is emerging as a global hub for sourcing of auto parts. Geographically, it is strategically positioned to take advantage of key automotive markets

in the ASEAN, Europe, Korea and Japan. Being amongst the fastest growing economies in the world, India is bestowed with a rich pool of skilled and semi-skilled labour. This accounts for a majority of the working age population which makes India a cost competitive manufacturing destination.

#### Auto Component Aftermarket Segment

The domestic auto component aftermarket segment is currently valued at US\$ 6.8 billion (₹ 44,600 crore). Although in the long term, the aftermarket auto component industry is expected to reach US\$32 billion by 2026, by 2020 it is going to reach US\$13 billion from the current US\$ 8.4 billion, according to the Automotive Component Manufacturers Association of India (ACMA), the apex body of the auto component industry.

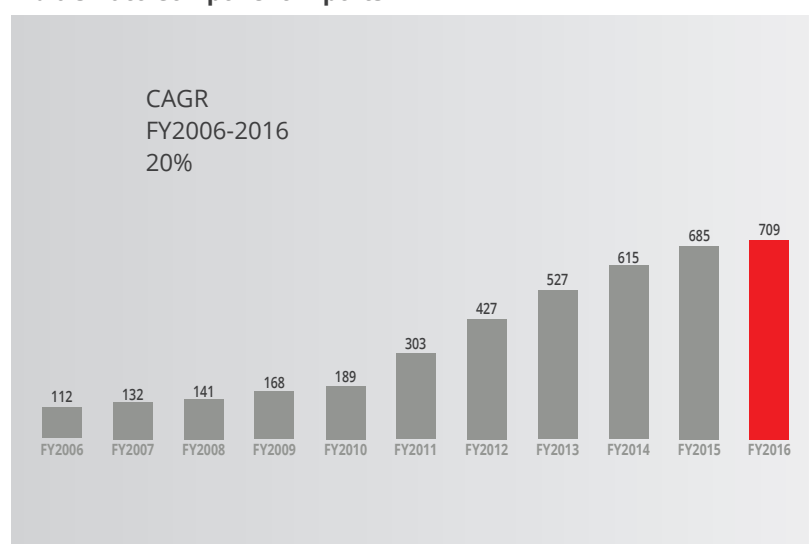
#### Global Camshafts Market

The camshaft market is directly proportional to growth in the automotive sector. The global automotive camshaft market is gaining momentum in many countries with the growing cars in the passenger vehicles segment at the global level. Camshaft is a critical component that is necessary for the functioning of an engine. The automotive camshaft market is highly dependent on automobile demand, as camshafts are required in all internal combustion engines. The OEM segment forms a major portion of



A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure and adding to this, the “Make in India” initiative is fuelling the momentum of progressing forward to make India a favourable destination for investment.

### India's Auto Component Exports



In Rs '000 Crore  
Source: ACMA

the automotive camshaft market and is an important source of revenue.

The key segment driving camshaft sales is the passenger vehicles segment. Passenger vehicles largely use either SOHC or DOHC engines, i.e. either single camshaft engines or double camshaft engines. Accordingly, assuming the demand of passenger vehicles is equally divided between these engines types, the global passenger vehicle camshaft sales volume is one and a half times the volume of passenger vehicles produced. Even if the vehicle sales grow with smaller percentage, camshaft demand will improve at a faster pace. Inherent cost advantage compared to other major manufacturing destinations across the world has made India the preferred sourcing destination for OEMs and major Tier-1 suppliers.

### Global PV Sales and Camshaft Supply: Sales and Volumes

	Global PV Sales	Precam Supply	Other Supply
FY2012	69.06	7.64	95.96
FY2013	73.20	7.97	101.83
FY2014	77.20	8.83	106.99
FY2015	78.80	10.11	108.10
FY2016	80.57	9.02	111.84

Units in Million

### Growing Popularity of Machined Camshafts

The machining process contributes value addition depending on the complexity of the camshaft. There are four prevalent technologies for manufacturing automotive camshafts: chilled iron casting (grey/cast iron or ductile iron casting), forging, hybrid and assembled camshafts.

Ductile iron can handle more contact stresses than cast iron though ease of machining and cost make chilled cast



iron the preferred method. Additional weight reduction can be achieved by using hollow/profiled shafts. Chilled cast iron generally doesn't require additional hardening, while ductile iron can require additional hardening, if chills are not used.

Assembled camshafts are produced by assembling / fixing aggregate parts, i.e., lobes, journals, sprockets, and other parts, on a tubular shaft. The manufacturing cost of a single assembled camshaft is higher compared to other camshafts due to proprietary fixing technologies. One of the technology is 'force free heat shrink technology' process developed by EMAG - a German machining and tooling company, PCL has entered into an exclusive agreement with the German company for transfer of certain know-how and technology for manufacturing of assembled camshafts.

PCL is currently working to capture a larger market share of machined camshafts and has already bagged new orders from GM, Ford and Toyota for machined camshafts. The incremental revenue will come through higher volumes from machined camshaft with higher realisation.

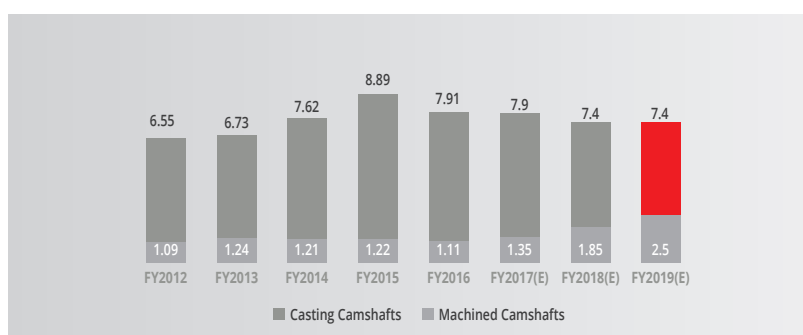
### Gradual Rise in Sale of Machined Camshafts

	Chilled Casting	Machined Camshafts
FY2012	6.55	1.09
FY2013	6.73	1.24
FY2014	7.62	1.21
FY2015	8.89	1.22
FY2016	7.91	1.11
FY2017(E)	7.40	1.57
FY2018(E)	7.78	2.65

Units in Million

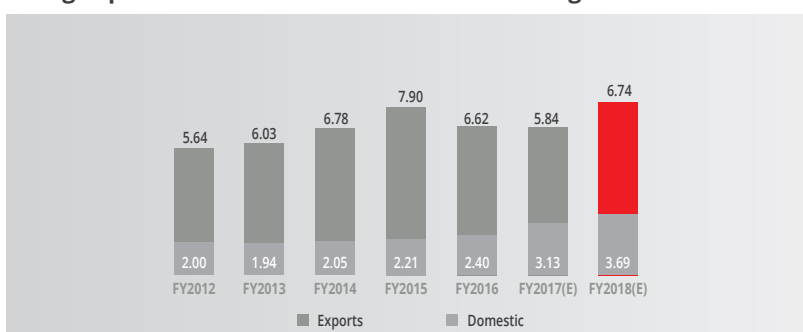
Source: Asit C. Mehta Research

### Rise in Sale of Machined Camshafts



Units in Million

### Rising Export and Domestic Sale of Camshafts Segment



Units in Million



## COMPANY OVERVIEW

Precision Camshafts Limited (PCL) is one of the world's leading manufacturer and supplier of camshafts, a critical engine component, in the passenger vehicle segment. Promoted by first generation entrepreneurs Yatin Shah and Dr. Suhasini Shah, PCL supplies a wide range of over 150 running camshafts and mainly caters to the passenger vehicle segment

Your Company supplies camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications from its manufacturing facilities in Solapur, Maharashtra. Your Company is a complete solutions provider for camshafts manufactured by different technologies, earning a major chunk of its revenue from the export of camshafts to various OEMs, directly and indirectly.

With over 23 years of experience, your Company is a niche player in the camshaft segment with a global market share of 8% to 9%. It is also the largest supplier in the domestic market with a market share of ~70%. It is the preferred supplier of casting camshaft to some of the major Original Equipment Manufacturers (OEM)

in India, including Maruti, Hyundai (India), Tata Motors and M&M, while OEMs such as General Motors and Ford constitute its largest global customers. Focus on technology (product and process) has enabled your Company gain a strong foothold in the domestic and global markets.

**15.6 Million**  
Aggregate Camshafts Capacity

## Our Global Presence



Germany



Canada



United States



Brazil



India



Austria



South Korea



Spain



Hungary



United Kingdom



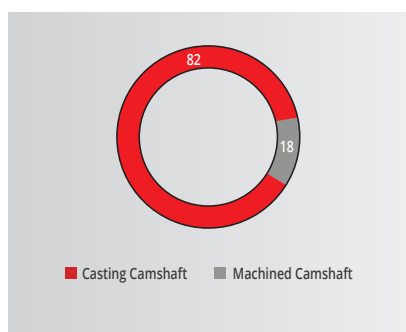
Uzbekistan



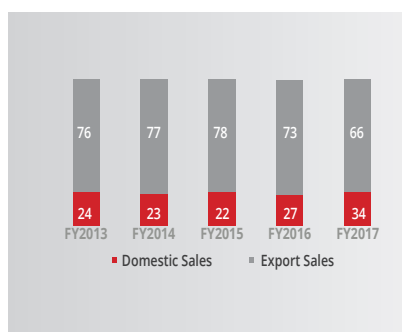
China

With over 23 years of experience, we are a niche player in the camshaft segment with a global market share of 8% to 9%. We are the largest supplier in the domestic market with a market share of ~70%. We are the preferred supplier of casting camshaft to some major Original Equipment Manufacturers (OEM) in the global market.

#### Product-wise Revenue Mix in FY2017 (In %)



#### Break-up of Domestic and Global Business (In %)

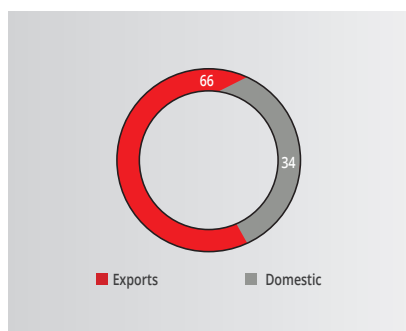


#### Manufacturing Facilities

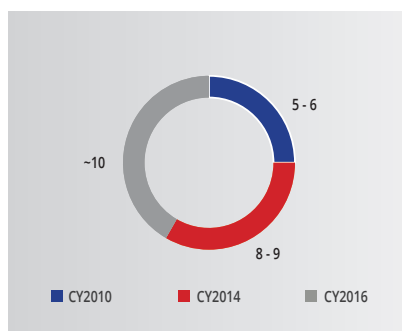
Currently, PCL has four foundries and four machine shops situated at Solapur, Maharashtra.

The Company has a current manufacturing capacity of 10.80 million casting camshaft per annum from its foundries and million machined camshaft per annum from its machine shops.

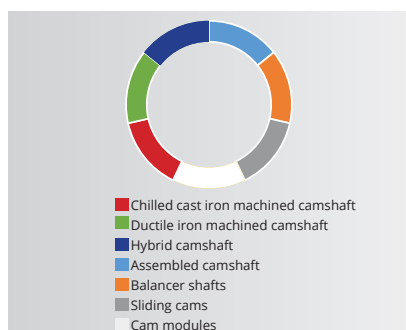
#### Geography-wise Revenue Mix (In %)



#### Rising Global Market Share (In %)



#### One Stop Solution Providers



We have an unwavering focus on product quality, ability to meet quality standards and various process efficiency measures, along with stringent delivery schedules of OEMs and Tier-1 suppliers and effective execution. These have enabled us match global standards and enhance presence in some of the leading OEMs.

#### **Different Types of Camshafts and their Processes**

<b>RAW CAST IRON/DUCTILE IRON CAMSHAFT</b>	<b>MACHINED CAMSHAFT</b>	<b>ASSEMBLED CAMSHAFT</b>
Cast Iron Camshaft <ul style="list-style-type: none"> <li>• Casting process</li> <li>• Material used: Pig iron, resin coated sand</li> </ul>	<ul style="list-style-type: none"> <li>• Cutting</li> <li>• Drilling</li> <li>• Finishing</li> <li>• Reaming</li> <li>• Milling</li> <li>• Cam grinding</li> </ul>	<ul style="list-style-type: none"> <li>• Assembled by robotics</li> <li>• Fully mechanised process</li> <li>• Different materials can be used</li> <li>• 30% lighter than normal</li> </ul>
Ductile Iron Camshaft <ul style="list-style-type: none"> <li>• Casting process</li> <li>• Material used: Pig iron, CRCA, Low Boron Scrap, RCS and filter</li> </ul>		

#### **Single Source for Global Projects**

We have established Engineering Centres manned with international experts in the US and Europe to sustain the growth. This team would help PCL harness the best of technology going forward. PCL has dedicated a new 2 million machining capacity to cater to Ford's Dragon project. Of this, 0.18 million machining capacity has been commissioned from which the supply has started in the Q4 of FY2017. However, a majority of the supply is likely to

start from FY2018 globally. Moreover, the Company has already started delivering ductile iron machined camshafts to Toyota from Q1 of FY2017, with a monthly run rate of 18000 camshafts for Innova and Fortuner models.

#### **Our Key Competitive Advantages**

##### **A. Entrenching Global Competencies**

Your Company is serving global OEM majors such as General Motors and Ford, which together account for 54% of its total revenues. These OEMs are the major revenue contributors.

Your Company is aiming at adding more global majors as its clientele and bag new orders. Contracts with key OEM customers are long term purchase contracts which provide for an estimated quantity of camshafts to be purchased by such customers.

##### **B. Diversifying Client Base**

Your Company is in advanced stages of discussions for new orders with some of the leading OEMs, which will lead to a significant diversification in our customer base and dilute the concentration.

##### **C. Enhancing Market Presence**

Unwavering focus on product quality, ability to meet quality standards and various process efficiency measures, along with stringent delivery schedules of OEMs and Tier-1 suppliers and effective execution have enabled your Company match global standards and enhance its presence in some of the leading OEMs.

##### **D. Strong presence in Asian markets**

The Asia Pacific region is anticipated to spearhead automotive demand in the near to medium term. With presence in China (through foundry and machining facility via a joint venture and trading subsidiary) and India, your Company is well placed to not only cater to the requirements of





0.25 Million

Machining capacity commissioned

the two fastest growing economies, but also reap benefits of being present in the two most low-cost manufacturing destinations in the world.

#### **E. Ingrained Presence in Critical Camshaft space**

Your Company is capable of manufacturing all kinds of camshafts required by OEMs – be it casting, machining, hybrid/ductile and assembled camshafts. Your Company is one of the only camshaft manufacturing globally to provide all types of technologies for camshafts under one roof.

The camshaft market size in the global passenger vehicle camshaft market would be ~100 million units worth ~ ₹ 7,000 crore.

#### **F. Presence in Machined Camshafts**

Your Company has effectively adapted to changing requirements of OEMs, from raw camshaft castings to machined and further to assembled camshafts, by incurring significant investments in technology during the past 3-4 years. It has scaled up the value chain from manufacturing plain vanilla raw chilled iron & ductile iron camshafts to machining and further to assembled camshafts. It has set up a 2.00 million machining unit for manufacturing machined camshafts within the same premises as the Solapur unit in Maharashtra. With this, we continue to focus on process improvement, value-added products and efficiency enhancement.

#### **G. Global Partnerships**

The Company has a technical alliance with EMAG, Germany to acquire assembled camshaft technology. As per

#### **Leveraging Rising Opportunities in APAC Markets**

	Asia Pacific	European Union	Americas
CY2014	56.6	30.6	14.5
CY2015	58.4	30.3	14.1
CY2016	60.6	30.2	14.1

Units in Million

Source: Edelweiss Report

#### **Rising Growth in Supply of Machined Camshaft**

	Supply of Raw Iron Camshaft	Supply of Machined Camshaft	YoY Growth in Machined Camshaft
FY2013	6.73	1.24	14.4%
FY2014	7.62	1.21	-2.5%
FY2015	8.88	1.22	0.9%
FY2016	7.91	1.11	-9.5%
FY2017	7.64	1.64	6.7%

Units in Million

Source: Edelweiss Report

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PCL has dedicated

2 Million

Of new machined capacity to cater to Ford's Dragon project



the agreement, your Company will have worldwide exclusive rights to the new technology and patented right developed by EMAG.

#### H. Rising EBITDA Margin and ROCE

Your Company's efforts to increase the proportion of

and also through value addition in the existing products. This is not only helping it establish the technology prowess, but also enhance its profitability:

- It recently acquired the capability to manufacture assembled camshafts, which entails higher realisation than raw cast iron camshafts. These camshafts are manufactured through patented robotics technologies from EMAG.
- It is shifting focus to the machining business, which yields higher realisation than castings camshafts.

These, along with various other efficiency measures, have been the key drivers of significant improvement in the Company's profitability. Focus on enhancing value-added machining business, which entails a very significant realisation than raw cast iron/ductile iron camshafts, has benefitted the Company's topline and profitability over the past 2-3 years. This is reflected in the fact that during FY2012-16, while the Company's volume jumped ~4%, its realisation rose ~ 6%. However, during FY2017, despite an increase in volume, the product mix and forex has resulted in decrease in a average sales realisation.

#### Cost of Raw Materials

The Company's expenditure on raw materials consumed represented 34% of consolidated total expenses for FY2016-17. Financial results

#### Strategic Tie-ups

##### Global Partner

- Shenglong Powertrain Company Limited
- Shenglong Automotive Powertrain Systems Co. Ltd.

##### Purpose of Tie-up

- Machining of camshafts
- Setting up a foundry in China

##### Name of the JV Company

- Ningbo Shenglong PCL Camshafts Co. Ltd
- PCL Shanglong (Huzhou) Specialised Castings Co. Ltd.

machining business from one-fifth currently to around 50% by FY2019. This is estimated to substantially boost the EBITDA margin and RoCE over the next 2-3 years.

#### Key Focus Areas

- Diversifying client base and gaining market share in PV camshaft markets by securing orders from OEMs where company has limited presence
- Increase presence in existing client base

- Gaining incremental business for value added products like machined camshafts
- Gaining presence in higher end luxury and sports cars
- Realisation to improve on the back of favourable product mix
- Significant rise in EBITDA margins and ROCE

#### Profitability Drivers

The Company is prudently becoming future ready by gaining new products

Various other efficiency measures have been the key drivers of significant improvement in the Company's profitability. Focus on enhancing value-added machining business, which entails 3x higher realisation than raw cast iron/ductile iron camshafts, has benefitted the Company's topline and profitability.

are significantly impacted by the availability and cost of materials, particularly resin coated sand, pig iron and mild steel scrap ("MS scrap"). The Company procures all the raw materials from third party suppliers on a spot basis. It has developed strong sources of raw materials, and it is not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond its control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that the Company may use.

Therefore, the Company cannot assure that it will be able to procure adequate supplies of raw materials in the future, as and when needed on commercially acceptable terms. The volatility in commodity prices can significantly affect raw material costs. If the Company is not able to compensate for or pass on the increased costs to customers, such price increases could have a material adverse impact on the result of operations, financial condition and cash flows.

### Management Outlook

Presence in domestic and global markets and wide product offerings cushion PCL from geographical and industry volatility. Further, with aggressive plans to diversify clientele will help the Company avoid the high customer concentration induced adverse topline impact it faced in FY2017. Presence in a capital-intensive industry and competitive market and ability to gradually enhance profitability place the Company in an ideal position to make significant value accretion, akin to a few other efficient domestic auto component manufacturers.

### Financial Overview – Consolidated and Standalone

(₹ Lakhs)

Financial Results	Standalone		Consolidated	
	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
Revenue from operations & other Income	47,617.86	46,477.56	47,560.56	46,868.20
Profit (Loss) before Interest, Tax & Depreciation (EBITDA)	10,972.66	12,961.35	10,850.13	12,940.89
Profit/ (Loss) for the year	6,085.36	5,875.27	6,658.80	6,871.92
EPS ( Basic )	6.42	7.01	7.03	8.20
EPS (Diluted)	6.41	6.99	7.01	8.18

Presence in a capital-intensive industry and competitive market and ability to gradually enhance profitability places us in an ideal position to make significant value accretion, akin to a few other efficient domestic auto component manufacturers.

#### **What will drive future growth?**

- Increased focus on value added machined camshafts
- Diversification of product portfolio
- Inorganic growth by acquisitions

#### **Human Resource Management**

Dedicated employees are crucially important to our efforts to create a dynamic corporate culture and drive innovation and results. We are a people-oriented company and we continue to strengthen the motivation of our employees and are committed to attracting and retaining talent. This is aimed towards ensuring maximisation of our human capital potential and enabling them balance their professional and personal lives. We strive to reward our team members with satisfying career paths that leverage their individual talents, and appropriately incentivise their performances. Our objective is to enable our team members reach their highest potential in a rapidly changing and competitive business environment.

#### **Risk Management**

##### **A. Growth in demand for Electric vehicles:**

Electric vehicle sales are in uptrend as people are getting more concerned about the environmental issues. Although, the current size of electric vehicle market is minuscule as compared to conventional vehicle but is growing at much faster pace. Stricter norms for the gas fueled vehicles are turning heads towards bio-fueled vehicles.

##### **B. Delay or failure to acquire new clients:**

Adding a new client is a long 2-3 years process. If company fails in any process in-between or there is any delay, it would impact the volume growth of the company.

##### **C. Currency fluctuation:**

Company derives close to 66% of revenue in export. Depreciation in currency would impact the revenue realisation of the company.

#### **Internal Control Systems**

Your Company works under the environment of SAP, which enables us to gain control of each stage of the manufacturing process. Your Company has appointed Internal Auditors covering all the aspects which could financially impact its operations. Your Company has also set up adequate controlling systems to curb production wastage and inculcate processing efficiency.

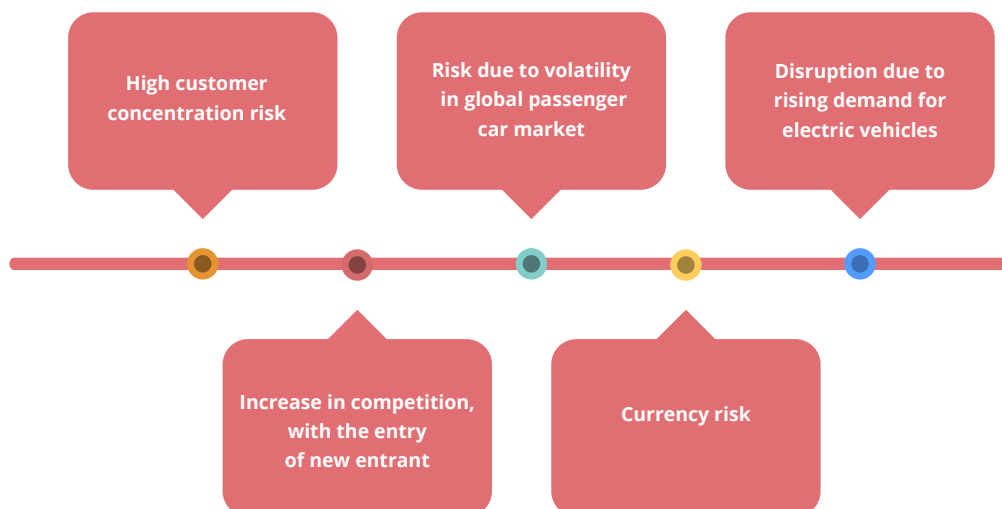
#### **Cautionary Statement**

This document contains statements about expected future events, financial and operating results of Precision Camshafts Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Precision Camshafts Limited's Annual Report, FY2017.





## Key Risk Factors



**10.80** Million  
Capacity of Casting Camshafts  
Per Annum

# Directors' Report

(All amounts in rupees unless otherwise stated)

To,  
The Members,  
**PRECISION CAMSHAFTS LIMITED**

Your Directors are pleased to present the **TWENTY FIFTH ANNUAL REPORT** and Audited Financial Statements for the year ended 31<sup>st</sup> March, 2017.

## 1. FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year's figures is given hereunder:  
(₹ in Lakhs)

Financial Results	Standalone		Consolidated	
	For the Year ended 31 <sup>st</sup> March, 2017	For the Year ended 31 <sup>st</sup> March, 2016	For the Year ended 31 <sup>st</sup> March, 2017	For the Year ended 31 <sup>st</sup> March, 2016
Total Revenue (I)	47,617.86	46,477.55	47,560.68	46,868.20
Total Expenses (II)	36,645.20	33,516.20	36,710.54	33,927.30
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	10,972.65	12,961.35	10,850.13	12,940.89
Profit before tax	8,741.80	9,067.25	9,716.65	10,334.16
Total Tax Expenses	2,656.40	3,191.97	3,057.84	3,462.22
Profit for the year	6,085.39	5,875.28	6,658.81	6,871.93
EPS ( Basic )	6.42	7.01	7.03	8.20
EPS (Diluted)	6.41	6.99	7.01	8.18

The abovementioned figures are extracted from financial statements prepared in accordance with the Indian accounting standards (IND AS). The Company has followed guidance prescribed in IND AS 101 i.e. First-time adoption of Indian Accounting Standards for the impact of transition. Further, the Company has regrouped the figures of the standalone and consolidated financials for the year ended 31<sup>st</sup> March, 2016 under provisions of IND AS.

## 2. COMPANY'S FINANCIAL PERFORMANCE

Your Company reported top-line growth of 3% over the previous year. On standalone basis total revenue stood at ₹ 47,618 lakhs in current year compared to ₹ 46,478 lakhs in the previous year. The profit for the year stood at ₹ 6,085 lakhs as against ₹ 5,875 lakhs in the previous year.

On consolidated basis Gross Revenue stood at ₹ 47,561 lakhs in current year compared to ₹ 46,868 lakhs in the previous year. The profit for the year stood at ₹ 6,658 lakhs in the current year as against ₹ 6,871 lakhs in the previous year.

## 3. DIVIDEND

Company had declared and paid dividend every year at the rate of 10% on the face value of the equity shares. On the special occasion of the completion of 25<sup>th</sup> year of the Company your Directors recommend dividend of ₹ 1.50/- per share (i.e. 15%) on the equity share of ₹ 10/- inclusive of special dividend of ₹ 0.50/- per share.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has adopted Dividend Distribution Policy in the Board Meeting dated 13<sup>th</sup> February 2017.

The Dividend Distribution Policy of the Company is available on the website i.e. [www.pclindia.in](http://www.pclindia.in).

## 4. UTILIZATION OF IPO PROCEEDS

The proceeds of the IPO are being used for setting up of machine shop for machining of camshafts and other strategic initiatives, up-gradation of the existing IT infrastructure and general corporate purposes. The unutilized portion thereto has been invested in bank deposits. The summary of utilization of net IPO proceeds as on 31<sup>st</sup> March, 2017.

# Directors' Report

(All amounts in rupees unless otherwise stated)

Details of utilization of net IPO proceeds

(₹ in Lakhs)

Sr. No.	Particulars	Objects of the offer as per the prospectus	Total Spent / Utilization Upto 31 <sup>st</sup> March, 2017	amount recovered from shareholders	Amount pending Utilization
1	Establishment of a machine shop for camshafts at the EOU unit	20,000	5,300	-	14,700
2	Offer related expenses	1,314	2,304	989	(0.00)
3	General Corporate Purposes	2,686	-	-	2,686
	<b>Total</b>	<b>24,000</b>	<b>7,604</b>	<b>989</b>	<b>17,386</b>

Unspent amount is kept in fixed deposits with banks:

(₹ in Lakhs)

Particulars	Amount
Fixed deposits with banks (inclusive of Principal of ₹17,245.45 & interest ₹ 235.23 thereon)	17,480.68
Amount available at Current Account of Company	140.55
<b>Total</b>	<b>17,621.23</b>

## EXPLANATION FOR THE VARIATION IN THE USE OF IPO PROCEEDS -

The Company has setup a building for new machine shop and started setting up line of machines for machining of ductile iron camshafts from IPO proceeds. As OEMs have delayed the schedule of order by 9-10 months, hence the Company has deferred the purchase of requisite machines as stated in the offer document. As such, the utilisation of IPO Proceeds will get deployed accordingly to the confirmation of schedule from the OEMs.

## 5. DIRECTORS & KEY MANAGERIAL PERSON

Changes in the Composition of Board of Directors of the Company:

Board recommends the re-appointment of Mr. Yatin S. Shah (DIN 00318140) as Chairman and Managing Director for a period of 5 years w.e.f. 1<sup>st</sup> April, 2017 to 31st March, 2022 for approval of shareholders in the ensuing Annual General Meeting.

Mr. Ravindra R. Joshi (DIN 03338134), Director and CFO retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The term of appointment of Mr. Vaibhav S. Mahajani (DIN 00304851) is ending in the ensuing Annual General Meeting and Board recommends the re-appointment of Mr. Vaibhav S. Mahajani for the next 5 years i.e. up to the 30<sup>th</sup> Annual General Meeting of the Company for approval of shareholders.

The brief profile(s) and other details relating to the Director(s) who are proposed to be re-appointed, as required to be disclosed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Notice of 25<sup>th</sup> Annual General Meeting.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (KMP) of your Company are Mr. Yatin S. Shah, Chairman and Managing Director, Dr. Mrs. Suhasini Y. Shah, Whole-time Director, Mr. Ravindra R. Joshi, Whole-time Director – CFO and Mr. Swapneel S. Kuber, Company Secretary and Compliance Officer.

There has been no change in KMP's during the year.

## 6. DECLARATIONS FROM THE INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criterion of Independence as prescribed under Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

# Directors' Report

(All amounts in rupees unless otherwise stated)

## 7. STATEMENT ON 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 a 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(s) being evaluated.

A structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The Board of Directors expressed their satisfaction with the evaluation process.

## 8. PCL ESOS 2015 – INFORMATION REGARDING ALLOTMENTS DURING THE YEAR

The Members at the Annual General Meeting of the Company held on 28<sup>th</sup> September 2016 approved the Precision Camshafts Limited Employee Stock Option Scheme 2015 (PCL ESOS 2015). The employee stock options are exercisable into not more than 6,00,000 equity shares of ₹ 10/- each.

During the year under review, in terms of PCL ESOS-2015, the Company has allotted 49,705 equity of ₹ 10/- on exercise of vested options. During the year under review no fresh grant was made by the Company.

The disclosures in compliance with Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI ESOP Regulation) is as follows:

Total No. of Shares covered by ESOS Scheme approved by the Shareholders	6,00,000 (Six Lakhs) Equity Shares		
Grant	I	II	Total
Options granted	Nil	Nil	Nil
Options vested	12,500 Equity Shares	84,255 Equity Shares	96,755 Equity Shares
Options exercised	7,750 Equity Shares	41,955 Equity Shares	49,705 Equity Shares
The total number of shares arising as a result of exercise of option	7,750 Equity Shares	41,955 Equity Shares	49,705 Equity Shares
Options forfeited	Nil	Nil	Nil
Options lapsed	Nil	5,500	5,500
Extinguishment or modification of options	NA	NA	NA
The exercise price	10	10	10
Pricing formula	As per the ESOS Scheme approved by the members of the Company.		
Variation of terms of options	NA	NA	NA
Money realized by exercise of options	77,500	4,19,550	4,97,050
Total number of options in force (PCL ESOS 2015)	3,27,745 Equity Shares		
Employee wise details of options granted to:			
- Key Managerial Personnel & Senior Managerial Personnel	NA	NA	NA
- Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	NA	NA	NA
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NA	NA	NA



# Directors' Report

(All amounts in rupees unless otherwise stated)

Issued Capital (excluding outstanding warrants and conversions of the Company at the time of grant. (Only in case of Listed Companies)	NA	NA	NA
Diluted EPS calculated in accordance with International Accounting Standard (IAS) 33	NA	NA	NA

## 9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not granted any Loan, Guarantee or Security covered under Section 186 of the Companies Act, 2013. Further, Company has not made any fresh investment in the subsidiaries during the year under review.

## 10. 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 2016-17 are enclosed herewith as **Annexure A**.

## 11. STATEMENT ON RISK MANAGEMENT POLICY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to the Company. The Company's future growth 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. The Company has also formulated Risk Management Policy and Risk Identification and Mitigation Plans are discussed at the Audit Committee.

## 12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and to 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.

In compliance with the guidelines prescribed under section 135 of the Companies Act, 2013 your Company has constituted Corporate Social Responsibility (CSR) Committee comprising of:

Mr. Yatin S. Shah, Chairman  
Dr. Mrs. Suhasini Y. Shah, Member  
and Mr. Vedant V. Pujari, Member

To broad-base the CSR Committee, Mr. Vaibhav S. Mahajani was inducted as member of the aforementioned Committee on 26th April, 2017.

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 B** and is also disclosed on the website of the Company ([www.pclindia.in](http://www.pclindia.in)).

## 13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated a detailed policy on vigil mechanism and is also disclosed on the website of the Company ([www.pclindia.in](http://www.pclindia.in)). 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. During the year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

About Us

Our Team

Our Strategies

MD&A

DR & CGR

Financials

# Directors' Report

(All amounts in rupees unless otherwise stated)

## 14. EXTRACT OF ANNUAL RETURN

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

## 15. 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 D** and is attached to this report.

## 16. PARTICULARS OF EMPLOYEES

The ratio of remuneration of each Director to the median of employees' remuneration as per Section 197(12) of the Companies Act 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and the Statement containing the details about top 10 employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 form part of the Annual Report as **Annexure E**.

There were no employee(s) in receipt of remuneration of ₹ 1.02 Crores or more per annum or in receipt of remuneration of ₹ 8.50 Lakhs per month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 except employees mentioned in **Annexure E** of the Annual Report.

## 17. INTERNAL COMPLAINTS COMMITTEE (ANTI- SEXUAL HARASSMENT POLICY)

The Company has in place a policy for prevention of sexual harassment at workplace. This inter alia provides a mechanism for the resolution, settlement or prosecution of acts or instances of Sexual Harassment at work and ensures that all employees are treated with respect and dignity.

No complaint was reported to the committee during the year ended on 31<sup>st</sup> March, 2017 in connection with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 18. 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.

## 19. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

During the year, there were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operation in future.

## 20. COMMISSION OR REMUNERATION FROM SUBSIDIARY

Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from Subsidiary(ies).

## 21. AUDITORS

### 1. STATUTORY AUDITORS

In compliance with the provisions of Section 139 of the Companies Act, 2013 and rules made thereunder the term of office of M/s. S R B C & Co. LLP, Chartered Accountants, Pune (Firm Registration No. 324982E/E30000) as the Statutory Auditors of Company will end at the conclusion of the ensuing Annual General Meeting.

The Board of Directors places on record its appreciation to the services rendered by M/s. S R B C & Co. LLP as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s. P G Bhagwat & Co., Chartered Accountants, Pune (ICAI Firm Registration Number 101118W) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 for a period of 5 years commencing from the conclusion of the 25<sup>th</sup> AGM till the conclusion of the 30<sup>th</sup> AGM, subject to ratification by shareholders every year, as may be applicable.

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

# Directors' Report

(All amounts in rupees unless otherwise stated)

## 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 M/s J. B. Bhavé & Co. Company Secretaries, Pune, to undertake the Secretarial Audit of the Company for Financial Year 2016-2017. The Report of the Secretarial Audit for Financial Year 2016-2017 is annexed herewith as an **Annexure F** to the Annual Report.

## 3. COST AUDITORS

The Cost Audit report for the Financial Year 2016-17 will be filed with the Ministry of Corporate Affairs within stipulated time line.

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. S V Vhatte, Cost Accountants, Solapur, [Firm Registration No.:100280] as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2017-18. As required under the Companies Act, 2013, a resolution seeking Members' approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the 25<sup>th</sup> Annual General Meeting.

## 4. INTERNAL AUDITOR

The Company has appointed Internal Auditor. The scope and authority of the Internal Auditor is as per the terms of reference approved by Audit Committee. The Internal Auditor monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

## 22. REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion & Analysis Report as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

## 23. CORPORATE GOVERNANCE

Report on Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. Corporate Governance Report is set out in this Annual Report as **Annexure G**.

A certificate from the M/s J. B. Bhavé & Co. Practicing Company Secretaries, Pune regarding compliance with conditions of corporate governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Annual Report as **Annexure H**.

## 24. 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 had been followed along with proper explanation relating to material departures;
2. the Directors had 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 had 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 had prepared the annual accounts on a going concern basis; and
5. the Directors had laid down internal financial controls to be followed by the Company and such internal controls are adequate and were operating effectively.
6. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

# Directors' Report

(All amounts in rupees unless otherwise stated)

## 25. MATERIAL CHANGES AFTER CLOSE OF FINANCIAL YEAR

There is no significant change between closure of the financial year ended on 31st March, 2017 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.

## 26. STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

The details of Subsidiary, Joint Ventures and Associate Companies is given in Form AOC - 1 as **Annexure I**.

There has not been any material change in the nature of the business of the subsidiary and Joint Ventures. As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the consolidated financials of your Company and subsidiary and Joint Ventures are provided in this annual report.

## 27. CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

The Company has adopted the Code of Conduct for the Directors and Senior Management and the same is available on the Company's website [www.pclindia.in](http://www.pclindia.in). All Directors and Senior Management personnel have affirmed their compliance with the said Code. A declaration signed by Managing Director to this effect is annexed as a part of Directors' Report.

## 28. COMMITTEES OF BOARD

Details of all the Committees along with their charters, compositions and meetings held during the year are provided in the report on corporate governance which forms part of this Annual Report and also available on the website of the Company ([www.pclindia.in](http://www.pclindia.in)).

## 29. COMPANY'S POLICY ON DIRECTORS', KEY MANAGERIAL PERSONNEL & 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, Senior Management and their remuneration. The Company pays remuneration by way of salary, perquisites, allowances, commission & retirement benefits to its Executive Directors. The remuneration to the Executive Director(s) is in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder and is within the ceiling approved by the members by way of a Special Resolution during the year under review.

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.

As a policy of the Company, the Non-executive Directors are paid commission as a percentage of profit based on the performance evaluation for that financial year under review.

## 30. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the management, Internal Auditors and Statutory Auditors test the adequacy of internal audit functions. During the year under review, these controls were tested and the observations of the Auditors were addressed by the Company after taking necessary steps to strengthen the financial controls and improve the systems.

## 31. BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The notice of Board meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Pune. The Agenda of the Board / Committee meetings is set by the Company Secretary in



# Directors' Report

(All amounts in rupees unless otherwise stated)

consultation with the Chairman and the Managing Director and Chief Financial Officer of the Company. The Agenda is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the year 6 (Six) Board Meetings were convened and held for which details are as follows:

1	Monday, 30 <sup>th</sup> May, 2016	4	Wednesday, 7 <sup>th</sup> September, 2016
2	Tuesday, 2 <sup>nd</sup> August, 2016	5	Friday, 18 <sup>th</sup> November, 2016
3	Friday, 19 <sup>th</sup> August, 2016	6	Monday, 13 <sup>th</sup> February, 2017

The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

## 32. MEETING OF INDEPENDENT DIRECTORS

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of SEBI Listing Regulations, 2015, a meeting of Independent Directors was held on 30<sup>th</sup> March, 2017 to review the performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of Chairman and Managing Director, Executive Directors and Non-Executive Directors.

The Independent Directors of the Company at their meeting held on 30<sup>th</sup> March, 2017 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company Management and the Board.

## 33. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS, SECRETARIAL AUDITORS AND COST AUDITORS IN THEIR REPORTS

There are no qualifications, reservations or adverse remarks made by the either by the Statutory Auditors or by the Secretarial Auditors or by the Cost Auditors in their respective reports.

## 34. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

During the year under review, no instances of frauds were reported by the Statutory Auditors of the Company.

## 35. CAUTIONARY STATEMENTS

Statements in this report, particularly those which relate to MD&A, describing the Company's objectives, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

## 36. ACKNOWLEDGEMENTS

The Directors would like to place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The Board places on record its appreciation for the support and co-operation your Company has been receiving from its Shareholders, Customers, Business Associates, Bankers, Suppliers and all other stakeholders.

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

**Yatin S. Shah**

Chairman and Managing Director

**Ravindra R. Joshi**

Director and CFO

Date: 10<sup>th</sup> August 2017

Place: Detroit, USA

Date: 10<sup>th</sup> August 2017

Place: Pune

About Us

Our Team

Our Strategies

MD&A

DR & CGR

Financials

# Directors' Report

(All amounts in rupees unless otherwise stated)

## Annexure -A

### 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 2016-17 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 ₹
Cams Technology Limited	Mr. Yatin S. Shah, Dr. Mrs. Suhasini Y. Shah and Mr. Ravindra Joshi are common Directors	Jobwork charges and purchase of goods	On-going contract		30/05/2016	NIL
PCL (Shanghai) Company Limited	Wholly Owned Subsidiary	Sale of goods	On-going contract		30/05/2016	NIL
Ningbo Shenglong PCL Camshafts Company Limited	Associate Company	Sale of goods	On-going contract		30/05/2016	NIL
		Tooling Income	On-going contract	transaction values are mentioned in the notes forming part of the financial statements at Note no. 34	30/05/2016	NIL
PCL Shenglong (Huzhou) Specialized Casting Co Ltd	Associate Company	Tooling income	On-going contract		30/05/2016	NIL
Chitale Clinic Pvt. Ltd	Significant influence of Dr. Mrs. Suhasini Y. Shah	Medical treatment of Workers	On-going contract		30/05/2016	NIL
Mr. Karan Shah	Son of Chairman and Managing Director of the Company	remuneration payable to related party under place of profit in the Company	On-going		13/02/2017	NA

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

**Yatin S. Shah**

(Chairman & Managing Director)  
(DIN - 00318140)

Date: 10<sup>th</sup> August 2017  
Place: Detroit, USA

# Directors' Report

(All amounts in rupees unless otherwise stated)

## Annexure-B

### The Annual Report on CSR Activities

[Pursuant to clause (o) of sub-section (3) of section 134 and section 135 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

#### 1. The Composition of the CSR Committee.

The CSR Committee of the Company consists of following members

Sr. No	Name of the Member	Category
1.	Mr. Yatin S. Shah	Chairman of Committee
2.	Dr. Mrs. Suhasini Y. Shah	Member of the Committee
3.	Mr. Vedant V. Pujari	Member of the Committee
4.	Mr. Vaibhav S. Mahajani (w.e.f. 26/04/2017)	Member of the Committee

#### 2. Average net profit of the company for last three financial years:

Sr. No.	Financial Year	Amount of Profit(₹)
1	2013-14	51,72,94,106
2	2014-15	98,66,31,524
3	2015-16	86,80,72,308
<b>Average Net Profit</b>		<b>79, 06,65,979</b>

#### 3. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year: ₹ 1,58,13,320/-
- (b) Amount unspent, if any: ₹ 5,15,320/-
- (c) Manner in which the amount spent during the financial year is detailed below.

(₹ In Lakhs)

S. 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 up to the reporting period	Amount spent: Direct or through implementing agency
1	Precision Foundation and Medical Research Trust	Education / Health / Social	Local Area Solapur District	NA	4.29	4.29	Through Foundation
2	Backward Class Girl's Hostel	Education	Solapur District	NA	3.5	3.5	Direct
3	Sane Guruji Prashala, LCD Projector with Desktop	Education	MIDC Solapur	NA	1.60	1.60	Direct
4	Woronoco Highschool, LCD Projector with Desktop	Education	Solapur City	NA	1.60	1.60	Direct
5	ZP Schools, LCD projects with Desktop	Education	Solapur and Osmanabad District	NA	86.6	86.6	Direct
6	Sonamata Shikshan Sanstha, Solapur	Education	Solapur City	NA	5.00	5.00	Direct
7	Voice of Voiceless Abhiyan, Shetfal Dist Solapur	Welfare	Solapur District	NA	20.00	20.00	Direct
8	Swadhar - Gramin Shramik Pratishthan, Budhoda	Welfare	Latur	NA	7.86	7.86	Direct
9	Dr Vaishampayan Memorial Govt. Medical College	Welfare	Solapur City	NA	14.53	14.53	Direct

# Directors' Report

(All amounts in rupees unless otherwise stated)

S. 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 up to the reporting period	Amount spent: Direct or through implementing agency
10	Social Awards in Precision Guppa 2016	Welfare	Osmanabad District	NA	3.00	3.00	Direct
11	SIR Foundation	Welfare	Solapur District	NA	2.00	2.00	Direct
12	Bharatmata Pradhi Vikas Pratishthan, Mohol Dist Solapur	Welfare	Mohol Taluka, Solapur District	NA	3.00	3.00	Direct
<b>Total</b>					<b>152.98</b>	<b>152.98</b>	

**4. 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.**

The Company has spent an amount of ₹ 152.98 Lakhs which is 1.93% of the Average net profit as against the requirement of 2%. The CSR committee is continuously looking for new and suitable projects for fulfilling the CSR commitments.

**5. 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 hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

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

Date: 10<sup>th</sup> August 2017  
Place: Detroit, USA

**Yatin S. Shah**  
(Chairman & Managing Director)  
(DIN - 00318140)



# Directors' Report

(All amounts in rupees unless otherwise stated)

Annexure-C

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31<sup>st</sup> March, 2017

[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	L24231PN1992PLC067126
2	Registration Date	08 <sup>th</sup> June 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 413006
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited Block No 202, Akshay Complex, 2 <sup>nd</sup> floor, Near Ganesh Temple, Off Dhole -Patil Road, Pune 411 001 Tel. No. 91-020-26161629, 020-26160084 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)

SN	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

SN	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 Company Limited	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)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4,80,41,540		4,80,41,540	50.71%	4,80,41,540	-	4,80,41,540	50.68%	(0.03)
b) Central Govt					-	-	-		
c) State Govt.					-	-	-		
d) Bodies Corp	1,25,14,860		1,25,14,860	13.21%	1,25,14,860		1,25,14,860	13.20%	(0.01)
e) Banks / FI					-	-	-		
f) Any other					-	-	-		
<b>Sub Total (A) (1)</b>	6,05,56,400		6,05,56,400	63.92%	6,05,56,400		6,05,56,400	63.88%	(0.04)
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	0.00%	-	-	-		

# Directors' Report

(All amounts in rupees unless otherwise stated)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other Individuals	-	-	-	0.00%	-	-	-	-	
c) Bodies Corp.	-	-	-	0.00%	-	-	-	-	
d) Any other	-	-	-	0.00%	-	-	-	-	
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	-	
<b>TOTAL (A)</b>	6,05,56,400	-	6,05,56,400	63.92%	6,05,56,400	-	6,05,56,400	63.88%	(0.04)

## B. Public Shareholding

### 1. Institutions

a) Mutual Funds	1,47,56,573	-	1,47,56,573	15.58%	1,49,74,103	-	1,49,74,103	15.80%	0.22
b) Banks / FI	100	-	100	0.00%	3,302	-	3,302	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 (FPI)	7,43,591	-	7,43,591	0.78%	8,15,186	-	8,15,186	0.86%	0.08
<b>Sub-total (B)(1):-</b>	1,55,00,264	-	1,55,00,264	16.36%	1,57,92,591	-	1,57,92,591	16.66%	0.30

### 2. Non-Institutions

#### a) Bodies Corp.

i) Indian	8,57,858	-	8,57,858	0.91%	10,63,805	-	10,63,805	1.12%	0.21
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00

#### b) Individuals

i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	49,38,260	-	49,38,260	5.21%	1,39,17,988	-	1,39,17,988	14.68%	9.47
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,23,99,910	-	1,23,99,910	13.09%	28,79,404	-	28,79,404	3.04%	(10.05)

#### c) Others (specify)

Non Resident Indians	29,072	-	29,072	0.03%	1,16,857	-	1,16,857	0.12%	0.09
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	
Clearing Members	1,15,414	-	1,15,414	0.12%	1,45,213	-	1,45,213	0.15%	0.03
Trusts	-	-	-	0.00%	-	-	-	0.00%	
HUF	3,47,647	-	3,47,647	0.37%	3,22,272	-	3,22,272	0.34%	(0.03)
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	-	0.00%

<b>Sub-total (B)(2):-</b>	1,86,88,161	-	1,86,88,161	19.72%	1,84,45,539	-	1,84,45,539	19.46%	(0.26)
<b>Total Public (B)</b>	3,41,88,425	-	3,41,88,425	36.08%	3,42,38,130	-	3,42,38,130	36.12%	0.04

## C. Shares held by Custodian for GDRs & ADRs

<b>Grand Total (A+B+C)</b>	9,47,44,825	-	9,47,44,825	100.00%	9,47,94,530	-	9,47,94,530	100.00%	0.00%
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## (ii) Shareholding of Promoter

# Directors' Report

(All amounts in rupees unless otherwise stated)

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 S. Shah	3,73,40,000	39.41%	0	3,73,40,000	39.39%	0	(0.02)
2	Dr. Mrs. Suhasini Y. Shah	1,04,05,540	10.98%	0	1,04,05,540	10.98%	0	-

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Name of the Promoter- Mr. Yatin S. Shah

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	01/04/2016		3,73,40,000	39.41%	3,73,40,000	39.41%
	Changes during the year			-	-	-	(0.02)
	At the end of the year	31/03/2017		3,73,40,000	39.39%	3,73,40,000	39.39%

Name of the Promoter- Dr. Mrs. Suhasini Y. Shah

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	01/04/2016		1,04,05,540	10.98%	1,04,05,540	10.98%
	Changes during the year			-	-	-	-
	At the end of the year	31/03/2017		1,04,05,540	10.98%	1,04,05,540	10.98%

## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year (01st April, 2016)		Shareholding at the end of the year (31st March, 2017)	
		No. of shares	% of total shares	No. of shares	% of total shares
1	SBI Magnum Balanced Fund	32,99,999	3.48%	36,99,999	3.90%
2	IDFC Premier Equity Fund	33,98,666	3.59%	34,14,732	3.60%
3	SBI Magnum Global Fund	30,00,000	3.17%	30,00,000	3.17%
4	Mr. Maneesh Jayant Aradhye	16,35,800	1.73%	16,35,800	1.73%
5	ICICI Prudential Midcap Fund	9,06,560	0.96%	9,06,560	0.96%
6	Dr. Mrs. Sunita Jayant Aradhye	8,17,000	0.86%	8,17,000	0.86%
7	HDFC Trustee Company Ltd HDFC MF Monthly Income Plan Long Term Plan	8,06,480	0.85%	8,06,480	0.85%
8	Canara Robeco Mutual Fund A/c Canara Robeco Emerging Equities	6,54,879	0.69%	7,39,879	0.78%
9	ICICI Prudential Exports And Other Services Fund	9,48,634	1.00%	7,39,009	0.78%
10	Kuwait Investment Authority Fund	7,24,597	0.76%	7,24,597	0.76%

## V. Indebtedness

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,65,63,24,719	-	-	1,65,63,24,719
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	83,69,163	-	-	83,69,163
<b>Total (i+ii+iii)</b>	<b>1,66,46,93,882</b>	<b>-</b>	<b>-</b>	<b>1,66,46,93,882</b>

# Directors' Report

(All amounts in rupees unless otherwise stated)

<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	55,81,24,212	-	-	55,81,24,212
Net Change	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,10,18,77,338	-	-	1,10,18,77,338
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	63,51,843	-	-	63,51,843
Total (i+ii+iii)	1,10,82,29,181	-	-	1,10,82,29,181

## 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	
	Designation	CMD	WTD	WTD & CFO	
1	Gross salary				-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,89,89,886	41,13,732	1,03,87,476	6,34,91,094
	(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	-	-	2,50,00,000	2,50,00,000
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	4,89,89,886	41,13,732	3,53,87,476	8,84,91,094

# Directors' Report

(All amounts in rupees unless otherwise stated)

## B. Remuneration to other Directors

SN	Particulars of Remuneration	Name of Directors					Total Amount (₹)
		Jayant Aradhye	Sarvesh Joshi	Pramod Mehendale	Vedant Pujari	Vaibhav Mahajani	
1	Independent Directors						
	Fee for attending board committee meetings						
	Commission	-	5,00,000.00	5,00,000.00	5,00,000.00	5,00,000.00	20,00,000.00
	Others, please specify						
	Total (1)	-	5,00,000.00	5,00,000.00	5,00,000.00	5,00,000.00	20,00,000.00
2	Other Non-Executive Directors						
	Fee for attending board committee meetings						
	Commission	5,00,000.00	-	-	-	-	5,00,000.00
	Others, please specify						
	Total (2)	5,00,000.00	-	-	-	-	-
	Total (B)=(1+2)	5,00,000.00	5,00,000.00	5,00,000.00	5,00,000.00	5,00,000.00	5,00,000.00
	Total Managerial Remuneration						25,00,000.00

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM

SN	Particulars of Remuneration Name	Name of Key Managerial Personnel			Total Amount (₹)
		Mr. Ravindra Joshi	Mr. Swapneel Kuber		
	Designation	CEO	CFO*	CS	
1	Gross salary			6,22,291.00	6,22,291.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(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	-	-	6,22,291.00	6,22,291.00

\*Note- please refer table remuneration to Managing Director, Whole-time Directors and/or Manager

## 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	-	-	-	-



# Directors' Report

(All amounts in rupees unless otherwise stated)

## Annexure-D

### A) CONSERVATION OF ENERGY:

1. Persistent efforts have been taken to save energy, which include
  - a. Auto Power Factor unit which was installed has resulted in achieving unity in power factor throughout the year.
  - b. Installation of efficient LED lighting systems at all units of the Company more particularly streets of the plants.
  - c. Avoidance of wastage of compressed air and electricity during idle time of machine, saving of enormous units.

### B) TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT :

Efforts made in technology absorption and development of products as below:

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

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

1. Developed assembled fuel lobe on cast iron camshaft jointly with Ford, North America.
2. Company has succeeded in developing and supplying ductile iron camshafts for Toyota, India, Maruti.
3. Developed Dragon 1.2L PFI ductile iron camshafts
4. Developed Maverick FEU 2 - Exhaust camshaft castings

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
4. First time quality with reduced development cycle time for new part development
5. Customers satisfactions
6. New business opportunities

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Total Foreign Exchange Used and earned:

	(₹ Lakhs)
Used	1,926.77
Earned	29,270.64

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

Date: 10<sup>th</sup> August 2017  
Place: Detroit, USA

**Yatin S. Shah**  
(Chairman & Managing Director)  
(DIN - 00318140)

# Directors' Report

(All amounts in rupees unless otherwise stated)

## Annexure - E

**Disclosures as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

### 1) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Sr. No.	Name of the Director	Designation	Ratio of Remuneration of each Director to Median Remuneration of Employees
1	Mr. Yatin S. Shah	Chairman & Managing Director	310
2	Dr. Mrs. Suhasini Y. Shah	Whole-time Director	26
3	Mr. Ravindra R. Joshi	Whole-time Director & CFO	224
4	Mr. Jayant V. Aradhye	Director	NA
5	Mr. Sarvesh N. Joshi	Independent Director	NA
6	Mr. Pramod H. Mehendale	Independent Director	NA
7	Mr. Vedant V. Pujari	Independent Director	NA
8	Mr. Vaibhav S. Mahajani	Independent Director	NA

\* The remuneration includes wages, salary to on roll employees & Directors and variable pay to Executive Directors.

### 2) The percentage increase / (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Sr. No.	Name of the Director	Designation	Percentage increase / (decrease) in Remuneration during FY 2016-17
1	Mr. Yatin S. Shah	Chairman & Managing Director	6.17%
2	Dr. Mrs. Suhasini Y. Shah	Whole-time Director	6.73%
3	Mr. Ravindra R. Joshi	Whole-time Director & CFO	0.75%
4	Mr. Jayant V. Aradhye	Director	NA
5	Mr. Sarvesh N. Joshi	Independent Director	NA
6	Mr. Pramod H. Mehendale	Independent Director	NA
7	Mr. Vedant V. Pujari	Independent Director	NA
8	Mr. Vaibhav S. Mahajani	Independent Director	NA
9	Mr. Swapneel S. Kuber	Company Secretary & Compliance Officer	NA

3)	The percentage increase in the median remuneration of employees in the financial year	9.57%
4)	The number of permanent employees on the rolls of company as at 31st March, 2017	1,381
5)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average increase in remuneration of the employees other than managerial personnel was 9.58% as compared to the increase in the managerial remuneration by 3.89%.

\*The remuneration includes wages, salary to on-roll employees & directors and variable pay to executive directors.

6)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes
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# Directors' Report

(All amounts in rupees unless otherwise stated)

## Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Employee Name	Designation	Education	Age	Experience	Date of joining	Gross Remuneration	No. of Equity Share held	Relative of Director/ Manager	Previous employment and Designation
Yatin Shah	Chairman & Managing Director	B.com, MBA	55	30	Sep. 01, 1994	3,38,21,586	3,73,40,000	Spouse of Dr. Suhasini Shah	Chetan Foundries, CEO
Ravindra Joshi	Director & CFO	B.com, DBM	52	29	May 11 2000	2,72,51,700	1,120	NA	Chetan Foundries, Manager Finance
Dr. Suhasini Shah	Director	MBBS, LLB	51	28	Apr 01, 1994	35,38,464	1,04,05,540	Spouse of Mr. Yatin Shah	Chetan Foundries
Ajit Jain	GM	BE	44	23	Feb 06, 2004	27,58,008	80	NA	Bajaj Auto Ltd., AM Projects
*Karan Shah	Business Development & Growth Strategy	BE, MBA	27	2	Feb 02, 2017	4,56,774	2,000	Son of Mr. Yatin Shah and Dr. Mrs. Suhasini Shah	Cummins, USA
A V Gadre	GM	B.Sc	47	28	Aug 12, 1995	25,69,008	0	NA	Garware Wall Ropes Ltd. Pune
R K Kashid	GM, HR	MSW, LLB	51	27	Sep. 21, 2006	24,45,996	1,000	NA	Wheels India Pvt Ltd, Pune
M G Valase	GM	DME	54	32	Aug. 01, 2000	16,11,480	1,000	NA	Shivaji Works Ltd., AM-Maintenance
R V Sakat	AGM		43	23	Jan 15, 2013	11,63,748	0		
S P Dhavale	AGM	DME	48	27	Apr. 12, 2015	11,62,188	0	NA	Kalyani Forge, GM/Plant head

\*Mr. Karan Shah joined on 02.02.2017, hence gross salary considered for 2 months.

\*\*The above gross remuneration includes variable pay to executive directors but does not includes PF and Superannuation Contribution of the employer.

All top ten employees mentioned in above table are permanent in nature.

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

Date: 10<sup>th</sup> August 2017  
Place: Detroit, USA

**Yatin S. Shah**  
(Chairman & Managing Director)  
(DIN - 00318140)

# Directors' Report

(All amounts in rupees unless otherwise stated)

**Annexure – F**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**  
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**PRECISION CAMSHAFTS LIMITED**  
E 102/103 MIDC AKKALKOT ROAD  
SOLAPUR MH 413006 IN

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PRECISION CAMSHAFTS LIMITED**. (Hereinafter called "the Company").

Secretarial Audit was conducted for the year from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I 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, 2017 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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 following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable during the Audit Period]
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [Not applicable during the Audit Period]
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [Not applicable during the Audit Period]
- (vi) OTHER APPLICABLE LAWS:
  - a) Factories Act 1948
  - b) The Minimum Wages Act, 1948,
  - c) Payment of Wages Act ,1936
  - d) Payment of Gratuity Act ,1972
  - e) Employees' Provident Fund & Miscellaneous Provisions Act ,1952
  - f) Employees' Compensation Act ,1923
  - g) Employees' State Insurance Act, 1948

About Us

Our Team

Our Strategies

MD&A

DR & CGR

Financials

# Directors' Report

(All amounts in rupees unless otherwise stated)

- h) Contract Labour (Regulation & Abolition) Act, 1970
- i) Payment of Bonus Act, 1965
- j) Equal Remuneration Act, 1976
- k) Industrial Employment (Standing Orders) Act, 1946
- l) Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
- m) Maternity Benefits Act, 1961
- n) Sexual Harassment of Women at workplace (Prevention, Prohibition, Redressal) Act, 2013
- o) Prevention of Child Labour Act

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

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

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

I further report that during the audit period –

The members of the company have ratified the Pre IPO PCL ESOS Scheme 2015 in the Annual General Meeting held on 28th September 2016. The company subsequently received In Principle Approval to the Scheme from the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

During the year under report, the Company has allotted 49705 equity shares of ₹ 10 each under PCL ESOS Scheme 2015 to eligible employees of the Company. Following are the details of allotments during the year:

Sr. No.	Date of allotment	Equity Shares allotted under PCL ESOS Scheme 2015
1	19 <sup>th</sup> December, 2016	26,980
2	13 <sup>th</sup> February, 2017	22,725
	Total	49,705

FOR J B BHAVE & CO.  
COMPANY SECRETARIES  
Sd/-

JAYAVANT BHAVE  
PROPRIETOR  
FCS No. 4266  
CP No. 3068

Place: Pune  
Date: 22<sup>nd</sup> May 2017



# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

## Annexure – G

### 1. Philosophy on code of governance

At Precision Camshafts Limited, the goal of Corporate Governance is to ensure fairness to every stakeholder. Company believes that sound corporate governance is important in order to enhance stakeholder's trust. Company believes that compliances with the requirements of the applicable regulations, including the Companies Act, SEBI Listing Regulations and the SEBI ICDR Regulations forms the part and parcel of Sound Corporate Governance. Company's corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of the committees of our Board, as required under law. Our Board is constituted in compliance with the provisions of the Companies Act and the SEBI Listing Regulations, as applicable. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

"Corporate Governance" pertains to framework of rules, systems and processes within and by which authority is exercised and controlled within the Company. At Precision Camshafts Limited, the philosophy of Corporate Governance is to ensure fairness to every stakeholder, enhancing shareholder value and protect interests of all stakeholders. Company believes that sound corporate governance is important in order to enhance stakeholder's trust. It ensures management through transparency, accountability and responsibility towards stakeholders.

### 2. Board of directors

#### a) Composition and category of directors

Company has eight Directors on Board, comprising three executive Directors, four Independent Directors and one Non-Executive Non-Independent Director.

Mr. Yatin S. Shah, Chairman & Managing Director

Dr. Mrs. Suhasini Y. Shah, Executive Director

Mr. Ravindra R Joshi, Director & CFO

Mr. Jayant V. Aradhye, 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

#### b) Attendance of each Director at the meeting of the board of directors and the last Annual General Meeting

Sr. no.	Name of Director	Category	No. of Board Meeting held during FY 2016-17		No. of directorship in other Companies	
			Held	Attended	Chairman	Member
1	Mr. Yatin S. Shah	Chairman & Managing Director	6	3	0	5
2	Dr. Mrs. Suhasini Y. Shah	Whole-time Director	6	4	0	3
3	Mr. Ravindra R. Joshi	Whole-time Director & CFO	6	6	0	1
4	Mr. Jayant V. Aradhye	Director	6	5	0	2
5	Mr. Pramod H. Mehendale	Independent Director	6	6	0	0
6	Mr. Vaibhav S. Mahajani	Independent Director	6	6	0	1
7	Mr. Vedant V. Pujari	Independent Director	6	5	0	1
8	Mr. Sarvesh N. Joshi	Independent Director	6	5	0	0

Attendance of the Board of Directors in Board meeting and Annual General meeting held during the FY 2016-17

Sr. no.	Name of Director	BM	BM	BM	BM	BM	BM	AGM
		30/05/16	02/08/16	19/08/16	07/09/16	18/11/16	13/02/17	28/09/16
1	Mr. Yatin S. Shah	No	Yes	Yes	No	No	Yes	Yes
2	Dr. Mrs. Suhasini Y. Shah	No	Yes	Yes	No	Yes	Yes	Yes
3	Mr. Ravindra R. Joshi	Yes	Yes	Yes	Yes	Yes	Yes	Yes

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

4	Mr. Jayant V. Aradhye	Yes	Yes	Yes	Yes	Yes	No	Yes
5	Mr. Pramod H. Mehendale	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Mr. Vaibhav S. Mahajani	Yes	Yes	Yes	Yes	Yes	Yes	No
7	Mr. Vedant V. Pujari	Yes	Yes	Yes	Yes	No	Yes	No
8	Mr. Sarvesh N. Joshi	No	Yes	Yes	Yes	Yes	Yes	Yes

## c) Disclosure of relationships between Directors inter-se

Sr. No.	Name of Director	Relationship
1	Mr. Yatin S. Shah	Spouse of Dr. Mrs. Suhasini Shah
2	Dr. Mrs. Suhasini Y. Shah	Spouse of Mr. Yatin S. Shah
3	Mr. Ravindra R. Joshi	No relationship with other Directors of the Company
4	Mr. Jayant V. Aradhye	No relationship with other Directors of the Company
5	Mr. Pramod H. Mehendale	No relationship with other Directors of the Company
6	Mr. Vaibhav S. Mahajani	No relationship with other Directors of the Company
7	Mr. Vedant V. Pujari	No relationship with other Directors of the Company
8	Mr. Sarvesh N. Joshi	No relationship with other Directors of the Company

## d) Number of shares and convertible instruments held by Non- Executive Directors

Sr. No.	Name of Director	No. shares held
1	Mr. Jayant V. Aradhye	82,02,000 Eq. Share
2	Mr. Pramod H. Mehendale	80 Eq. Share
3	Mr. Vaibhav S. Mahajani	50 Eq. Share
4	Mr. Vedant V. Pujari	Nil
5	Mr. Sarvesh N. Joshi	Nil

## e) Web link where details of familiarization programme imparted to independent directors is disclosed.

[http://www.pclindia.in/images/pdf/FAMILIARISATION\\_PROGRAMME.pdf](http://www.pclindia.in/images/pdf/FAMILIARISATION_PROGRAMME.pdf)

## 3. Audit committee

- Brief description of terms of reference: All the recommendations made by the Audit Committee during the year were accepted by the Board. The Charter of the Committee available on the website of the Company. (www.pclindia.in)
- Composition, name of members and chairperson;
  - Mr. Ravindra R. Joshi, Whole-time Director & CFO (Member)
  - Mr. Pramod H. Mehendale, Independent Director (Chairman);
  - Mr. Sarvesh N. Joshi, Independent Director (Member); and
  - Mr. Vaibhav S. Mahajani, Independent Director ( Member w.e.f. 26<sup>th</sup> April, 2017)

## (c) Meetings and attendance during the year.

Sr. no.	Name of member	Category	No. of Meeting held during FY 2016-17	
			Held	Attended
1	Mr. Ravindra R. Joshi	Member	4	4
2	Mr. Pramod H. Mehendale	Chairman	4	4
3	Mr. Sarvesh N. Joshi	Member	4	1

## 4. Nomination and Remuneration Committee:

- Brief description of terms of reference: All the recommendations made by the Nomination and Remuneration Committee is accepted by the Board of Directors of the Company. Charter of the Committee is available on the website of the Company (www.pclindia.in).

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

(b) Composition, name of members and chairperson;

1. Mr. Vedant V. Pujari, Independent Director (Chairman);
2. Mr. Sarvesh N. Joshi, Independent Director (Member); and
3. Mr. Pramod H. Mehendale, Independent Director (Member) and
4. Mr. Vaibhav S. Mahajani, Independent Director (Member w.e.f. 26<sup>th</sup> April, 2017)

(C) Meeting and attendance during the year;

Sr. no	Name of member	Category	No. of Meeting held during FY 2016-17	
			Held	Attended
1	Mr. Vedant V. Pujari	Chairman	5	5
2	Mr. Pramod H. Mehendale	Member	5	5
3	Mr. Sarvesh N. Joshi	Member	5	3

(d) Performance evaluation criteria for independent directors.

The performance evaluation criterion for independent Directors is determined by the nomination and remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by director, commitment effective deployment of knowledge, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

## 5. Remuneration of Directors

Remuneration policy of the Company is formulated to create best performance culture. It helps the Company to retain, motivate and attract the talent and contribute towards the growth of the Company.

During the year 2016-17 the Company paid the Commission of ₹ 5,00,000/- each to its Non-executive Directors for their Contribution in the growth journey of the Company. The said commission is decided on the basis of the contribution made by the non – executive Directors of the Company for overwhelming efforts made during the year under review.

a) all pecuniary relationship or transactions of the Non-Executive Directors

Sr. No.	Name of Director	Relationship
1	Mr. Pramod H. Mehendale	There is no pecuniary relationship with the Company and have not entered into any transaction with the Company except payment of Commission of ₹ 5 Lakhs for the Financial year 2016-17
2	Mr. Vaibhav S. Mahajani	There is no pecuniary relationship with the Company and have not entered into any transaction with the Company except payment of Commission of ₹ 5 Lakhs for the Financial year 2016-17
3	Mr. Vedant V. Pujari	There is no pecuniary relationship with the Company and have not entered into any transaction with the Company except payment of Commission of ₹ 5 Lakhs for the Financial year 2016-17
4	Mr. Sarvesh N. Joshi	There is no pecuniary relationship with the Company and have not entered into any transaction with the Company except payment of Commission of ₹ 5 Lakhs for the Financial year 2016-17
5	Mr. Jayant V. Aradhye	There is no pecuniary relationship with the Company and have not entered into any transaction with the Company except payment of Commission of ₹ 5 Lakhs for the Financial year 2016-17

Sr. No.	Name of Director with term	Salary	Commission	ESPS
1	Mr. Yatin S. Shah	₹ 4,89,89,886	0	0
2	Dr. Mrs. Suhasini Y. Shah	₹ 41,13,732	0	0

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

3	Mr. Ravindra R. Joshi	₹ 1,03,87,476	₹ 2,50,00,000	0
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## 6. Stakeholders' grievance committee:

The Company has constituted Stakeholders Relationship Committee in the Board Meeting held on 27<sup>th</sup> January 2015 and composition of the same is as follows:

1. Mr. Vedant V. Pujari, Non-Executive Director (Chairman);
2. Dr. Mrs. Suhasini Y. Shah, (Member);
3. Mr. Pramod H. Mehendale, (Member) and
4. Mr. Vaibhav S. Mahajani, Independent Director (Member w.e.f. 26th April, 2017)

Sr. no	Name of member	Category	No. of Meeting held during FY 2016-17	
			Held	Attended
1	Mr. Vedant V. Pujari	Independent Director	4	4
2	Dr. Mrs. Suhasini Y. Shah	Whole-time Director	4	4
3	Mr. Pramod H. Mehendale	Whole-time Director	4	4

- (a) Name and designation of compliance officer;  
Mr. Swapneel S. Kuber – Company Secretary & Compliance Officer
- (b) Investors' complaints received and redressed during the financial year

Sr. no	Opening balance	Received	Resolved	Closing balance
1	Nil	2	2	0

## 7. General body meetings:

- (a) location and time, where last three annual general meetings held;

Sr. No	Financial Year	Date	Time	Venue
1	2015-16	28 <sup>th</sup> Sep. 2016	03.00 p.m	D-5, Chincholi MIDC, Solapur
2	2014-15	30 <sup>th</sup> Sep. 2015	11.30 a.m.	D-5, Chincholi MIDC, Solapur
3	2013-14	30 <sup>th</sup> Sep. 2014	11.00 a.m.	D-5, Chincholi MIDC, Solapur

- (b) whether any special resolutions passed in the previous three annual general meetings;

Sr. No.	Date of AGM	Relevant Section	Details
1	28 <sup>th</sup> Sep. 2016	Section 149, 150, 152 of the Companies Act 2013	Appointment of Independent Directors
		Section 62 of the Companies Act, 2013	Approval of PCL ESOS 2015
2	30 <sup>th</sup> Sep. 2015	NA	NA
3	30 <sup>th</sup> Sep. 2014	NA	NA

- (c) Whether any special resolution passed last year through postal ballot – details of voting pattern; **No**
- (d) Person who conducted the postal ballot exercise; **NA**
- (e) Whether any special resolution is proposed to be conducted through postal ballot; **NA**
- (f) Procedure for postal ballot. **NA**

## 8. Means of communication:

The website of the Company [www.pclindia.in](http://www.pclindia.in) acts as the key source of information regarding the operations of the Company.

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India viz. Business Standard and Tarun Bharat (Solapur edition). The results are also displayed on the Company's website [www.pclindia.in](http://www.pclindia.in). Press Releases made by the Company from time to time and the presentations, if any, made to

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

the institutional investors / analysts are also displayed on the website. The Financial Results, Press Releases and various compliance reports / information in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are made available on the websites of the Stock Exchanges i.e. BSE Limited (www.bseindia.com) and the National Stock Exchange of India Limited (www.nseindia.com).

## 9. General shareholder information:

(a) Annual General Meeting –

Date and Timing	<b>27<sup>th</sup> September, 2017 at 3.00 p.m.</b>
Venue	<b>Precision Camshafts Limited, D-5, Chincholi MIDC, Solapur- 413255</b>

(b) Financial year: **01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017**

(c) Dividend payment date: **10<sup>th</sup> October, 2017**

(d) The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);

- i) **BSE Limited**  
**Phiroze Jeejeebhoy Towers,**  
**Dalal Street, Mumbai - 400001**
- ii) **National Stock Exchange of India Limited**  
**Exchange Plaza, Bandra kurla Complex,**  
**Bandra (E) Mumbai 400051**

**Listing fees for the FY 2016-17 have been paid for both the exchanges.**

(e) stock code: **BSE: 539636 | NSE: PRECAM | ISIN: INE484I01029**

(f) Market price data- high, low during each month in last financial year;

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
<b>Apr-16</b>	158.50	143.00	158.50	141.00
<b>May-16</b>	157.60	130.20	157.50	130.00
<b>Jun-16</b>	143.70	128.55	144.00	128.00
<b>Jul-16</b>	135.80	126.15	136.00	126.90
<b>Aug-16</b>	156.80	130.10	155.00	130.10
<b>Sep-16</b>	150.00	135.05	149.80	135.65
<b>Oct-16</b>	188.20	140.50	188.85	140.00
<b>Nov-16</b>	181.75	133.60	182.00	138.00
<b>Dec-16</b>	162.00	145.00	162.80	144.30
<b>Jan-17</b>	167.85	146.65	168.90	146.50
<b>Feb-17</b>	164.50	148.00	162.15	146.25
<b>Mar-17</b>	166.50	138.50	166.30	138.15

(g) Performance in comparison to broad-based indices such as BSE Sensex, NSE Index etc - **NA**

(h) In case the securities are suspended from trading, the Directors' report shall explain there as on thereof; **NA**

(i) Registrar to an issue and share transfer agents

**Link Intime India Private Limited**  
**Block No 202, Akshay Complex, 2<sup>nd</sup> floor,**  
**Near Ganesh Temple,**  
**Off Dhule Patil Road,**  
**Pune 411 001**  
**Tel: - +91 20 2616 0084, 2616 1629 Fax: - +91 20 2616 3503**  
**Contact Person: Bhagavant Sawant , pune@linkintime.co.in**

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# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

- (j) Share transfer system;

**99.99% of the equity Shares of the Company are in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Link Intime India Private Limited at the above mentioned address.**

- (k) Distribution of shareholding;

No. of Shares	No. of Shareholders	Percentage to total shareholders	Shares	Percentage to Capital
1-500	39,477	97.9724	3,40,36,950	3.5906
501-1000	384	0.9530	31,59,230	0.3333
1001-2000	156	0.3872	23,12,740	0.2440
2001-3000	99	0.2457	25,48,760	0.2689
3001-4000	40	0.0993	14,32,560	0.1511
4001-5000	27	0.0670	12,95,880	0.1367
5001-10000	38	0.0943	29,92,580	0.3157
10001- above	73	0.1812	90,01,66,600	94.9598
Total	40,294	100.00	94,79,45,300	100.00

- (l) Dematerialization of shares and liquidity: **As on 31<sup>st</sup> of March, 2017, except 22 shares all the shares were under the demat mode.**

- (m) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: **NA**

- (n) Commodity price risk or foreign exchange risk and hedging activities:

**Appropriate disclosure is given in Note 31 of the Notes to the Standalone Financial Statements**

- (o) Plant locations

- 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
- 4) D 6, D 7, D 7-1 MIDC, Chincholi, Solapur 413255

- (p) Address for correspondence

Precision Camshafts Limited  
501-502, Kanchanban, B wing,  
Senapati Bapat Road,  
Pune – 411016  
Tel. No. 020 - 69401114

## 10. Other Disclosures:

- (a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large: **NA**
- (b) Details of non-compliance by the listed entity, penalties, and strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years: **NA**
- (c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee: **NA**
- (d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements **The Company has complied with all the mandatory requirements.**
- (e) Web link where policy for determining material subsidiaries is disclosed: <http://www.pclindia.in/investor-relations/corporate-governance/policies.html>
- (f) Web link where policy on dealing with related party transactions: as per 10 (e)

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

(g) Disclosure of commodity price risks and commodity hedging activities: **As per MD & A report**

11. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed. - **NA**
12. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report - **Yes**
13. Discretionary Requirements
  - a) **The Company has moved towards a regime of financial statements with unmodified audit opinion.**
  - b) **The internal auditor reports directly to the audit committee**

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

Date: 10<sup>th</sup> August 2017  
Place: Detroit, USA

**Yatin S. Shah**  
(Chairman & Managing Director)  
(DIN - 00318140)

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# Report On Corporate Governance

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**Annexure - H**

## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE BY COMPANY SECRETARY IN WHOLE-TIME PRACTICE**

To  
The Members of PRECISION CAMSHAFTS LIMITED

I have examined the compliance of conditions of corporate governance by Precision Camshafts Limited, for the year ended on March 31<sup>st</sup>, 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J B Bhavé & Co.  
Company Secretaries

Date: 22<sup>nd</sup> May 2017  
Place: Pune

Jayavant Bhavé  
Proprietor  
FCS: 4266 CP: 3068

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

## Annexure - I

### Statement containing the salient features of the Financial Statements of Subsidiaries / Associate Companies / Joint Ventures

Pursuant to Section 129(3) of the Companies Act 2013, read with Rules of the Companies (Accounts) Rules 2014  
**AOC-1**

#### Part A – Subsidiary Companies of Precision Camshafts Limited

Amt in ₹

Name of the subsidiary	PCL Shanghai Co. Ltd
Reporting period for the subsidiary concerned, if Different from the holding company's reporting period	1st January, 2016 to 31 <sup>st</sup> December, 2016
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries i.e. 31st March, 2017	Currency – RMB or CNY
Exchange rate	1 CNY = 9.3914 INR
Share Capital	1,10,48,275
Reserves and Surplus	(2,22,39,415)
Total assets	7,56,35,999
Total Liabilities	8,68,27,139
Investment	Nil
Turnover	14,71,95,436
Profit/(Loss) before Tax	(1,33,18,885)
Provision for tax	Nil
Profit after Tax	(1,33,18,885)
Proposed Dividend	Nil
% of Shareholding	100%

#### Part B – Associates and Joint Venture Companies of Precision Camshafts Limited

(Amt in ₹)

Name of associates/Joint Ventures	Ningbo Shenglong PCL Camshafts Co Ltd	PCL Shenglong (Huzhou) Specialised Casting Co Ltd.
1. Latest audited Balance Sheet Date	31st December, 2016	31st December, 2016
Shares of Associate/Joint Ventures held by the company on the year end	22.50%	40.00%
Amount of Investment in Associates/Joint Venture	2,02,13,205	11,01,21,670
Extend of Holding%	22.50%	40.00%
Description of how there is significant Influence	N.A.	N.A.
Reason why the associate/joint venture is not consolidated	N.A.	N.A.
Net worth attributable to shareholding as per latest audited Balance Sheet	27,93,47,691	1,01,46,101
Profit/(Loss) for the year		
- Considered in Consolidation	11,44,53,304	(2,64,09,548)
- Not Considered in Consolidation	39,42,28,048	(3,96,14,222)

Note: Amounts mentioned in the AOC -1 are for the year ended 31<sup>st</sup> March, 2017.

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

**Yatin S. Shah**

(Chairman & Managing Director)  
(DIN - 00318140)

Date: 10<sup>th</sup> August 2017  
Place: Detroit, USA

# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

## COMPLIANCE CERTIFICATE

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Board of Directors,  
Precision Camshafts Limited,  
Solapur,

Dear members of the Board,

We, Yatin S. Shah, Managing Director and Ravindra R. Joshi, Director and Chief Financial Officer of Precision Camshafts Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**Yatin S. Shah**

(Chairman & Managing Director)

Sd/-

**Ravindra R. Joshi**

(Director & CFO)

Date: 10<sup>th</sup> August 2017

Place: Detroit, USA



# Report On Corporate Governance

(All amounts in rupees unless otherwise stated)

## DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the regulation 26 (3) read with part D of the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 I hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the Financial Year ended 31<sup>st</sup> March, 2017.

For Precision Camshafts Limited

Sd/-

**Yatin S. Shah**

Chairman and Managing Director

Date: 10<sup>th</sup> August 2017

Place: Detroit, USA

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# Independent Auditor's Report

(All amounts in rupees unless otherwise stated)

To the Members of Precision Camshafts Limited

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Precision Camshafts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS 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 Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("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.

(All amounts in rupees unless otherwise stated)

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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) 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 standalone Ind AS financial statements – Refer Note 33 to the standalone Ind AS 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
  - iv. The Company has provided requisite disclosures in Note 44 to these standalone Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in Note 44 to the financial statements amounts aggregating to Rs. 312,561 as represented to us by the Management have been utilized for other than permitted transactions.

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

Chartered Accountants

**ICAI Firm Registration Number:** 324982E/E300003

**per Paul Alvares**

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 22, 2017

# Independent Auditor's Report

(All amounts in rupees unless otherwise stated)

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PRECISION CAMSHAFTS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Precision Camshafts Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

(All amounts in rupees unless otherwise stated)

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

**ICAI Firm Registration Number:** 324982E/E300003

**per Paul Alvares**

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 22, 2017

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**Annexure 1 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 the management during the year and no material discrepancies were identified on such verification.
  - c. According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such 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, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) 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, provisions of section 186 of the Companies Act 2013 in respect of investments made have been complied with by the Company. There are no loans, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- 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 or service 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, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in excise duty and advance income tax payments during the year. None of these dues were outstanding as at the year-end for a period of more than six months from the date they became payable except excise duty dues amounting to Rs. 5,577,266 pertaining to the period beginning April 1, 2015 to Sept 30, 2016.

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty	2,076,478	2007-08	CESTAT
Finance Act 1994	Service tax on outward transport	238,329	2014-15 and 2015-16	CESTAT
Finance Act 1994	Service tax	5,336,349	2016-17	Commissioner of Service Tax (Appeal)
Income Tax Act 1961	Income tax on ESOP expenses and other disallowances	159,716,941*	2013-14	CIT (A)*

(All amounts in rupees unless otherwise stated)

\*Company has paid Rs. 20,000,000 under protest and has adjusted refund due of Rs. 3,959,525 with respect to FY 2006-07 against the above demand.

- viii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in the nature of loan or borrowings in respect of a financial institution or in respect of debenture holders or to government during the year.
- ix. In our opinion and according to the information and explanations given by the management, we report that monies raised by way of initial public offer in the nature of equity shares and term loans were applied for the purposes for which those were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in demand deposits with banks. The maximum amount of idle/surplus funds invested during the year was Rs 2,305,968,122 out of which Rs 1,748,068,121 was outstanding at the end of the year.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 and the general circular no. 07/2015 dated 10th April, 2015 issued by the Ministry of Corporate Affairs.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

**ICAI Firm Registration Number:** 324982E/E300003

**per Paul Alvares**

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 22, 2017

# Balance Sheet

as at March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	3	2,152,897,100	1,905,207,175	2,001,821,140
(b) Capital work-in-progress	3	89,020,156	144,332,847	88,055,581
(c) Intangible assets	4	3,056,555	3,294,912	2,127,922
(d) Financial assets				
(i) Investments	5A	130,464,874	684,121,892	638,607,380
(ii) Loans	5B	18,998,898	19,538,198	17,127,598
(iii) Other financial assets	5C	117,482,322	26,394,335	22,915,388
(e) Other non-current assets	6	80,229,871	176,600,493	76,382,805
<b>Total non-current assets</b>		<b>2,592,149,771</b>	<b>2,959,489,852</b>	<b>2,847,037,814</b>
<b>II. Current assets</b>				
(a) Inventories	7	313,279,921	392,543,207	376,304,582
(b) Financial assets				
(i) Investments	5A	891,480,184	-	-
(ii) Trade receivables	8	1,110,521,924	917,471,862	1,052,425,685
(iii) Cash and cash equivalents	9	160,738,674	199,603,740	486,153,424
(iv) Bank balances other than (iii) above	9	2,408,642,230	2,957,878,068	410,023,610
(v) Loans	5B	212,504	20,600,000	-
(vi) Others financial assets	5C	53,904,861	76,373,767	58,164,648
(c) Other current assets	6	168,701,109	115,654,063	185,490,110
<b>Total current assets</b>		<b>5,107,481,408</b>	<b>4,680,124,708</b>	<b>2,568,562,059</b>
<b>Total Assets</b>		<b>7,699,631,179</b>	<b>7,639,614,560</b>	<b>5,415,599,873</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	10	947,945,300	947,448,250	818,416,000
(b) Other equity				
Securities premium account	11	2,158,312,177	2,152,889,274	-
General reserve	11	47,220,715	47,220,715	47,220,715
Share based payments	11	26,042,483	23,142,528	3,361,698
Retained earnings	11	2,339,977,684	1,729,980,234	1,259,331,174
<b>Total Equity attributable to equity share holders of the Company</b>		<b>5,519,498,359</b>	<b>4,900,681,001</b>	<b>2,128,329,587</b>
<b>LIABILITIES</b>				
<b>I. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	12	248,611,151	692,135,881	989,752,852
(b) Deferred tax liabilities (net)	27	101,120,679	169,525,309	210,508,644
(c) Provisions	16	21,557,130	18,278,717	18,107,988
<b>Total non-current liabilities</b>		<b>371,288,960</b>	<b>879,939,906</b>	<b>1,218,369,484</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	12	423,790,946	611,880,968	581,662,445
(ii) Trade payables	14	598,981,418	638,127,826	675,791,611
(iii) Other financial liabilities	13	688,413,474	498,941,522	577,691,585
(b) Other current liabilities	15	19,520,237	22,020,989	77,624,582
(c) Provisions	16	47,522,448	35,160,627	32,581,529
(d) Current tax liabilities (net)	17	30,615,337	52,861,722	123,549,050
<b>Total current liabilities</b>		<b>1,808,843,860</b>	<b>1,858,993,653</b>	<b>2,068,900,802</b>
<b>Total liabilities</b>		<b>2,180,132,820</b>	<b>2,738,933,559</b>	<b>3,287,270,286</b>
<b>Total Equity and Liabilities</b>		<b>7,699,631,179</b>	<b>7,639,614,560</b>	<b>5,415,599,873</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

**Dr. Suhasini Y Shah**  
Director  
DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Statement of Profit and Loss

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
<b>Income</b>			
Revenue from operations	18	4,670,086,246	4,523,631,612
Other income	19	91,700,137	124,123,966
<b>Total Revenue (I)</b>		<b>4,761,786,383</b>	<b>4,647,755,578</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	20	1,295,115,282	1,329,326,528
Excise duty on sale of goods		240,299,495	166,320,805
(Increase) / decrease in inventories of finished goods and work-in-progress	21	82,371,865	(21,609,470)
Employee benefits expense	22	631,356,767	567,348,410
Other expenses	23	1,415,377,491	1,310,233,804
<b>Total expenses (II)</b>		<b>3,664,520,900</b>	<b>3,351,620,077</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		<b>1,097,265,483</b>	<b>1,296,135,501</b>
Finance costs	24	71,336,479	90,629,117
Finance income	25	(221,844,646)	(91,210,391)
Depreciation and amortisation expense	26	373,593,407	389,990,862
<b>Profit before tax</b>		<b>874,180,243</b>	<b>906,725,916</b>
Tax expense			
Current tax	27	335,177,627	372,173,658
Adjustment of current tax relating to earlier years	27	-	(18,048,343)
Deferred tax	27	(69,537,008)	(34,927,798)
<b>Total tax expenses</b>		<b>265,640,618</b>	<b>319,197,513</b>
<b>Profit for the year (A)</b>		<b>608,539,624</b>	<b>587,528,396</b>
<b>Other comprehensive income</b>			
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains on defined benefit plans	28	2,229,432	3,178,547
Income tax effect		(771,606)	(1,100,095)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)</b>		<b>1,457,826</b>	<b>2,078,452</b>
<b>Total other comprehensive income for the year, net of tax (B)</b>		<b>1,457,826</b>	<b>2,078,452</b>
<b>Total comprehensive income for the year, net of tax (A+B)</b>		<b>609,997,450</b>	<b>589,606,848</b>
<b>Profit for the year attributable to equity share holders of the Company</b>		<b>60,85,39,624</b>	<b>58,75,28,396</b>
<b>Total Comprehensive Income for the year attributable to equity share holders of the Company</b>		<b>60,99,97,450</b>	<b>58,96,06,848</b>
Earning per share [nominal value per share ₹10/- (March 31, 2016: ₹10/- )]	29		
Basic, computed on the basis of profit attributable to equity shareholders of the Company		6.42	7.01
Diluted, computed on the basis of profit attributable to equity shareholders of the Company		6.41	6.99
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

**Dr. Suhasini Y Shah**  
Director  
DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Statement of changes in Equity

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## A. Equity Share Capital

Equity shares of ₹ 10 each (refer note 10) issued, subscribed and fully paid	Number	in ₹
<b>At 1 April 2015</b>	<b>81,841,600</b>	818,416,000
Issued during the year - initial public offering	<b>12,903,225</b>	129,032,250
<b>At 31 March 2016</b>	<b>94,744,825</b>	947,448,250
Issued during the year under the ESOP scheme	<b>49,705</b>	497,050
<b>At 31 March 2017</b>	<b>94,794,530</b>	947,945,300

## B. Other Equity

### Attributable to the equity shareholders of the Company

Particulars	Reserves and Surplus				Total equity
	Securities premium account	General Reserve	Retained Earnings	Share based payments	
	Note 11	Note 11	Note 11	Note 11	
<b>At April 1, 2015</b>	-	<b>47,220,715</b>	<b>1,259,331,174</b>	<b>3,361,698</b>	1,309,913,597
Profit for the year	-	-	587,528,396	-	587,528,396
Increase pertaining to premium on issue of fresh equity shares	2,270,967,600	-	-	-	2,270,967,600
Share issue expenses [net of tax benefits ₹ 7,155,633]	(118,078,326)	-	-	-	(118,078,326)
Compensation for options granted as per vesting during the year (net)	-	-	-	19,780,830	19,780,830
Other comprehensive income for the year	-	-	2,078,452	-	2,078,452
<b>Total Comprehensive income for the year</b>	<b>2,152,889,274</b>	<b>-</b>	<b>589,606,848</b>	<b>19,780,830</b>	<b>2,762,276,952</b>
Final Dividend for year ended March 31, 2015	-	-	(4,092,080)	-	(4,092,080)
Tax on above dividend	-	-	(833,066)	-	(833,066)
Interim equity dividend at ₹ 1.00 Per share (31 March 2015: ₹ Nil per share)	-	-	(94,744,825)	-	(94,744,825)
Tax on interim dividend	-	-	(19,287,817)	-	(19,287,817)
<b>As at March 31, 2016</b>	<b>2,152,889,274</b>	<b>47,220,715</b>	<b>1,729,980,234</b>	<b>23,142,528</b>	<b>3,953,232,751</b>
<b>As at April 1, 2016</b>	<b>2,152,889,274</b>	<b>47,220,715</b>	<b>1,729,980,234</b>	<b>23,142,528</b>	<b>3,953,232,751</b>
Profit for the year	-	-	608,539,624	-	608,539,624
Increase pertaining to premium on issue of Employee stock option scheme	5,783,676	-	-	-	5,783,676
Reversal of tax benefit (deferred tax)	(360,773)	-	-	-	(360,773)
Compensation for options granted as per vesting during the year (net)	-	-	-	8,683,631	8,683,631
Transferred to securities premium on account of exercise of stock options	-	-	-	(5,783,676)	(5,783,676)
Other comprehensive income for the year, net of tax	-	-	1,457,826	-	1,457,826
<b>Total Comprehensive income for the year</b>	<b>5,422,903</b>	<b>-</b>	<b>609,997,450</b>	<b>2,899,955</b>	<b>618,320,308</b>
<b>As at March 31, 2017</b>	<b>2,158,312,177</b>	<b>47,220,715</b>	<b>2,339,977,684</b>	<b>26,042,483</b>	<b>4,571,553,059</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

### For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
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: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

**Dr. Suhasini Y Shah**  
Director  
DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Statement of Cash Flow

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2017 in ₹	March 31, 2016 in ₹
<b>Cash flows from Operating activities</b>			
<b>Profit before tax</b>		<b>874,180,243</b>	<b>906,725,913</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and impairment of property, plant and equipment	26	370,524,119	388,690,192
Amortisation and impairment of intangible assets	26	3,069,288	1,300,670
Share-based payment expense	22	8,683,631	19,780,830
Net foreign exchange differences (unrealised)		15,316,597	13,713,386
Sundry creditors written back	19	(302,807)	(1,449,802)
Impairment of non-current investments	23	11,048,275	-
Provision for doubtful debts written back	23	1,401,974	(803,662)
Gain on disposal of property, plant and equipment	23	2,455,790	3,682,362
Finance and other income (including fair value change in financial instruments)	19,25	(309,607,750)	(136,724,902)
Finance costs	24	56,988,062	71,960,346
		<b>1,033,757,422</b>	<b>1,266,875,333</b>
<b>Working capital adjustments:</b>			
Increase in provisions, gratuity and other provisions	16	17,869,667	5,928,374
(Increase) / decrease in other current assets	6	(51,287,019)	69,606,545
Decrease / (Increase) in other financial assets	5	19,617,017	(10,579,756)
Decrease / (Increase) in long term loans and advances	5	539,300	(2,410,600)
Decrease / (Increase) in short term loans and advances	5	20,387,496	(20,600,000)
Decrease in other current liabilities	15	(2,500,751)	(55,603,594)
(Increase) / decrease in other financial Liabilities	13	114,321,904	(162,506,838)
(Increase) / decrease in trade and other receivables and prepayments	8	(166,403,046)	141,458,788
Decrease / (Increase) in inventories	7	79,263,287	(16,238,626)
Increase in trade payables	14	(36,866,631)	(18,655,619)
		1,028,698,646	1,197,274,007
Income tax paid(net of refunds)	17,27	377,424,011	424,812,643
<b>Net cash flows generated from operating activities</b>		<b>651,274,635</b>	<b>772,461,364</b>
<b>Cash flows from Investing activities</b>			
Proceeds from sale of property, plant and equipment	3	1,294,334	466,425
Purchase of property, plant and equipment		(446,292,283)	(537,328,530)
Purchase of financial instruments		(1,149,128,915)	(2,672,750,676)
Proceeds from sale of financial instruments		1,347,409,454	121,417,271
Interest received (finance income)		198,707,549	83,564,163
Dividend Received		24,747,960	16,864
<b>Net cash flows used in investing activities</b>		<b>(23,261,901)</b>	<b>(3,004,614,483)</b>
<b>Cash flows from Financing activities</b>			
Proceeds from exercise of share options		497,050	-
Interest paid		(57,345,873)	(70,705,885)
Proceeds from issue of equity shares (including securities premium)		-	2,399,999,850
Share issue expenses (net of service tax)		-	(214,040,471)
Share issue expenses recovered (net of service tax)		-	88,806,512
Repayment of borrowings		(382,149,387)	(154,943,759)
Repayment/Proceeds of short term borrowings (net)		(228,636,146)	7,584,035
Final dividend paid on shares		-	(94,744,825)
Tax on final dividend paid		-	(19,287,817)

About Us

Our Team

Our Strategies

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DR & CGR

Financials



# Cash Flow Statement

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2017 in ₹	March 31, 2016 in ₹
Final dividend paid on shares		-	(4,092,080)
Tax on final dividend paid		-	(833,066)
<b>Net cash flows (used in/ generated from) financing activities</b>		<b>(667,634,356)</b>	<b>1,937,742,494</b>
Net decrease in cash and cash equivalents		(39,621,622)	(294,410,625)
Net foreign exchange difference		756,556	7,860,941
Cash and cash equivalents at the beginning of the year		199,603,740	486,153,424
<b>Cash and cash equivalents as at year end</b>		<b>160,738,674</b>	<b>199,603,740</b>
<b>Components of cash and cash equivalents:</b>			
Balances with banks:			
-On current accounts	9	155,088,382	193,916,727
-Deposit with original maturity of less than 3 months	9	5,034,867	5,032,886
-Cash in hand	9	615,425	654,127
<b>Cash and cash equivalents at year end</b>		<b>160,738,674</b>	<b>199,603,740</b>

## For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

**Dr. Suhasini Y Shah**  
Director  
DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 1. Corporate Information

The financial statements comprise of financial statements of Precision Camshafts Limited ('the Company') for the year ended 31 March 2017. Precision Camshafts Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The shares of the company are listed in two stock exchanges in India. The Company is primarily engaged in the manufacture and sale of camshaft castings and machined camshafts to the Auto industry and the Railways. The Company has its office registered at E 102/103 MIDC Akkalkot road Solapur, Maharashtra, 413006.

The financial statements were authorised for issue in accordance with the resolution of the Board of Directors on May 22, 2017.

## Note 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter ("the Rules"). For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) as amended thereafter. These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Refer note 39 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- > Derivative financial instruments,
- > Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments Note 'o' of summary of significant accounting policies )

The financial statements are presented in INR and all values are rounded to the nearest rupee, except when otherwise indicated.

### Disclosure of EBITDA

Ind AS compliant Schedule III allows line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements. For example, a company may present EBITDA as a separate line item on the face of the statement of profit and loss.

### Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (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 amortization expense, interest income, finance costs and tax expense.

### 2.2 Summary of significant accounting policies

#### a.) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- > Expected to be realised or intended to be sold or consumed in normal operating cycle
- > Expected to be realised within twelve months after the reporting period, or
- > Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

All other assets are classified as non-current.

A liability is current when:

- > It is expected to be settled in normal operating cycle
- > It is due to be settled within twelve months after the reporting period, or
- > There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

## b.) Foreign currencies

The Company's financial statements are presented in INR and the same is the functional currency of the company

### (i) Initial recognition

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

### (ii) Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange 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. Non-monetary items measured at fair value in a foreign currency" are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the "item.(i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised" in OCI or profit or loss, respectively).

The Company has continued the accounting policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items (paragraph 46A of AS 11 under previous GAAP) recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

## c.) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability, or
- > In the absence of a principal market, in the most advantageous market for the asset or liability  
The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions (note 39)

Contingent consideration (note 33)

Quantitative disclosures of fair value measurement hierarchy (note 37)

Financial instruments (including those carried at amortised cost) (note 5, 8, 9, 12, 13, 14, 25, 36)

## d.) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

The specific recognition criteria described below must also be met before revenue is recognised.

## **Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

## **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**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## **Dividends**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **Export Incentives**

Refer accounting policy under government grants, export incentives.

## **e.) Taxes**

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- > When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a

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transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- > When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- > In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

## *Sales/ value added taxes paid on acquisition of assets or on incurring expenses*

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- > When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- > When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## **f.) Property, plant and equipment**

The company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with the relevant IND AS, since there is no change in functional currency.

Property, plant and equipment; and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and



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equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on fixed assets is calculated on a straight-line basis based on the useful lives estimated by the management.

Description of assets group	Useful lives as per management's estimate
Building	30-60 years
Internal roads	5-10 years
Plant & equipment	3.75 years
Office equipment	5 years
Furniture	5 years
Vehicles	8 years
Computers	3 years

Cost of leasehold land is amortised over the period of lease i.e, 80 years to 99 years

The Company believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## g.) Intangible assets

"The Company has elected to continue with the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with the relevant Ind AS, since there is no change in functional currency.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. The useful life of the computer software is 3 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Computer Softwares are amortized over a period of two years on a straight line

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basis from the date the asset is available to the Company for its use.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

## **h.) Borrowing costs**

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## **i.) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **j.) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- > Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis. Finished goods and semi finished goods: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- > Cost of finished goods includes excise duty.  
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs

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of completion and estimated costs necessary to make the sale.

## **k.) Impairment of non-financial 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) fair value less costs of disposal and its value in use. 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 companies of assets. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU'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 or loss.

## **l.) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## **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

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payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service 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 gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- I The date of the plan amendment or curtailment, and
- II The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- I Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- II Net interest expense or income

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.) Share-based payments**

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

### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised 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 statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## **o.) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

#### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### **Subsequent measurement**

*For purposes of subsequent measurement, financial assets are classified in four categories:*

- > Debt instruments at amortised cost
- > Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- > Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans, trade receivables and other financial assets. For more information on receivables, refer note 5A, 5B, 5C and 8.

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## *Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated certain investments at FVTPL. (refer note 5)

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- > The rights to receive cash flows from the asset have expired, or
- > The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## *Impairment of financial assets*

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, loans, trade receivables, bank balance and other financial assets.



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- ii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18
- iii) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- > Trade receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

- > ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for
- > ECL on financial assets measured at amortised cost is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- > For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## Financial liabilities

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

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## Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (effective interest rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### p.) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the financial statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### q.) Cash dividend

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### s.) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### t.) Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the profit or loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

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## Note 3: Property, plant and equipment

Particulars	Leasehold land	Buildings	Plants and machinery	Office equipment	Furniture and fixtures	Vehicles	Total	Capital work in progress
<b>At Cost</b>								
<b>As at April 1, 2015</b>	<b>16,163,247</b>	<b>590,416,917</b>	<b>1,347,431,574</b>	<b>4,914,096</b>	<b>11,714,010</b>	<b>31,181,296</b>	<b>2,001,821,140</b>	<b>88,055,581</b>
Additions	19,248,400	-	202,302,893	11,791,231	1,071,714	1,639,877	236,054,115	294,799,041
Disposals	-	-	(49,934,641)	(256,998)	-	(1,084,523)	(51,276,162)	-
Capitalised during year								(238,521,775)
Other adjustment								-
- Borrowing Costs	-	14,120,393	46,050,506	-	-	-	60,170,899	-
<b>At 31 March 2016</b>	<b>35,411,647</b>	<b>604,537,310</b>	<b>1,545,850,332</b>	<b>16,448,329</b>	<b>12,785,724</b>	<b>31,736,650</b>	<b>2,246,769,992</b>	<b>144,332,847</b>
Additions		258,784,267	359,644,218	5,272,079	3,740,586	8,655,532	636,096,682	583,614,922
Disposals		-	(30,857,119)	(173,917)	(36,981)	(5,829,164)	(36,897,181)	-
Capitalised during year								(638,927,616)
Other adjustment								-
- Borrowing Costs		(3,316,498)	(10,816,017)				(14,132,515)	-
<b>At 31 March 2017</b>	<b>35,411,647</b>	<b>860,005,079</b>	<b>1,863,821,414</b>	<b>21,546,491</b>	<b>16,489,329</b>	<b>34,563,018</b>	<b>2,831,836,978</b>	<b>89,020,153</b>

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Leasehold land	Buildings	Plants and machinery	Office equipment	Furniture and fixtures	Vehicles	Total	Capital work in progress
<b>Depreciation and impairment</b>								
Charge for the year	309,849	27,302,664	346,812,986	4,524,809	4,413,669	5,326,215	388,690,192	-
Disposals	-	-	(46,289,892)	(256,998)	-	(580,485)	(47,127,375)	-
<b>At 31 March 2016</b>	<b>309,849</b>	<b>27,302,664</b>	<b>300,523,094</b>	<b>4,267,811</b>	<b>4,413,669</b>	<b>4,745,730</b>	<b>341,562,817</b>	<b>-</b>
Charge for the year	408,930	28,014,091	328,815,823	4,891,112	3,207,893	5,186,270	370,524,119	-
Disposals	-	-	(29,002,577)	(173,916)	(27,531)	(3,943,032)	(33,147,057)	-
<b>At 31 March 2017</b>	<b>718,779</b>	<b>55,316,755</b>	<b>600,336,340</b>	<b>8,985,007</b>	<b>7,594,031</b>	<b>5,988,968</b>	<b>678,939,880</b>	<b>-</b>
<b>Net book value</b>								
<b>At 31 March 2017</b>	<b>34,692,868</b>	<b>804,688,324</b>	<b>1,263,485,074</b>	<b>12,561,484</b>	<b>8,895,298</b>	<b>28,574,050</b>	<b>2,152,897,098</b>	<b>89,020,153</b>
<b>At 31 March 2016</b>	<b>35,101,798</b>	<b>577,234,647</b>	<b>1,245,327,237</b>	<b>12,180,517</b>	<b>8,372,055</b>	<b>26,990,920</b>	<b>1,905,207,175</b>	<b>144,332,847</b>
<b>As at April 1, 2015</b>	<b>16,163,247</b>	<b>590,416,917</b>	<b>1,347,431,574</b>	<b>4,914,096</b>	<b>11,714,010</b>	<b>31,181,296</b>	<b>2,001,821,139</b>	<b>88,055,581</b>
<b>Net Book Value</b>								
		<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>				
Plant, property and equipment		2,152,897,098	1,905,207,175	2,001,821,140				
Capital work in progress		89,020,153	144,332,847	88,055,581				

## Capitalised borrowing costs

"Company has continued the policy of capitalising exchange differences arising from translation of long-term foreign currency monetary items as per exemption available under IND AS" 101-Ind AS 101- First time Adoption of Indian Accounting Standards.

## Asset under construction

Capital work-in-progress (CWIP) comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date. Capital work in progress as at 31 March 2017 comprises expenditure for the plant and machinery in the course of construction. Balance of CWIP as at March 31, 2017 amounts to ₹ 89,020,156 (31 March 2016: ₹ 144,332,847, 1 April 2015: ₹ 88,055,581).

## Property, plant and equipment

The entire block of property, plant and equipment comprising of immovable assets with a carrying amount of ₹ 839,381,192 (31 March, 2016: ₹ 612,336,444, 01 April, 2015: ₹ 606,580,164 ) and movable assets with a carrying amount of ₹ 1,316,572,461 ( 31 March, 2016: ₹ 1,296,165,643 , 01 April, 2015: ₹ 1,397,368,898 ) are subject to first charge to secure the Company's foreign currency term loan. ( Refer note 12 ) Also refer note 43 on first time adoption of Ind AS.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 4: Intangible assets

Particulars	Computer software
<b>At Cost</b>	
<b>As at April 1, 2015</b>	<b>2,127,922</b>
Additions	2,467,660
<b>At 31 March 2016</b>	<b>4,595,582</b>
Additions	2,830,931
<b>At 31 March 2017</b>	<b>7,426,513</b>
<b>Particulars</b>	<b>Computer software</b>
<b>Depreciation/ amortisation</b>	
Charge for the year	1,300,670
<b>At 31 March 2016</b>	<b>1,300,670</b>
Charge for the year	3,069,288
<b>At 31 March 2017</b>	<b>4,369,958</b>
<b>Net book value</b>	
<b>At 31 March 2017</b>	<b>3,056,555</b>
<b>At 31 March 2016</b>	<b>3,294,912</b>
<b>As at April 1, 2015</b>	<b>2,127,922</b>

Also refer note 43 on first time adoption of Ind AS

## Note 5: Financial Assets

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>5A) Investments</b>			
<b>(i) At cost</b>			
<b>Investments in Equity Instruments</b>			
<b>Investment in subsidiary</b>			
PCL (Shanghai) Co. Ltd.	-	11,048,275	11,048,275
USD 230,000 ( March 31, 2016: USD 230,000, April 1, 2015: USD 230,000)			
<b>Investments in Joint venture</b>			
Ningbo Shenglong PCL Camshafts Co. Ltd.	20,213,205	20,213,205	20,213,205
USD 375,000 as paid up capital ( March 31, 2016: USD 375,000, April 1, 2015: USD 375,000)			
PCL Shenglong (Huzhou) Specialised Casting Co. Ltd.	110,121,669	110,121,669	110,121,669
USD 1,760,000 as paid up capital ( March 31, 2016: USD 1,760,000, April 1, 2015: USD 1,313,245)			
<b>Total Investment in Equity instruments</b>	<b>130,334,874</b>	<b>141,383,150</b>	<b>141,383,150</b>
<b>(ii) At fair value through Profit or Loss (FVTPL)</b>			
<b>a) Investments in Equity Instruments</b>			
Shares of Laxmi Co-op. Bank Limited	125,000	125,000	125,000
5000 Equity shares of ₹ 25 each fully paid-up			
(March 31, 2016: 5,000 equity shares, April 1, 2015: 5,000 equity shares)			

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Shares of Solapur Janata Sahakari Bank Limited	5,000	5,000	5,000
500 Equity shares of ₹ 10 each fully paid-up (March 31, 2016: 500 equity shares, April 1, 2015: 500 equity shares)			
<b>b) Investments in Preference Shares (Unquoted)</b>			
Cams Technology Limited	-	542,608,743	497,094,231
(31 March 2016, 1 April 2015: 62,000,000 5% redeemable non convertible preference shares of ₹ 10 each fully paid up)			
<b>c) Investments in Mutual Funds</b>			
Quoted Mutual Funds			
HDFC Floating Rate Income Fund A/C	41,850,340	-	-
ICICI Prudential Mutual Fund Collection 1	57,203,148	-	-
BOI Axa Short Term Income Fund Account	20,934,261	-	-
Reliance Banking & PSU Debt Fund-Growth Plan	50,247,668	-	-
Reliance Corporate Bond Fund-Growth Plan	20,106,444	-	-
Reliance Medium Term Fund-Growth Plan-Growth option	30,355,674	-	-
Reliance Short Term Fund-Growth Plan-Growth option	12,779,497	-	-
Franklin India Low duration Fund	82,676,049	-	-
Franklin India Short Term Income Plan	50,779,508	-	-
BSL Short Term Fund-Growth	50,403,002	-	-
BSL Treasury Optimiser Plan-Growth	30,009,021	-	-
BSL Medium Term Fund-Growth	19,994,808	-	-
Axis Liquid Fund-Daily Dividend	70,655,570	-	-
Axis Short Term Fund-Growth	50,375,118	-	-
IDFC Corporate Bond Fund Regular Plan-Growth	20,023,839	-	-
IDFC Ultra Short Term Fund-Growth(Reg Plan)	50,707,913	-	-
IDFC Super Saver income Fund-Short Term	30,317,578	-	-
Tata Liquid Fund Regular Plan-Daily Dividend	30,335,578	-	-
Tata Short Term Bond Fund Reg Plan-Growth	50,458,725	-	-
Tata Ultra Short Term Fund Reg Plan-Growth	20,202,362	-	-
Kotak Low Duration Fund Std Growth(Reg Plan)	50,674,390	-	-
Kotak banking & PSU Debt fund-Growth(Reg plan)	20,205,329	-	-
Kotak Income opp Fund-Growth(Regular Plan)	30,184,362	-	-
<b>Total Investments at FVTPL</b>	<b>891,610,184</b>	<b>542,738,743</b>	<b>497,224,231</b>
<b>Non-current</b>	<b>130,464,874</b>	<b>684,121,892</b>	<b>638,607,380</b>
<b>Current</b>	<b>891,480,184</b>	<b>-</b>	<b>-</b>
Aggregate book value of quoted investments	891,480,184	-	-
Aggregate market value of quoted investments (refer note (36 fair value))	891,480,184	-	-
Aggregate book value of unquoted investments	130,464,874	684,121,892	638,607,380
Aggregate amount of impairment in value of investments.	11,048,275	Nil	Nil

The amount of investment in subsidiary PCL (Shanghai) Co. Ltd has been impaired due the fact that the net worth of the subsidiary has been eroded as at March 31, 2017. The impairment amounting to Rs. 11,048,275 has been shown under the head 'other expenses' in statement of profit and loss during the year ended March 31, 2017.



# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## 5B) Loans

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(a) Security Deposits (unsecured, considered good)	19,211,402	40,138,198	17,127,598
<b>Total loans</b>	<b>19,211,402</b>	<b>40,138,198</b>	<b>17,127,598</b>
<b>Non-current</b>	18,998,898	19,538,198	17,127,598
<b>Current</b>	212,504	20,600,000	-
<b>Total</b>	<b>19,211,402</b>	<b>40,138,198</b>	<b>17,127,598</b>

Loans mainly include security deposit with electricity department; which generate interest in the range of 8% to 8.50% for the Company.

## 5C) Other Financial Assets

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(i) Derivative instruments (at FVTPL)			
Foreign-exchange forward contracts	6,304,326	2,737,750	4,303,809
(ii) Others			
(a) Bank deposits with more than 12 months maturity	117,482,322	26,394,335	22,915,388
(b) Interest accrued on Fixed deposits	8,846,975	11,698,864	4,069,500
(c) Income accrued on Export incentives	36,753,561	61,937,154	49,791,339
(d) Income accrued on Insurance Claim	2,000,000	-	-
Total Other Financial Assets	171,387,184	102,768,103	81,080,036
<b>Non-current</b>	117,482,322	26,394,335	22,915,388
<b>Current</b>	53,904,861	76,373,768	58,164,648
	<b>171,387,184</b>	<b>102,768,103</b>	<b>81,080,036</b>
<b>Total Financial assets</b>	1,212,543,644	827,028,193	736,815,014
<b>Total Non-current</b>	266,946,094	730,054,426	678,650,367
<b>Total Current</b>	945,597,550	96,973,768	58,164,648

## Break up of financial assets carried at amortised cost

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Loans	19,211,402	40,138,198	17,127,598
Trade receivables (Note 8)	1,110,521,924	917,471,862	1,052,425,685
Cash and Cash equivalents (Note 9)	160,738,674	199,603,740	486,153,424
Other Bank balances (Note 9)	2,408,642,230	2,957,878,068	410,023,610
Other financial assets	165,082,858	100,030,353	76,776,227
<b>Total financial assets carried at ammortised cost</b>	<b>3,864,197,088</b>	<b>4,215,122,221</b>	<b>2,042,506,544</b>

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 6: Other Assets

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Capital advances	53,033,886	167,644,481	67,656,295
Prepaid expense	22,553,556	31,106,968	33,447,766
Advance for purchase of materials	8,013,967	2,989,523	50,435,281
Income tax deposited with tax authorities	22,890,000	2,890,000	2,890,000
Other Advances	1,211,744	1,211,744	1,211,744
(Amount deposited under protest against the claim made under Employees provident Funds and Miscellaneous Provision Act, 1952)			
Balances with statutory/government authorities	141,227,827	86,411,840	106,231,829
<b>Total other assets</b>	<b>248,930,980</b>	<b>292,254,556</b>	<b>261,872,915</b>
<b>Non-current</b>	<b>80,229,871</b>	<b>176,600,493</b>	<b>76,382,805</b>
<b>Current</b>	<b>168,701,109</b>	<b>115,654,063</b>	<b>185,490,110</b>
	<b>248,930,980</b>	<b>292,254,556</b>	<b>261,872,915</b>

## Note 7: Inventories

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Raw materials and components	30,170,192	23,740,503	23,548,691
Stores, spares and packing materials	43,400,293	46,721,403	52,284,060
Semi-finished goods	58,572,639	46,206,665	62,289,252
Finished goods	181,136,797	275,874,637	238,182,579
<b>Total inventories at the lower of cost and net realisable value</b>	<b>313,279,921</b>	<b>392,543,207</b>	<b>376,304,582</b>

During the year ended March 31, 2017, ₹ 4,993,726 (March 31, 2016 ₹ 2,528,754) was recognised as an expense for inventories.

## Note 8: Trade Receivables

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Trade receivables	811,874,240	728,835,836	820,306,789
Receivables from subsidiary (refer note 34)	92,601,733	51,052,396	72,119,854
Receivables from joint ventures (refer note 34)	206,045,951	137,583,630	159,999,042
<b>Total</b>	<b>1,110,521,924</b>	<b>917,471,862</b>	<b>1,052,425,685</b>
<b>Break-up for security details:</b>			
- Unsecured, considered good	1,110,521,924	917,471,862	1,052,425,685
- Doubtful	2,787,038	1,385,064	2,188,726
<b>Total</b>	<b>1,113,308,962</b>	<b>918,856,926</b>	<b>1,054,614,411</b>
Impairment allowance (allowance for bad and doubtful debts)			
- Doubtful	2,787,038	1,385,064	2,188,726
	2,787,038	1,385,064	2,188,726
<b>Total Trade receivables</b>	<b>1,110,521,924</b>	<b>917,471,862</b>	<b>1,052,425,685</b>

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 34.

Trade receivables are non-interest bearing and are generally on terms of 30 to 150 days.

## Note 9: Cash and bank balances

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Cash and cash equivalents</b>			
Balance with Banks			
Current accounts	155,088,382	193,916,727	78,857,184
Deposits with original maturity of less than three months	5,034,867	5,032,886	406,738,487
Cash on hand	615,425	654,127	557,753
<b>Total cash and cash equivalents</b>	<b>160,738,674</b>	<b>199,603,740</b>	<b>486,153,424</b>
<b>Other bank balances</b>			
Deposits with remaining maturity for less than 12 months (Disclosed in other financial assets)	2,408,642,230	2,957,878,068	410,023,610
<b>Total other bank balances</b>	<b>2,408,642,230</b>	<b>2,957,878,068</b>	<b>410,023,610</b>
<b>Total cash and bank balances</b>	<b>2,569,380,904</b>	<b>3,157,481,808</b>	<b>896,177,034</b>

Cash at banks earns interest at fixed rates based on FD receipts made by the company. Fixed deposits are made for varying periods of between one month to 36 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term/long term deposit rates.

At 31 March 2017, the Company had available ₹1,032,118,188 (31 March 2016: ₹ 1,268,890,825; 1 April 2015: ₹ 1,619,748,550 ) of undrawn committed borrowing facilities

The Company has pledged a part of its short-term deposits to fulfil collateral requirements. Refer note 12 for details

## For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Cash and cash equivalents</b>			
Balance with Banks			
Current accounts	155,088,382	193,916,727	78,857,184
Deposits with original maturity of less than three months	5,034,867	5,032,886	406,738,487
Cash on hand	615,425	654,127	557,753
<b>Total cash and cash equivalents</b>	<b>160,738,674</b>	<b>199,603,740</b>	<b>486,153,424</b>

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 10: Share Capital

### Authorised Share Capital

Particulars	Equity Shares	
	Number	In ₹
<b>At 1 April 2015</b>	100,000,000	1,000,000,000
Increase/ (decrease) during the year	-	-
<b>At 31 March 2016</b>	100,000,000	1,000,000,000
Increase/ (decrease) during the year		
<b>At 31 March 2017</b>	100,000,000	1,000,000,000

### Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share (31 March 2015: ₹ 10 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 2017, the amount of per share dividend proposed by board of directors in the board meeting held on May 22, 2017 as distribution to equity share holders amounted to ₹ 1.50 per equity share. Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 March 2017.

During the year ended 31 March 2016, the amount of per share interim dividend recognised as distribution to equity share holders amounted to ₹ 1 per equity share.

During the year ended 31 March 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.05 per equity share.

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.

### Issued equity capital

Particulars	Number	In ₹
<b>At 1 April 2015</b>	81,841,600	818,416,000
Issued during the year - initial public offering (see note below)	12,903,225	129,032,250
<b>At 31 March 2016</b>	94,744,825	947,448,250
Issued during the year under the ESOP scheme	49,705	497,050
<b>At 31 March 2017</b>	94,794,530	947,945,300

Pursuant to the Initial Public Offering (IPO) on February 08, 2016, equity shares having par value of ₹ 10 per share were allotted at a price of ₹ 186 per equity share comprising of fresh issue of 12,903,225 equity shares and offer for sale of 9,150,000 equity shares by selling shareholders. The equity shares of the Company were listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") with effect from February 08, 2016.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

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

	31 March 2017		31 March 2016		1 April 2015	
	No of shares	% holding in the class	No of shares	% holding in the class	No of shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>						
Yatin Subhash Shah	24,511,200	25.86%	24,511,200	25.87%	25,874,400	31.62%
Cams Technology Limited	12,514,860	13.20%	12,514,860	13.21%	16,078,800	19.65%
Yatin Subhash Shah jointly with Dr. Suhasini Yatin Shah	12,828,800	13.53%	12,828,800	13.54%	13,504,000	16.50%
Dr. Suhasini Yatin Shah	10,405,540	10.98%	10,405,540	10.98%	10,953,200	13.38%
Jayant Vasudeo Aradhya	8,202,000	8.65%	8,202,000	8.66%	11,202,000	13.69%
	68,462,400	72.22%	68,462,400	72.26%	77,612,400	94.84%

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.

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

Particulars	Year ended				
	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Equity shares allotted as fully paid bonus shares by capitalization of securities premium or capital redemption reserve	-	77,749,520	-	-	-

## Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the Company, refer note 32.

## Note 11: Other Equity

<b>a) Securities premium account</b>	In ₹
<b>At 1 April 2015</b>	-
Increase on February 08, 2016 pursuant to IPO (Refer Note 10)	2,270,967,600
Less: share issue expenses [net of tax benefit ₹ 7,155,633]	118,078,326
<b>At 31 March 2016</b>	<b>2,152,889,274</b>
Add:	
Increase pursuant to premium on issue of shares on account of employee stock option exercised	5,783,676
Reversal of tax benefit (deferred tax)	(360,773)
<b>At 31 March 2017</b>	<b>2,158,312,177</b>
<b>b) General reserve</b>	In ₹
<b>At 1 April 2015</b>	<b>47,220,715</b>
Increase/ (decrease) during the year	-
<b>At 31 March 2016</b>	<b>47,220,715</b>
Increase/ (decrease) during the year	-
<b>At 31 March 2017</b>	<b>47,220,715</b>
<b>c) Share based payments</b>	In ₹
<b>At 1 April 2015</b>	<b>3,361,698</b>
Add: compensation for options granted as per vesting during the year (net)	19,780,830
<b>At 31 March 2016</b>	<b>23,142,528</b>
Increase/ (decrease) during the year	-
Add: compensation for options granted as per vesting during the year (net)	8,683,631

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Less: transferred to securities premium on account of exercise of stock options	(5,783,676)
<b>At 31 March 2017</b>	<b>26,042,483</b>

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 IND AS 102 Share based payments, the cost of equity-settled transactions is measured using the fair 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 recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Refer to note 32 for further details of these plans.

<b>d) Retained earnings</b>	<b>In ₹</b>
<b>At 1 April 2015</b>	<b>1,259,331,174</b>
Add: Profit for the year	587,528,396
Add: Other comprehensive income for the year	2,078,452
Final dividend for financial year 2014-15	4,092,080
Tax on Final dividend	833,066
Interim equity dividend at ₹ 1.00 Per share (31 March 2015: ₹ Nil per share)	94,744,825
Tax on interim dividend	19,287,817
<b>At 31 March 2016</b>	<b>1,729,980,234</b>
Add: Profit for the year	608,539,624
Add: Other comprehensive income for the year	1,457,826
<b>At 31 March 2017</b>	<b>2,339,977,684</b>

## Note 12: Financial Liabilities

Particulars	Rate of interest	Maturity	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Non Current borrowings</b>					
<b>Term Loan</b>					
From Bank					
Foreign currency loan 1 (secured)	LIBOR + 380 bps	Aug-18	214,740,340	597,169,131	854,099,815
Foreign currency loan 2 (secured)	LIBOR + 405 bps	Aug-18	33,870,811	94,966,750	135,653,037
<b>Total Non Current borrowings</b>			<b>248,611,151</b>	<b>692,135,881</b>	<b>989,752,852</b>
Current maturity of long term loans					
Foreign currency loan 1 (secured)	LIBOR + 380 bps	Aug-18	375,291,176	310,761,080	239,325,183
Foreign currency loan 2 (secured)	LIBOR + 405 bps	Aug-18	60,535,906	49,915,954	37,595,076
<b>Loan repayable on Demand</b>					
Cash credit from banks (secured)	11.35%	On Demand	25,210,317	18,123,957	29,493,279
Overdraft against fixed deposits (secured)	10.05%	On Demand	-	101,477,164	50,236,302
Packing credit in foreign currency (secured)	LIBOR + 250bps	On Demand	398,580,629	492,279,847	501,932,864
<b>Total current Borrowings</b>			<b>859,618,028</b>	<b>972,558,002</b>	<b>858,582,704</b>
Less: amount clubbed under "Other Financial liabilities"			435,827,082	360,677,034	276,920,259
<b>Net Current Borrowings</b>			<b>423,790,946</b>	<b>611,880,968</b>	<b>581,662,445</b>
<b>Aggregate Secured loans</b>			<b>1,108,229,179</b>	<b>1,664,693,883</b>	<b>1,848,335,556</b>

Foreign currency loan 1 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



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for the year ended March 31, 2017

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1 August 2013. The loan is secured by pari passu charge on all movable and immovable Property, plant and equipment (PPE) created by the loan and also all future PPE, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans have been secured by the personal guarantee of directors Mr. Yatin S. Shah and Dr. Suhasini Y. Shah.

Foreign currency loan 2 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 movable and immovable (PPE) created by the loan and also all future PPE, 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.

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

Cash credit and packing credit in foreign currency are secured by first pari passu charge by way of hypothecation of current assets including inventories and trade receivables. 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, Solapur

Overdraft against fixed deposits outstanding as of March 31, 2016 is secured by fixed deposit of ₹ 110,500,000 made with Bank of India and carries interest at the rate of 10.05% p.a. which has been fully repaid during the current year.

The carrying amounts of PPE pledged as security for non-current borrowings are disclosed in note 3. And carrying amount of inventories, trade receivables and fixed deposits are pledged as security for short term borrowings.

Term loan from banks contain certain covenants relating to debt service coverage ratio, total debt gearing ratio, interest Coverage ratio, Fixed asset coverage ratio. All the ratios mentioned above are within the level stipulated by the banks in its prescribed sactions. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

## Note 13: Other Financial Liabilities

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Current maturity of long term loans (refer note 12)	435,827,082	360,677,034	276,920,259
Temporary book overdraft	112,940,979	26,564,317	103,897,125
Unpaid matured deposits and interest accrued thereon	13,729,570	13,729,570	13,729,570
Employee benefit liabilities	78,650,164	41,539,957	108,388,561
Sundry payables for capital goods purchased	47,058,046	52,556,564	74,756,070
Amount due to selling shareholders	-	3,874,080	-
Unclaimed Dividend	207,633	-	-
<b>Total</b>	<b>688,413,474</b>	<b>498,941,522</b>	<b>577,691,585</b>
<b>Non - Current</b>	-	-	-
<b>Current</b>	688,413,474	498,941,522	577,691,585
	688,413,474	498,941,522	577,691,585

## Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Borrowings (non-current) (note 12)	248,611,151	692,135,881	989,752,852
Borrowings (current) (note 12)	423,790,946	611,880,968	581,662,445
Current maturity of long term loans(note 13)	435,827,082	360,677,034	276,920,259
Trade payables (note 14)	598,981,418	638,127,826	675,791,611

# Notes to the Financial Statements

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Particulars	As at March 31, 2017 In Rs.	As at March 31, 2016 In Rs.	As at April 1, 2015 In Rs.
Other financial liabilities (note 13)	252,586,392	138,264,488	300,771,326
<b>Total</b>	<b>1,959,796,989</b>	<b>2,441,086,197</b>	<b>2,824,898,493</b>

## Note 14: Trade and other payables

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Trade payables</b>			
- Total outstanding dues of micro enterprises and small enterprises	109,634,575	91,608,553	91,211,272
- Total outstanding dues of creditors other than micro enterprises and small enterprises	488,539,466	537,496,277	580,804,757
- To related parties	1,201,165	9,022,996	3,775,582
<b>Total trade payables</b>	<b>598,981,418</b>	<b>638,127,826</b>	<b>675,791,611</b>
<b>Non-current</b>	-	-	-
<b>Current</b>	<b>598,981,418</b>	<b>638,127,826</b>	<b>675,791,611</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 90 day terms

For terms and conditions with related parties, refer to note 34

For explanations on the Company's credit risk management processes, refer note 40.

## Details of dues to Micro and small as defined under MSMED Act, 2006

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(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	109,634,575	91,608,553	91,211,272
Interest due on above	958,334	555,231	1,202,613
(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	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.	9,049,328	6,448,288	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	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	34,610,211	27,606,692	26,404,079

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for the year ended March 31, 2017

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Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is ₹ 44,617,873 (31 March 2016: ₹ 34,610,211) and same is not accrued in the books of accounts.

## Note 15: Other current Liabilities

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advances from customers	3,668,616	9,098,552	29,715,967
Tax deducted at source payable	15,851,621	12,914,839	47,901,018
Value added tax payable	-	7,597	7,597
<b>Total</b>	<b>19,520,237</b>	<b>22,020,988</b>	<b>77,624,582</b>

## Note 16: Provisions

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Employee benefits obligations:			
Gratuity	35,056,716	18,479,019	18,824,983
Compensated absences	34,022,862	31,958,627	31,864,534
Provision for tax on interim dividend	-	3,001,698	-
<b>Total</b>	<b>69,079,578</b>	<b>53,439,344</b>	<b>50,689,517</b>
<b>Non-current</b>	<b>21,557,130</b>	<b>18,278,717</b>	<b>18,107,988</b>
<b>Current</b>	<b>47,522,448</b>	<b>35,160,627</b>	<b>32,581,529</b>
	<b>69,079,578</b>	<b>53,439,344</b>	<b>50,689,517</b>

The leave obligation cover the Company's liability for earned leaves.  
Also refer note 31 for detailed disclosure of gratuity.

## Note 17: Current tax liabilities (net)

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Provision for income tax (net of advance taxes)	30,615,337	52,861,722	123,549,050
<b>Total</b>	<b>30,615,337</b>	<b>52,861,722</b>	<b>123,549,050</b>

## Note 18: Revenue from Operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)	4,567,314,159	4,369,247,296
Sale of services	16,680,575	16,732,607
<b>Total sale of products and services</b>	<b>4,583,994,734</b>	<b>4,385,979,903</b>
<b>Other operating income</b>		
Tooling income	24,413,767	73,423,902
Scrap sales	2,265,350	1,538,428
Export incentives	59,412,395	62,689,379
<b>Total other operating income</b>	<b>86,091,512</b>	<b>137,651,709</b>
	<b>4,670,086,246</b>	<b>4,523,631,612</b>

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Sale of goods includes excise duty collected from customers of INR 240,299,494 (31 March 2016: INR 166,320,805).

Sale of goods net of excise duty is INR 4,327,014,664 (31 March 2016: INR 4,202,926,491)

## Note 19: Other Income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fair value gain on financial instruments at fair value through profit or loss	77,391,258	45,514,511
Fair value gain on mutual funds	10,371,846	-
Exchange differences (net)	-	65,531,832
Compensation from customer	-	11,623,506
Sundry creditors written back	302,807	1,449,802
Miscellaneous income	3,634,226	4,311
	<b>91,700,137</b>	<b>124,123,966</b>

## Note 20: Cost of raw materials and components consumed

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year	23,740,503	23,548,691
Add: purchases	1,301,544,971	1,329,518,340
	1,325,285,474	1,353,067,031
Less: inventory at the end of the year	30,170,192	23,740,503
<b>Cost of raw materials and components consumed</b>	<b>1,295,115,282</b>	<b>1,329,326,528</b>

## Note 21: (Increase) / Decrease in Inventories

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening stock:		
Finished goods	275,874,637	238,182,579
Semi-finished goods	46,206,666	62,289,252
	<b>322,081,301</b>	<b>300,471,831</b>
Closing stock:		
Finished goods	181,136,797	275,874,636
Semi-finished goods	58,572,639	46,206,666
	<b>239,709,436</b>	<b>322,081,301</b>
<b>(Increase)/decrease in inventories</b>	<b>82,371,865</b>	<b>(21,609,470)</b>

## Note 22: Employee benefit expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages, bonus and commission	555,014,153	496,850,908
Employee stock option scheme	8,683,631	19,780,830
Contribution to provident fund and other funds	34,522,651	28,002,178
Gratuity expense (refer note 31)	22,937,166	10,032,676
Staff welfare expenses	10,199,166	12,681,818
	<b>631,356,767</b>	<b>567,348,410</b>

# Notes to the Financial Statements

for the year ended March 31, 2017

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## Note 23: Other Expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of components and spares	304,020,560	262,304,907
Packing materials consumed	58,361,357	58,497,714
(Decrease) / Increase in excise duty on inventory	(3,155,405)	3,857,062
Power and fuel expenses	488,844,776	480,748,590
Job work expenses	79,026,670	73,141,020
Freight outward charges	142,257,700	159,365,613
Rent	1,614,640	1,398,400
Rates and taxes	4,348,010	5,824,319
Insurance	7,383,246	9,111,564
Repairs and maintenance		
Plant and machinery	44,527,328	41,789,538
Building	9,543,201	17,124,048
Others	38,215,981	20,259,007
Advertisement and sales promotion	1,236,507	595,351
CSR expenditure (refer note below)	15,210,359	3,433,268
Sales commission	55,724,423	51,626,521
Travelling and conveyance	47,037,286	42,532,588
Communication costs	3,615,229	3,161,521
Legal and professional fees	20,119,614	21,047,310
Auditors' remuneration and expenses		
Statutory audit	4,075,000	2,300,000
Out of pocket expenses	527,144	440,898
Provision for doubtful debts (net of write backs)	1,401,974	(803,662)
Exchange differences (net)	15,238,583	-
Loss on fixed assets sold /discarded (net)	2,455,790	3,682,362
Impairment of PCL Shanghai	11,048,275	-
Miscellaneous expenses	62,699,243	48,795,865
	<b>1,415,377,491</b>	<b>1,310,233,804</b>

## CSR expenditure

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gross amount required to be spent during the year	15,813,320	12,617,701
Amount spent during the year in cash	15,210,359	3,433,268
Amount spend during the year includes contribution to a trust significantly influenced by key management personnel or their relatives	-	2,050,000

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## Payment to Auditors

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>As auditor</b>		
Audit Fee	3,000,000	2,200,000
Limited review	900,000	-
<b>In other capacity</b>		
Certification fees	175,000	100,000

## Note 24: Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest on borrowings	55,328,552	69,536,004
Interest on current tax	235,364	4,673,710
Bank charges	14,113,053	13,995,061
Other finance costs	1,659,510	2,424,342
	<b>71,336,480</b>	<b>90,629,117</b>

## Note 25: Finance Income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Bank deposits	194,437,717	89,361,923
Others	1,417,944	1,831,604
Dividend income on long-term investments	24,120,548	16,864
Dividend income on Mutual Funds	1,868,437	-
	<b>221,844,645</b>	<b>91,210,391</b>

## Note 26: Depreciation and amortisation expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets	370,524,119	388,690,192
Amortisation of intangible assets	3,069,288	1,300,670
	<b>373,593,407</b>	<b>389,990,862</b>

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## Note 27: Income Tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹
Current income tax:		
Current income tax charge	335,177,627	372,173,658
Adjustments in respect of current income tax of previous year	-	(18,048,343)
Deferred tax:		
Relating to origination and reversal of temporary differences	(69,537,008)	(34,927,798)
Income tax expense reported in the statement of profit or loss	<b>265,640,619</b>	<b>319,197,517</b>

## OCI Section

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹
Net loss/(gain) on remeasurements of defined benefit plans	(771,606)	(1,100,095)
<b>Income tax expense charged to OCI</b>	<b>(771,606)</b>	<b>(1,100,095)</b>

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Deferred tax liability</b>			
PPE: impact of difference between tax depreciation and depreciation / amortisation for the financial reporting	161,496,402	207,726,332	246,053,523
Others	3,589,488	-	-
<b>Gross deferred tax liability</b>	<b>165,085,890</b>	<b>207,726,332</b>	<b>246,053,523</b>
Deferred tax assets			
Provision for doubtful debts and advances	485,195	479,371	743,948
Employee related costs allowed for tax purposes on payment basis	34,734,950	25,011,323	23,625,790
Impact of adjustment to block of PPE (Refer Note below)		-	11,175,141
VRS compensation	20,715,814	5,002,734	-
Share issue expenses adjusted to securities premium account	6,794,860	7,155,633	-
Others	1,234,392	551,963	-
<b>Gross deferred tax assets</b>	<b>63,965,211</b>	<b>38,201,024</b>	<b>35,544,879</b>
<b>Net deferred tax liability</b>	<b>101,120,679</b>	<b>169,525,308</b>	<b>210,508,644</b>
Deferred tax credit for the year			
Closing deferred tax liability (net)	101,120,679	169,525,308	210,508,644
Less: opening deferred tax liability (net)	169,525,308	210,508,644	149,139,910
Deferred tax movement for the year (a)	(68,404,629)	(40,983,336)	61,368,734
Deferred tax credit recorded in securities premium account (refer note 11) (b)	360,773	(7,155,633)	-
Deferred tax credit recorded in reserves and surplus (c)	-	-	(11,175,141)
Deferred tax (credit) / charge for the year (d = a-b-c)	(68,765,402)	(33,827,703)	72,543,875
Deferred tax charge recorded in OCI (refer note 28) (e)	(771,606)	(1,100,095)	-
Deferred tax (credit) / charge recorded in statement of profit and loss (d+e)	(69,537,008)	(34,927,798)	72,543,875

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The amount relates to deferred tax impact on additional depreciation charged to opening balance of retained earnings on account of re-estimation of useful lives and residual values of all its PPE as at March 31, 2015, to comply with the requirements of Schedule II to Companies Act, 2013.

## Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹
Accounting profit before tax	874,180,243	906,725,913
<b>Accounting profit before income tax</b>	<b>874,180,243</b>	<b>906,725,913</b>
At India's statutory tax rate 34.608% (31 March 2016 34.608%)	302,536,299	313,799,705
Adjustments in respect of current income tax of previous years	-	(18,048,343)
Incomes not chargeable to tax	(26,783,566)	(15,751,663)
Dividend exempt from tax	(8,994,268)	-
Deduction allowed under Income tax act 1961	(18,493,935)	-
Impact of adjustment to block of fixed assets	-	11,175,141
<b>Non-deductible expenses for tax purposes:</b>		
Donations disallowed	5,938,857	816,149
Restatement gain/loss on capital creditors disallowed as deduction under Income tax computation	-	1,062,100
Provision for Capital advances	2,128,392	-
Impairment loss of investment in subsidiaries	3,823,587	-
Realized gain/ (loss) on capital creditors	-	2,297,007
Loss on sale of asset	849,900	-
Others	1,722,900	23,847,419
<b>At the effective income tax rate of 30.47% (31 March 2016 35.325%)</b>	<b>265,640,619</b>	<b>319,197,517</b>
Income tax reported in the statement of profit and loss	265,640,618	319,197,517

## Reconciliation of deferred tax liabilities (net):

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹
Opening balance as of 1 April	169,525,308	210,508,644
Tax income/(expense) during the period recognised in profit or loss	(69,537,008)	(34,927,798)
Tax income/(expense) during the period recognised in Equity	360,773	(7,155,633)
"Tax income/(expense) during the period recognised in OCI"	(771,606)	(1,100,095)
<b>Closing Balance as at 31 March</b>	<b>101,120,679</b>	<b>169,525,308</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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## Deferred tax

### Deferred tax relates to the following

	Balance sheet		Statement of Profit & Loss		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Accelerated depreciation for tax purposes	(165,085,890)	(207,726,332)	(246,053,523)	(42,640,442)	(38,327,191)
Impact on adjustment to block of fixed assets on account of change in useful lives	-	-	11,175,141	-	11,175,141
Voluntary retirement scheme allowed as deduction over a period of five years	20,715,814	5,002,734	-	(15,713,080)	(5,002,734)
Preliminary expenses incurred on initial public offering, allowed as deduction over a period of 5 years	6,794,860	7,155,633	-	-	-
Employee benefit expenses allowed on payment basis under Sec 43B	34,734,950	25,011,323	23,625,790	(9,723,627)	(1,385,533)
Forward contracts	1,234,392	551,963	-	(682,429)	(551,963)
Provision for doubtful debts and advances	485,195	479,371	743,948	(5,824)	264,577
Amount to be charged in Statement of OCI				(771,606)	(1,100,095)
	(101,120,679)	(169,525,308)	(210,508,644)	(69,537,008)	(34,927,798)

## Note 28: Components of Other comprehensive income (OCI)

### During the year ended 31 March 2017

In ₹

Particulars	Retained earnings	Total
Re-measurement gains (losses) on defined benefit plans	2,229,432	2,229,432
Income tax effect	(771,606)	(771,606)
	<b>1,457,826</b>	<b>1,457,826</b>

### During the year ended 31 March 2016

Particulars	Retained earnings	Total
Re-measurement gains (losses) on defined benefit plans	3,178,547	3,178,547
Income tax effect	(1,100,095)	(1,100,095)
	<b>2,078,452</b>	<b>2,078,452</b>

## Note 29: Earnings per share

Basic EPS amounts are calculated by dividing the profits for the year attributable to equity share holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity share holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into equity shares.

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit attributable to Equity shareholders of the company	608,539,624	587,528,396
Weighted average number of equity shares in calculating basic EPS	94,755,365	83,851,119
Effect of dilution:	199,334	191,071
Weighted average number of equity shares in calculating diluted EPS	94,954,699	84,042,190
Earnings per share (basic) (₹/share)	6.42	7.01
Earnings per share (diluted) (₹/share)	6.41	6.99

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 30: Distribution made and proposed

Particulars	31 March 2017 ₹	31 March 2016 ₹
Cash dividends on equity shares declared and paid		
Final dividend for the year ended 31 March 2016: ₹ Nil per share ( 31 March 2015: ₹ 0.05 per share)	-	4,092,080
Tax on final dividend	-	833,066
Interim dividend for the year ended on 31 March 2016: ₹ 1 per share (31 March 2016: ₹ Nil per share)	-	94,744,825
Tax on Interim dividend	-	19,287,817
	-	<b>118,957,788</b>
Proposed dividend on equity shares Final cash dividend for the year ended on 31 March 2017: INR 1.50 per share (31 March 2016: ₹ Nil per share)	142,191,795	-
Tax on proposed dividend	28,947,406	-
	<b>171,139,201</b>	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Tax thereon) as at 31 March.

## Note 31: Disclosure pursuant to Employee benefits

### A. Defined contribution plans:

Amount of ₹ 34,522,651 (March 31, 2016: ₹ 28,002,178) is recognised as expenses and included in Note No. 22 "Employee benefit expense"

### B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

#### (a) Gratuity

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund is governed by Life Insurance Corporation of India (LIC). LIC is liable for administration of the plan assets.

Plan assets - Gratuity Fund ₹ 47,233,354

The following table summarise the components of net benefit expense recognised in the statement of consolidated profit or loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Net benefit expense 31 March 2017 (Recognised in Statement of profit or loss)*	31 March 2017	31 March 2016
Current service cost	8,429,325	8,314,531
Interest cost on benefit	1,269,299	1,131,055
	<b>9,698,624</b>	<b>9,445,586</b>

\* The amount debited to statement of profit and loss includes gratuity expenses on account of full and final settlement of left employees whose gratuity payments have not been considered for actuarial valuation amounting to Rs. 13,238,542 and Rs. 587,090 for the year ended March 31, 2017 and March 31, 2016 respectively.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## March 31, 2017 : Changes in defined benefit obligation and plan assets

(In ₹)											
Cost charged to statement of profit and loss				Remeasurement gains/(losses) recognised in OCI							
	April 1, 2016	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 22)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	March 31, 2017
<b>Gratuity</b>											
Defined benefit obligation	(66,005,904)	(8,429,325)	(4,630,769)	(13,060,094)	7,862,509	-	-	(4,650,050)	6,199,171	1,549,121	- (69,654,368)
Fair value of plan assets	46,928,253	-	3,361,470	3,361,470	(7,862,509)	680,311	-	-	-	680,311	4,125,829
Benefit liability	(19,077,651)	(8,429,325)	(1,269,299)	(9,698,624)	-	680,311	-	(4,650,050)	6,199,171	2,229,432	4,125,829 (22,421,014)

## March 31, 2016 : Changes in defined benefit obligation and plan assets

Cost charged to statement of profit and loss				Remeasurement gains/(losses) recognised in OCI							(In ₹)
April 1, 2015	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 22)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2016
<b>Gratuity</b>											
Defined benefit obligation	(61,555,638)	(8,314,531)	(4,551,339)	(12,865,870)	5,982,304	-	(2,806,154)	5,239,454	2,433,300	-	(66,005,904)
Fair value of plan assets	42,145,752	-	3,420,284	3,420,284	(5,982,304)	745,247	-	-	745,247	7,197,906	47,526,885
Benefit liability	(19,409,886)	(8,314,531)	(1,131,055)	(9,445,586)	-	745,247	(2,806,154)	5,239,454	3,178,547	7,197,906	(18,479,019)

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

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

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹	Year ended April 1, 2015 ₹
Type of asset: Group gratuity scheme of LIC of India			
Fair value of total plan assets	47,233,354	47,526,885	42,730,655
(%) of total plan assets	100%	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	6.97%	7.46%	7.77%
Future salary increase	8.00%	8.00%	8.00%
Expected rate of return on plan assets	8.00%	8.00%	8.75%
Expected average remaining working lives (in years)	16.87%	16.73%	

A quantitative sensitivity analysis for significant assumption is as shown below:

## Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
Discount rate	1% increase	60,618,963	57,570,881.00
	1% decrease	80,699,671	76,291,780.00
Future salary increase	1% increase	79,916,513	75,657,431.00
	1% decrease	61,030,354	57,899,649.00

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
<b>Within the next 12 months (next annual reporting period)</b>	2,683,790	2,553,193
<b>Between 2 and 5 years</b>	11,813,409	10,948,851
<b>Beyond 5 years</b>	81,862,160	34,300,113
Total expected payments	96,359,359	47,802,157

## Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Gratuity	14.36	14.44	14.42



# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹	Year ended April 1, 2015 ₹
Gratuity	8,818,667	4,130,037	7,200,093

## Note 32: Share Based Payments

The Company provides share-based payment schemes to its employees. During the year ended 31 March 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 6 February 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.

The fair value of the share options is estimated at the grant date using Black Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. ₹ 10. The contractual term of each option granted is 6 years.

Particulars	31 March 2017	31 March 2016
Expense arising from equity-settled share-based payment transactions	8,683,631	19,780,830
Total expense arising from share-based payment transactions	8,683,631	19,780,830

There were no cancellations or modifications to the awards in 31 March 2017 or 31 March 2016.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

Particulars	31 March 2017		31 March 2016	
	Number	WAEP	Number	WAEP
Outstanding at 1 April	333,850	₹ 10	382,950	₹ 10
Granted during the year				
Forfeited during the year	18,700	₹ 10	49,100	₹ 10
Exercised during the year	49,705	₹ 10		
Expired during the year				
<b>Outstanding at 31 March</b>	<b>265,445</b>	<b>₹ 10</b>	<b>333,850</b>	<b>₹ 10</b>
Exercisable at 31 March	265,445	₹ 10	333,850	₹ 10

The weighted average share price at the date of exercise of these options was ₹ 10

The weighted average remaining contractual life for the share options outstanding as at 31 March 2017 was one year (31 March 2016: two years).

The weighted average fair value of options granted during the year was ₹117.46 (31 March 2016: ₹117.27).

The following tables list the inputs to the models used for the plans for the years ended 31 March 2017 and 31 March 2016, respectively

Particulars	31 March 2017	31 March 2016
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	56.25%	56.25%
Risk-free interest rate (%)	7.82%	7.82%
Expected life of share options (years)	3	3
Weighted average share price (₹)	10	10
Model used	Black Scholes	Black Scholes

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

The expected life of the share options 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 not necessarily be the actual outcome.

## Note 33: Commitments and contingencies

### a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):  
At 31 March 2017, the Company had commitments of INR 55,697,053 (31 March 2016: INR 193,953,623, 1 April 2015: INR 74,049,469)

### b. Contingent liabilities

#### Legal claim contingency

- a. The Collector of Stamps, Solapur has demanded payment of stamp duty of ₹ 3,178,389 (March 31, 2016: ₹ 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 ₹ 2,423,488 (March 31, 2016: ₹ 2,423,488). The Company has deposited an amount of ₹ 1,211,744 (March 31, 2016: ₹ 1,211,744) under protest which has been shown under 'Other Assets'.
- c. The Company has received an order from the Commissioner of Central Excise Pune for the year 2002-03, 2003-04 and 2004-05 demanding excise duty amounting to ₹ 2,076,478 (March 31, 2016: ₹ 2,076,478) on sales tax retained under sales tax deferral scheme. The Company has deposited an amount of ₹ 155,736 (March 31, 2016: 155,376) under protest.
- d. The Company has filed an appeal to CESTAT during the year against the order of service tax appeals for inadmissible cenvat credit amounting to ₹ 238,329 on outward transportation for the financial years 2013-14 and 2014-15.
- e. The Company has received order from Commissioner of Central Excise for demand of service Tax and interest on payment of bank charges, facilities fees, and legal expenses paid during the year 2011-12 for the availment of ECB loan amounting to ₹ 2,616,002.
- f. The Company has received order from Commissioner of Central Excise for demand of interest towards the reversal cenvat credit against Shri Pandurang Bus Service amounting to ₹ 2,720,347 for the financial year 2011-12 to 2013-14
- g. The Company has received order from Assessing Officer for demand of income tax amounting to 159,716,941 towards disallowance of ESOP expenditures and other disallowances. The Company has filed appeal against the above order with Commissioner of Income Tax (Appeals) and has paid ₹ 20,000,000 under protest.

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

### c. Leases

The Company has entered into commercial leases for office premises and guest house. These leases 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.

The Company has paid ₹ 1,614,640 (31 march 2016: INR1,398,400) during the year towards minimum lease payment.

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

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	31 March 2017	31 March 2016	1 April 2015
Within one year	849,500	1,400,640	1,082,400
After one year but not more than five years	126,500	532,400	1,723,040
More than five years	-	-	-
	<b>976,000</b>	<b>1,933,040</b>	<b>2,805,440</b>

## Note 34: Related party transactions

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

#### a) Related party where control exists

##### i) Subsidiary

PCL (Shanghai) Co. Ltd (China)

#### b) Related parties under 'Ind AS 24- Related Party Disclosures', with whom transactions have taken place during the period

##### i) Key management personnel (KMP)

Mr. Yatin S Shah , Managing Director  
 Dr. Suhasini Y Shah, Director  
 Mr. Ravindra R. Joshi, Director  
 Mr. Jayant V Aradhye  
 Mr. Sarvesh N Joshi, Independent Director  
 Mr. Pramod H Mehendale, Independent Director  
 Mr. Vedant V Pujari, Independent Director  
 Mr. Vaibhav S Mahajani, Independent Director

##### ii) Relatives of key management personnel (RKMP)

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

##### iii) 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

##### iv) Individual having significant influence:

Mr. Jayant Aradhye

##### v) Relative of individual having significant influence:

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

##### vi) Joint venture

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

#### 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

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

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

Sr. Particulars No.	Key management personnel		Relatives of key management personnel		Entities where KMP / RMP have significant influence		Subsidiary		Joint venture		Individual having significant influence		Relative of individual having significant influence	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Transactions</b>														
1 Remuneration* (including commission)	99,858,798	94,638,194	495,761	-	-	-	-	-	-	-	-	-	-	-
2 Interim dividend paid on equity shares	-	47,745,540	-	296,000	-	12,514,860	-	-	-	-	-	8,202,000	-	3,148,800
3 Sale of goods	-	-	-	-	-	-	155,239,256	87,252,100	646,859,712	576,169,702	-	-	-	-
4 Tooling income	-	-	-	-	-	-	-	-	10,561,320	51,888,363	-	-	-	-
5 CSR expenditure	-	-	-	-	1,700,000	2,050,000	-	-	-	-	-	-	-	-
6 Purchases of goods, material or services	-	-	-	-	6,071,681	8,601,562	-	-	-	-	-	-	-	-
7 Purchases of material/services for fixed assets	-	-	-	-	-	853,596	-	-	-	-	-	-	-	-
8 Share issue expenses recovered from existing share holders (refer note 41)	-	29,057,789	-	-	-	40,045,558	-	-	-	-	-	33,708,950	-	-
9 Dividend income	-	-	-	-	24,120,548	-	-	-	-	-	-	-	-	-
<b>Balances outstanding</b>														
1 Remuneration payable	16,116,250	16,502,500	-	-	-	-	-	-	-	-	-	-	-	-
2 Amount due to selling shareholders	-	1,094,930	-	-	-	1,501,959	-	-	-	-	-	1,277,191	-	-
3 Trade receivables	-	-	-	-	-	-	92,601,733	51,052,396	206,045,951	137,583,630	-	-	-	-
4 Trade and other payables	-	-	-	-	1,201,165	5,231,236	-	-	-	-	-	-	-	-
5 Sundry creditors for capital goods purchased	-	-	-	-	-	853,596	-	-	-	-	-	-	-	-
6 Investment in equity shares	-	-	-	-	-	-	-	11,048,275	130,334,874	130,334,875	-	-	-	-
7 Investment in preference shares	-	-	-	-	-	542,608,743	-	-	-	-	-	-	-	-

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

\* 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.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## B. The transaction with related parties during the period / year and their outstanding balances are as follows

Sr. No.	Particulars	Relationship	31 March 2017	31 March 2016
<b>1</b>	<b>Remuneration*</b>			
	Mr.Yatin S. Shah	Key management personnel	55,404,620	51,300,931
	Dr. Suhasini Y. Shah	Key management personnel	4,666,634	4,320,972
	Mr. Ravindra Joshi	Key management personnel	36,665,253	35,970,173
	Mr. Swapnil S Kuber	Key management personnel	622,291	546,118
	Mr. Karan Shah	Relatives of Key management personnel	495,761	-
	Mr. Jayant V Aradhye	Individual having significant influence	500,000	500,000
	Mr. Sarvesh N Joshi	Key management personnel	500,000	500,000
	Mr. Pramod H Mehendale	Key management personnel	500,000	500,000
	Mr. Vedant V Pujari	Key management personnel	500,000	500,000
	Mr. Vaibhav S Mahajani	Key management personnel	500,000	500,000
<b>2</b>	<b>Interim dividend paid on equity shares</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence		12,514,860
	Mr.Yatin S. Shah	Key management personnel		24,511,200
	Mr. Jayant Aaradhye	Individual having significant influence		8,202,000
	Mr Yatin Shah Jointly held with Dr. Suhasini Y. Shah)	Key management personnel		12,828,800
	Dr. Suhasini Y. Shah	Key management personnel		10,405,540
<b>3</b>	<b>Sale of goods</b>			
	PCL (Shanghai) Co. Ltd.	Subsidiary	155,239,256	87,252,100
	Ningbo Shenglong PCL Camshafts Co Ltd	Joint Venture	646,859,712	576,169,702
<b>4</b>	<b>Tooling Income</b>			
	Ningbo Shenglong PCL Camshafts Co Ltd	Joint Venture	8,251,320	16,989,200
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd	Joint Venture	2,310,000	34,899,163
<b>5</b>	<b>CSR expenditure</b>			
	Precision Foundation & Medical research Trust	Entities where KMP / RKMP have significant influence	1,700,000	2,050,000
<b>6</b>	<b>Purchases of goods, material or Services</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	5,961,381	8,450,667
	Chitale Clinic Pvt Ltd	Entities where KMP / RKMP have significant influence	110,300	150,895
<b>7</b>	<b>Purchases of material/ services for fixed assets</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	-	853,596
<b>8</b>	<b>Dividend Received</b>			
	Cams Technology Ltd	Entities where KMP / RKMP have significant influence	24,120,548	-
<b>9</b>	<b>Share issue expenses recovered from existing share holders</b>			
	Mr.Yatin Shah	Key management personnel		22,904,108
	Dr. Suhasini Shah	Key management personnel		6,153,681
	Mr. Jayant Aaradhye	Individual having significant influence		33,708,950
	Cams Technology Limited	Entities where KMP / RKMP have significant influence		40,045,558

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

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

Sr. No.	Particulars	Relationship	31 March 2017	31 March 2016
	<b>Balances outstanding</b>			
<b>1</b>	<b>Remuneration payable</b>			
	Mr. Ravindra Joshi	Key management personnel	16,116,250	16,502,500
<b>2</b>	<b>Amount due to selling share holders</b>			
	Mr. Yatin Shah	Key management personnel		863,052
	Dr. Suhasini Shah	Key management personnel		231,878
	Mr. Jayant Aaradhye	Individual having significant influence		1,277,191
	Cams Technology Limited	Entities where KMP / RKMP have significant influence		1,501,959
<b>3</b>	<b>Trade receivables</b>			
	PCL (Shanghai) Co. Ltd.	Subsidiary	92,601,733	51,052,396
	Ningbo Shenglong PCL Camshafts Co Ltd	Joint venture	206,045,951	137,583,630
<b>4</b>	<b>Trade and other payables</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	1,090,865	5,227,926
	Chitale Clinic Pvt Ltd	Entities where KMP / RKMP have significant influence	110,300	3,310
<b>5</b>	<b>Payable for capital goods purchased</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence		853,596
<b>6</b>	<b>Investment in equity shares</b>			
	PCL (Shanghai) Co. Ltd.	Subsidiary	-	11,048,275
	Ningbo Shenglong PCL Camshaft Co Ltd.	Joint Venture	20,213,205	20,213,205
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	Joint Venture	110,121,669	110,121,670
<b>7</b>	<b>Investment in preference shares</b>			
	Cams Technology Ltd	Entities where KMP / RKMP have significant influence	-	542,608,743

\* 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.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil) except the amount of investment of subsidiary has been provided for entirely as impairment amounting to ₹ 11,048,275. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Compensation of Key managerial personnel of the Company

Particulars	31 March 2017	31 March 2016
Short term employee benefits	99,858,798	94,638,194
<b>Total compensation paid to key management personnel</b>	<b>99,858,798</b>	<b>94,638,194</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

## Note 35: Segment information

The Group is engaged in manufacturing of Camshafts. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into one operating segment ; however based on the geographic distribution of activities, the chief operating decision make identified India and outside India as two reportable geographical segments.

## Revenue from Customers

Particulars	31 March 2017	31 March 2016
<b>Within India</b>	<b>1,691,072,230</b>	<b>1,230,337,507</b>
<b>Outside India</b>		
Asia	1,147,834,803	1,201,521,840
China	809,274,798	721,427,323
Europe	538,043,080	744,982,509
Others	483,861,335	625,322,433
<b>Total</b>	<b>4,670,086,246</b>	<b>4,523,631,612</b>

The revenue information above is based on the locations of the customers.

## Non-current operating assets\*

Particulars	31 March 2017	31 March 2016
Within India	2,443,399,973	2,813,780,952
Outside India		
Investments in joint ventures in China	130,334,874	141,383,150
Capital advances		
-Europe	-	4,325,750
-Others	18,414,924	-
<b>Total</b>	<b>2,592,149,771</b>	<b>2,959,489,582</b>

\* As defined in paragraph 33 (b) of Ind AS 108 "Operating segments" non current assets excludes financial instruments, deferred tax assets and post-employment benefit assets.

## Country wise bifurcation of sales - outside India

Asia  
China  
Europe  
Others

## Note 36: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

# Notes to the Financial Statements

for the year ended March 31, 2017

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	Carrying Value			Fair value		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
<b>Financial assets</b>						
Investments	891,610,184	542,738,743	497,224,231	891,610,184	542,738,743	497,224,231
Foreign exchange forward contracts	6,304,326	2,737,750	4,303,809	6,304,326	2,737,750	4,303,809
<b>Total</b>	<b>897,914,510</b>	<b>454,476,493</b>	<b>501,528,040</b>	<b>897,914,510</b>	<b>545,476,493</b>	<b>501,528,040</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## Note 37: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

	Date of valuation	Total	Carrying Value		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>					
Investments	31-Mar-16	542,738,743	-	542,738,743	-
Foreign exchange forward contracts	31-Mar-16	2,737,750	-	2,737,750	-

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- > The fair values of the unquoted Preference shares (Investment in Cams Technology) have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- > The fair values of the quoted mutual funds are based on price (i.e. the NAV of the Mutual funds) quotations at the reporting date.
- > The fair values of derivative forward contracts is determined using the Mark-to-market valuation done by the Banks.

## Note 38: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders and borrowings. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments for compliance with the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company has issued equity shares in the Financial year 2015-16 in order to raise funds for the purpose building an additional machine shop for machining of various types of camshafts.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Particulars	31 March 2017 ₹	31 March 2016 ₹	1 April 2015 ₹
Borrowings other than non convertible preference shares (Note 12)	1,108,229,179	1,664,693,883	1,848,335,556
Trade payables (Note 14)	598,981,418	638,127,826	675,791,611
Less: cash and cash equivalent (Note 9)	160,738,674	199,603,740	486,153,424
Net debt	1,546,471,923	2,103,217,969	2,037,973,743
Equity	947,945,300	947,448,250	818,416,000
Total Capital	947,945,300	947,448,250	818,416,000
<b>Capital and net debt</b>	<b>2,494,417,223</b>	<b>3,050,666,219</b>	<b>2,856,389,743</b>
Gearing ratio	<b>62%</b>	<b>69%</b>	<b>71%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

## Note 39: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an Black and Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 32.

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for the plans ,the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to

# Notes to the Financial Statements

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change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 31.

## *Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 36 and 37 for further disclosures.

## **Note 40: Financial risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, investments in mutual funds and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

## **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

## **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

## **Sensitivity**

Year	Increase/ decrease in basis points	Effect on profit before tax ₹
31-Mar-17	50	4,306,002
	(50)	(4,306,002)
31-Mar-16	50	6,164,891
	(50)	(6,164,891)

# Notes to the Financial Statements

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The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

## Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings of the company.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and GBP exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

## Sensitivity

Year	Change in USD rate	Effect on profit before tax ₹
31-Mar-17	5%	26,115,036
	-5%	(26,115,036)
31-Mar-16	5%	14,218,278
	-5%	(14,218,278)

Year	Change in EUR rate	Effect on profit before tax ₹
31-Mar-17	5%	(4,216,326)
	-5%	4,216,326
31-Mar-16	5%	(5,574,999)
	-5%	5,574,999

Year	Change in GBP rate	Effect on profit before tax ₹
31-Mar-17	5%	5,651,584
	-5%	(5,651,584)
31-Mar-16	5%	5,068,550
	-5%	(5,068,550)

## Commodity risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of Camshafts and therefore require a continuous supply majorly of Pig iron, MS Scrap and Resin coated

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for the year ended March 31, 2017

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sand. As on March 31, 2017; no open material purchase order were existed with respect to above mentioned items. Hence the fluctuation of prices in above mentioned items; wont affect materially affect statement of profit and loss. Accordingly no sensitivity analysis has been done by the management.

## Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

## Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Company does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

## Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The investment of surplus funds is made in mutual funds and fixed deposits which are approved by the Director.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in note 9.

## Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans, . The Company's policy is that not more than ₹ 450,000,000 of borrowings should mature in the next 12-month period.

Approximately 63% of the Company's debt will mature in less than one year at 31 March 2017 (31 March 2016: 34%, 31 March 2015: 21%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2017</b>						
Borrowings	-	-	-	248,611,151	-	248,611,151
Other financial liabilities		329,308,510	359,104,964			688,413,474
Trade and other payables		598,981,418				598,981,418
	-	928,289,928	359,104,964	248,611,151		1,536,006,043



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Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2016</b>						
Borrowings	-	-	-	692,135,881	-	692,135,881
Other financial liabilities	-	199,119,316	299,822,206	-	-	498,941,522
Trade and other payables	-	638,127,826	-	-	-	638,127,826
	-	837,247,142	299,822,206	692,135,881	-	1,829,205,229

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2017</b>						
Borrowings	-	-	-	989,752,852	-	989,752,852
Other financial liabilities	-	338,419,143	239,272,442	-	-	577,691,585
Trade and other payables	-	675,791,611	-	-	-	675,791,611
	-	1,014,210,754	239,272,442	989,752,852	-	2,243,236,048

## Note 41: Utilisation of money raised through public issue

During the year ended 31 March 2016, the Company has raised ₹ 2,399,999,850 through public issue of fresh equity shares (refer note 10), mainly with an objective of setting-up a new manufacturing facility of ductile Iron Camshafts at Solapur, Maharashtra. The Company has incurred expenses aggregating ₹ 238,733,579 towards the initial public offering which included both issue of fresh equity shares as well as offer for sale of equity shares by existing share holders. Out of the same an amount of ₹ 102,812,297 has been recovered from existing share holders in regard to offer for sale. Given below are the details of utilisation of proceeds raised through public issue. During the year ended 31 March 2017, the Company has transferred an amount equivalent to the recovery from selling share holders from IPO account to the normal bank accounts since the same was spent by the Company before such recovery.

Year	31 March 2017	31 March 2016
Unutilized amount at the beginning of the year	2,246,838,600	-
Amount raised through public issue	-	2,399,999,850
Amounts recovered from existing share holders towards share issue expenses including taxes	-	102,812,297
Interest received on fixed deposits matured during the year	26,649,047	-
<b>Less: amount utilized during the year</b>		
Payment towards share issue expenses	15,712,486	127,527,197
Payment towards project expenditure relating to new manufacturing facility	401,550,342	128,446,350
Amount transferred from IPO account to regular account being amount recovered from selling		
share holders towards recovery of IPO expenses	90,226,593	-
Excess issue expenses recovered refunded to selling share holders	3,874,079	-
<b>Unutilized amount at the end of the year</b>	<b>1,762,124,147</b>	<b>2,246,838,600</b>

Details of short-term investments made from unutilized portion of public issue raised during the year ended 31 March 2017

Year	31 March 2017	31 March 2016
Balance amount in current account	14,056,026	152,838,600
Investment in fixed deposits of banks	1,748,068,121	2,094,000,000

# Notes to the Financial Statements

for the year ended March 31, 2017

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## Note 42: Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Company.

## Note 43: First-time adoption of IND AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

## Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Property, plant and equipment and intangible assets were carried in the consolidated balance sheet prepared in accordance with Indian GAAP at historical cost. The Company has elected to regard those carrying values of property, plant and equipment and intangible assets as the deemed cost at the date of the transition, since there is no change in the functional currency.
2. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 1 April 2015.
3. The Company has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
4. The foreign currency translation reserve as at April 01, 2015 has been taken as zero in accordance with Ind AS-101.

# Notes to the Financial Statements

for the year ended March 31, 2017

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## 5. Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

The investment in CAMS Technology Limited has been designated as FVTPL and accordingly, the fair valuation of the investment has been done using discounted cash flow method. For the purpose of estimating the fair value, the amount and timing of the cash flow has been estimated using the best available data and management expectations at the time of investment as revised from time to time.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

## Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment		2,00,18,21,140	-	2,00,18,21,140
(b) Capital work-in-progress		8,80,55,581	-	8,80,55,581
(c) Intangible assets		21,27,922	-	21,27,922
(d) Financial assets		-	-	-
(i) Investments	1	76,15,13,150	(12,29,05,770)	63,86,07,380
(ii) Loans	2	9,35,10,403	(7,63,82,805)	1,71,27,598
(iii) Other financial assets	2	-	2,29,15,388	2,29,15,388
(e) Other non-current assets	2, 5	2,57,45,026	5,06,37,779	7,63,82,805
<b>Total non-current assets</b>		<b>2,97,27,73,222</b>	<b>(12,57,35,408)</b>	<b>2,84,70,37,814</b>
<b>II. Current assets</b>				
(a) Inventories		37,63,04,582	-	37,63,04,582
(b) Financial assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		1,05,24,25,685	-	1,05,24,25,685
(iii) Cash and cash equivalents		89,61,77,034	(41,00,23,610)	48,61,53,424
(iv) Bank balance other than (iii) above		-	41,00,23,610	41,00,23,610
(v) Loans	2	17,89,48,714	(17,89,48,714)	-
(vi) Others financial assets	2	-	5,81,64,648	5,81,64,648
(c) Other current assets	2, 5	6,69,56,379	11,85,33,731	18,54,90,110
<b>Total current assets</b>		<b>2,57,08,12,394</b>	<b>(22,50,335)</b>	<b>2,56,85,62,059</b>
<b>Total Assets</b>		<b>5,54,35,85,616</b>	<b>(12,79,85,743)</b>	<b>5,41,55,99,873</b>

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital		81,84,16,000	-	81,84,16,000
(b) Other equity		-	-	-
(i) Capital reserve	3	25,00,000	(25,00,000)	-
(ii) General reserve		4,72,20,715	-	4,72,20,715
(iii) Share based payments		33,61,698	-	33,61,698

# Notes to the Financial Statements

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(iv) Retained earnings	1, 3, 4, 6, 8	1,49,17,08,172	(23,23,76,998)	1,25,93,31,174
<b>Total Equity</b>		<b>2,36,32,06,585</b>	<b>(23,48,76,998)</b>	<b>2,12,83,29,587</b>
<b>Liabilities</b>				
I. Non-current liabilities				
(a) Financial liabilities				-
(i) Borrowings	5	99,25,82,488	(28,29,636)	98,97,52,852
(ii) Trade and other payables		-	-	-
(iii) Other financial liabilities		-	-	-
(b) Deferred tax liabilities (net)	8	11,11,27,998	9,93,80,646	21,05,08,644
(c) Provisions		-	1,81,07,988	1,81,07,988
(d) Other non-current liabilities		-	-	-
<b>Total non-current liabilities</b>		<b>1,10,37,10,486</b>	<b>11,46,58,998</b>	<b>1,21,83,69,484</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		58,16,62,445	-	58,16,62,445
(ii) Trade and other payables	6	65,82,76,851	1,75,14,760	67,57,91,611
(iii) Other financial liabilities	5, 9	-	57,76,91,585	57,76,91,585
(b) Other current liabilities	9	65,75,65,536	(57,99,40,954)	7,76,24,582
(c) Provisions		17,91,63,713	(14,65,82,184)	3,25,81,529
(d) Current tax liabilities (net)		-	12,35,49,050	12,35,49,050
<b>Total current liabilities</b>		<b>2,07,66,68,545</b>	<b>(77,67,743)</b>	<b>2,06,89,00,802</b>
<b>Total liabilities</b>		<b>3,18,03,79,031</b>	<b>10,68,91,255</b>	<b>3,28,72,70,286</b>
<b>Total Equity and Liabilities</b>		<b>5,54,35,85,616</b>	<b>(12,79,85,743)</b>	<b>5,41,55,99,873</b>

## Reconciliation of equity as at 31 March 2016

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>I. Non-current assets</b>				
(a) Property, plant and equipment		1,90,52,07,175	-	1,90,52,07,175
(b) Capital work-in-progress		14,43,32,847	-	14,43,32,847
(c) Intangible assets		32,94,912	-	32,94,912
(d) Financial assets			-	
(i) Investments	1	76,15,13,150	(7,73,91,258)	68,41,21,892
(ii) Loans	2	19,61,38,691	(17,66,00,493)	1,95,38,198
(iii) Other financial assets	2	-	2,63,94,335	2,63,94,335
(e) Other non-current assets	2, 5	2,73,67,009	14,92,33,484	17,66,00,493
<b>Total non-current assets</b>		<b>3,03,78,53,784</b>	<b>(7,83,63,932)</b>	<b>2,95,94,89,852</b>
<b>II. Current assets</b>				
(a) Inventories		39,25,43,207	-	39,25,43,207
(b) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables		91,74,71,862	-	91,74,71,862
(iii) Cash and cash equivalents		3,15,74,81,808	(2,95,78,78,068)	19,96,03,740
(iv) Bank balance other than (iii) above		-	2,95,78,78,068	2,95,78,78,068
(v) Loans	2	13,20,40,050	(11,14,40,050)	2,06,00,000
(vi) Others financial assets	2	-	7,63,73,768	7,63,73,768

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

(c) Other current assets	2, 5	8,22,70,738	3,33,83,325	11,56,54,063
<b>Total current assets</b>		<b>4,68,18,07,665</b>	<b>(16,82,957)</b>	<b>4,68,01,24,708</b>
<b>Total Assets</b>		<b>7,71,96,61,449</b>	<b>(8,00,46,889)</b>	<b>7,63,96,14,560</b>

## EQUITY AND LIABILITIES

### Equity

(a) Equity share capital		94,74,48,250	-	94,74,48,250
(b) Other equity				
(i) Capital reserve	3	25,00,000	(25,00,000)	-
(ii) Securities premium account		2,15,28,89,274	-	2,15,28,89,274
(iii) General reserve		4,72,20,715	-	4,72,20,715
(iv) Share based payments		2,31,42,528	-	2,31,42,528
(v) Retained earnings	1, 3, 4, 6, 8	1,92,67,55,533	(19,67,75,299)	1,72,99,80,234
<b>Total Equity</b>		<b>5,09,99,56,300</b>	<b>(19,92,75,299)</b>	<b>4,90,06,81,001</b>

### Liabilities

#### I. Non-current liabilities

(a) Financial liabilities				
(i) Borrowings	5	69,31,08,555	(9,72,674)	69,21,35,881
(b) Deferred tax liabilities (net)	8	6,51,56,994	10,43,68,314	16,95,25,308
(c) Provisions		-	1,82,78,717	1,82,78,717
<b>Total non-current liabilities</b>		<b>75,82,65,549</b>	<b>12,16,74,357</b>	<b>87,99,39,906</b>

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		61,18,80,968	-	61,18,80,968
(ii) Trade and other payables	6	62,06,12,098	1,75,15,728	63,81,27,826
(iii) Other financial liabilities	5, 9	-	49,89,41,522	49,89,41,522
(b) Other current liabilities	9	52,26,45,467	(50,06,24,479)	2,20,20,988
(c) Provisions		10,63,01,067	(7,11,40,440)	3,51,60,627
(d) Current tax liabilities (net)		-	5,28,61,722	5,28,61,722
<b>Total current liabilities</b>		<b>1,86,14,39,600</b>	<b>(24,45,947)</b>	<b>1,85,89,93,653</b>
<b>Total liabilities</b>		<b>2,61,97,05,149</b>	<b>11,92,28,410</b>	<b>2,73,89,33,559</b>
<b>Total Equity and Liabilities</b>		<b>7,71,96,61,449</b>	<b>(8,00,46,889)</b>	<b>7,63,96,14,560</b>

## Reconciliation of profit or loss for the year ended 31 March 2016

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>Income</b>				
Revenue from operations	10	4,38,12,99,237	14,23,32,375	4,52,36,31,612
Other income	1, 11	16,98,19,842	(4,56,95,876)	12,41,23,966
<b>Total Revenue (I)</b>		<b>4,55,11,19,079</b>	<b>9,66,36,499</b>	<b>4,64,77,55,578</b>

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

<b>Expenses</b>				
Cost of raw materials and components consumed		1,32,93,26,528	-	1,32,93,26,528
Excise duty on sale of goods	10	-	16,63,20,805	16,63,20,805
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		(2,16,09,470)	-	(2,16,09,470)
Employee benefits expense	7	56,41,69,863	31,78,547	56,73,48,410
Other Expenses	10	1,33,42,22,233	(2,39,88,429)	1,31,02,33,804
<b>Total expenses (II)</b>		<b>3,20,61,09,154</b>	<b>14,55,10,923</b>	<b>3,35,16,20,077</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		<b>1,34,50,09,925</b>	<b>(4,88,74,424)</b>	<b>1,29,61,35,501</b>
Finance costs		9,06,29,117	-	9,06,29,117
Finance income	11	-	(9,12,10,391)	(9,12,10,391)
Depreciation and amortisation expense		38,99,90,862	-	38,99,90,862
<b>Profit before tax</b>		<b>86,43,89,946</b>	<b>4,23,35,967</b>	<b>90,67,25,913</b>
<b>Tax expense</b>				
Current tax		37,21,73,658	-	37,21,73,658
Adjustment of tax relating to earlier years		(1,80,48,343)	-	(1,80,48,343)
Deferred tax		(3,88,15,371)	38,87,573	(3,49,27,798)
<b>Total tax expense</b>		<b>31,53,09,944</b>	<b>38,87,573</b>	<b>31,91,97,517</b>
<b>Profit for the year (A)</b>		<b>54,90,80,002</b>	<b>3,84,48,394</b>	<b>58,75,28,396</b>
<b>Other comprehensive income</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		-	-	-
Re-measurement gains / (losses) on defined benefit plans	7	-	31,78,547	31,78,547
Income tax effect		-	(11,00,095)	(11,00,095)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	<b>20,78,452</b>	<b>20,78,452</b>
<b>Total other comprehensive income for the year, net of tax [B]</b>		-	<b>20,78,452</b>	<b>20,78,452</b>
<b>Total comprehensive income for the year, net of tax [A]+[B]</b>		<b>54,90,80,002</b>	<b>4,05,26,846</b>	<b>58,96,06,848</b>

## 1) Investments carried at Fair value through P & L:

Under Indian GAAP, the Company accounted for long term investments as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated the investment in CAMS Technology Ltd. as FVTPL investments based on business model. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised in retained earnings.

## 2) Reclassification of Loans & Advances

The IND AS compliant schedule III specifies the nature and type of assets to be classified as Loans/ Other financial assets. Under IGAAP, certain financial statement line items like capital advances, prepaid expenses etc. were classified under Loan and Advances based on the previous applicable Schedule III. Based on the revised disclosure specification requirements, the line items mentioned above have been reclassified from Loans and advances and Other current assets to Other Financial Assets.



# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## 3) Capital Reserve

Under Indian GAAP, the incentives received for specific purpose have to be shown as separate reserve while, and general incentive or grant received can be shown as a part of the general reserve. Under IND AS any general purpose grants or incentives received shall be considered as revenue, while and specific grants received will have to be adjusted to match the valuation of the assets for which it has been used. However, SICOM grant had been received and utilised before March 31, 2015. Therefore, the same has been transferred to Retained earnings.

## 4) Dividend

Under Indian GAAP, the provision for dividend was recognised if the dividend was decided by the Board prior to the approval of Financials at the AGM. Under IND AS, if an entity declares dividends to holders of equity instruments (as defined in Ind AS 32, Financial Instruments: Presentation) after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period. If dividends are declared after the reporting period but before the financial statements are approved for issue, the dividends are not recognised as a liability at the end of the reporting period since no obligation exists at that time. Such dividends are disclosed in the notes in accordance with Ind AS 1, Presentation of Financial Statements. Accordingly, the interim dividend as on March 31, 2015 had been approved by the Board on June 23, 2015. Hence, the same shall be recognised as a liability in the year ended March 31, 2016.

## 5) Amortisation of Prepaid ECB Charges

Under Indian GAAP, the loan processing fees were amortised over the repayment period of the loan. Under Ind AS, the Company is required to measure the borrowings using Effective interest rate method. Accordingly, the amount of Long term borrowings has been recalculated under the EIR method and the ECB charges and interest accrued on borrowings have been covered within the revised measurements done under the method.

## 6) Provisions pertaining to expenses of prior years

Under IND AS, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by either restating the comparative amounts for the prior period presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. In the year ended March 31, 2016, the Company had provided for certain expenses relating to financial years prior to financial year 2014-15. Since the error relates to the period before the earliest period presented (i.e. profit and loss account for year ended March 31, 2016) the amount has been adjusted in the Retained earnings of opening balance sheet. The corresponding effect of the entry was taken in other provisions which gets clubbed under trade payables.

## 7) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is increased by ₹ 3,178,547 and Remeasurement gains on defined benefit plans has been recognized in the OCI net of tax impact.

## 8) Deferred tax on exchange differences arising on foreign currency monetary items capitalised

As per IND AS 12, the Group needs to assess and calculate the Deferred tax liability/ asset using balance sheet approach Unlike Indian GAAP, Deferred taxes have been recognised on unrealised loss on long term borrowings capitalised on property, plant and equipment (Refer Note 3). Deferred taxes have also been recognised on consolidation, adjustments such as profit eliminations and undistributed profits of joint ventures. A Deferred tax liability has been created on the balance of unrealised losses, and consolidation, profit eliminations and undistributed profits as on April 01, 2015 and the corresponding effect has been given in the opening balance of Retained earnings. Further, the tax impact on movements in these balances post April 1, 2015 has been debited to statement of profit and loss of 2015-16.

# Notes to the Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## 9) Reclassification of Other current liabilities

The Ind AS Compliant Schedule III, specifies the nature and type of liabilities which need to be classified under Other Financial liabilities. Accordingly, amounts shown earlier under Other current liabilities have been reclassified under Other financial liabilities.

## 10) Revenue from Operations

Under Indian GAAP, the disclosure of revenue was made net of excise in the Profit and loss. However, the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. Accordingly, the revenue from operations has been disclosed gross of excise duty. The corresponding amount of excise has been separately disclosed under expenses in the Financial statements. IND AS 18 defines revenue "as 'Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows' result in increases in equity, other than increases relating to contributions from equity participants'. On clubbing of excise duty under the head revenue from operations, the amount of Excise duty cost borne by EOU (the incremental amount of Excise duty charged for domestic sales of EOU, not agreed to be reimbursed by customers) was also being added to Revenue from Operations. Hence, the same has been netted off against revenue by removing it from Other expenses.

## 11) Reclassification of Finance Income

The Company presents EBITDA in the statement of profit or loss; Ind AS compliant Schedule III allows companies to present Line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the Financial Statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards. If the nature of expenses is in the nature of interest, tax, depreciation and amortisation, then it should be excluded from EBITDA. Accordingly; the Company has reclassified the interest income on fixed deposits and other interest income from other income to finance income in statement of profit and loss.

### Note 44: Details of Specified Bank Notes (SBN):

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as follows:

Particulars	Amount
Closing cash in hand as on 08.11.2016	312,561
<b>(+) Permitted receipts</b>	
(+) Cash withdrawal from banks	760,000
(+) Cash receipts from employees against advances given	42,494
<b>(-) Permitted payments</b>	<b>(593,680)</b>
<b>(-) Payment towards contractors</b>	<b>(312,561)</b>
<b>(-) Amount deposited in Banks</b>	<b>-</b>
<b>Closing cash in hand as on 30.12.2016</b>	<b>208,814</b>

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

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754

Place: Pune  
Date: May 22, 2017

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

Place: Pune  
Date: May 22, 2017

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

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

Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134

Place: Pune  
Date: May 22, 2017

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

Place: Pune  
Date: May 22, 2017

Annual Report 2017

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# Independent Auditor's Report

(All amounts in rupees unless otherwise stated)

To the Members of Precision Camshafts Limited

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS 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, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS 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 Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Jointly controlled entities in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 of its jointly controlled entities 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 controls, 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS 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, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph 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 Ind AS 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 and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act. The Holding Company did not have any subsidiary or an associate company in India and did not exercise joint control over any entity incorporated in India.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary and jointly controlled incorporated in India, since none of the subsidiary and jointly controlled entities are incorporated in India, no separate report on internal financial controls over financial reporting of the Holding Company is being issued. Also refer Annexure 2 to the independent auditors' report dated May 22, 2017, issued on the standalone financial statements of the Holding Company regarding Internal controls Over Financial Reporting.
- (g) 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 and as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and its jointly controlled entities– Refer Note 33 to the consolidated Ind AS financial statements;

(All amounts in rupees unless otherwise stated)

- ii. The Group and its jointly controlled entities did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2017.
- iv. The Holding Company has provided requisite disclosures in Note 46 to these consolidated Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in Note 46 to the financial statements amounts aggregating to Rs. 312,561 as represented to us by the management of the holding company; have been utilized for other than permitted transactions. The Holding Company did not have any subsidiary or an associate company in India and did not exercise joint control over any entity incorporated in India.

#### **Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of a subsidiary, whose Ind AS financial statements include total assets of Rs 54,964,919 and negative net assets of Rs 11,191,138 as at March 31, 2017, and total revenues of Rs 147,195,436 and net cash outflows of Rs 8,871,201 for the year ended on that date. The subsidiary referred above is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective country in which the subsidiary is situated and which have been audited by other auditors under generally accepted auditing standards applicable in its respective country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.
- (b) The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 91,334,784 (net of tax) for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of two joint ventures, whose financial statements, and other financial information have not been audited and are based on the Holding Company's management certified accounts. These joint ventures are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have not been audited. The Holding Company's management has converted the financial statements of such joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Both the jointly controlled entities are incorporated outside India and hence, the reporting requirement in accordance with the sub section 3 of Section 143 of the Act are not applicable. Our opinion, in so far as it relates amounts and disclosures included in respect of these jointly controlled entities, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Holding Company's management, these financial statements and other financial information are not material to the Group.

(All amounts in rupees unless otherwise stated)

Our opinion on the consolidated Ind AS 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 work done and the reports of the other auditors and the financial statements and other financial information certified by the Holding Company's management.

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

Chartered Accountants

**ICAI Firm Registration Number:** 324982E/E300003

**per Paul Alvares**

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 22, 2017

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# Consolidated Balance Sheet

as at March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	3	2,152,897,096	1,905,216,182	2,001,840,592
(b) Capital work-in-progress	3	89,020,153	144,332,847	88,055,581
(c) Intangible assets	4	3,080,034	3,320,529	2,153,415
(d) Financial assets				
(i) Investments	5A	274,657,717	755,711,997	600,603,936
(ii) Loans	5B	18,998,898	19,538,198	17,127,598
(iii) Other financial assets	5C	117,482,322	26,394,335	22,915,388
(e) Other non-current assets	6	80,229,871	176,600,493	76,382,805
<b>Total non-current assets</b>		<b>2,736,366,091</b>	<b>3,031,114,581</b>	<b>2,809,079,315</b>
<b>II. Current assets</b>				
(a) Inventories	7	334,041,241	403,125,509	402,668,574
(b) Financial assets				
(i) Investments	5A	891,480,184	-	-
(ii) Trade receivables	8	1,052,333,666	892,428,510	1,015,334,520
(iii) Cash and cash equivalents	9	161,189,672	208,925,941	486,573,506
(iv) Bank balances other than (iii) above	9	2,408,642,230	2,957,878,068	410,023,610
(v) Loans	5B	212,504	20,600,000	-
(vi) Others financial assets	5C	53,904,862	76,373,768	58,164,648
(c) Current tax assets (net)		-	-	-
(d) Other current assets	6	174,653,112	119,961,563	192,638,760
<b>Total current assets</b>		<b>5,076,457,471</b>	<b>4,679,293,359</b>	<b>2,565,403,619</b>
<b>Total Assets</b>		<b>7,812,823,562</b>	<b>7,710,407,940</b>	<b>5,374,482,934</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	10	947,945,300	947,448,250	818,416,000
(b) Other equity				
Securities premium account	11	2,158,312,177	2,152,889,274	-
General reserve	11	47,220,715	47,220,715	47,220,715
Share based payments	11	26,042,483	23,142,528	3,361,698
Retained earnings	11	2,438,536,095	1,771,197,150	1,200,882,609
Other reserves	11	(32,773,428)	(2,993,096)	-
<b>Total Equity attributable to equity holders of Holding company</b>		<b>5,585,283,342</b>	<b>4,938,904,821</b>	<b>2,069,881,022</b>
<b>LIABILITIES</b>				
<b>I. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	12	248,611,151	692,135,881	989,752,852
(b) Provisions	16	21,557,130	18,278,717	18,107,988
(c) Deferred tax liabilities (net)	30	147,666,316	194,502,908	224,776,434
<b>Total non-current liabilities</b>		<b>417,834,597</b>	<b>904,917,506</b>	<b>1,232,637,274</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	12	423,790,946	611,880,968	581,662,445
(ii) Trade payables	14	599,843,181	645,719,786	678,855,447
(iii) Other financial liabilities	13	688,413,474	498,941,522	577,691,585
(b) Other current liabilities	15	19,520,237	22,020,988	77,624,582
(c) Provisions	16	47,522,448	35,160,627	32,581,529
(e) Current tax liabilities (net)	17	30,615,337	52,861,722	123,549,050
<b>Total current liabilities</b>		<b>1,809,705,625</b>	<b>1,866,585,613</b>	<b>2,071,964,637</b>
<b>Total liabilities</b>		<b>2,227,540,220</b>	<b>2,771,503,119</b>	<b>3,304,601,912</b>
<b>Total Equity and Liabilities</b>		<b>7,812,823,562</b>	<b>7,710,407,940</b>	<b>5,374,482,934</b>
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the financial statements

## For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

**Dr. Suhasini Y Shah**  
Director  
DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
<b>Income</b>			
Revenue from operations	19	4,663,296,078	4,564,229,117
Other income	20	92,772,321	122,591,338
<b>Total Revenue (I)</b>		<b>4,756,068,399</b>	<b>4,686,820,455</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	22	1,306,035,583	1,339,126,114
Excise duty on sale of goods		240,299,495	166,320,805
(Increase) / decrease in inventories of finished goods and work-in-progress	23	72,192,847	(5,827,781)
Employee benefits expense	24	632,635,121	569,358,762
Other expenses	25	1,419,891,795	1,323,752,667
<b>Total expenses (II)</b>		<b>3,671,054,841</b>	<b>3,392,730,567</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		<b>1,085,013,558</b>	<b>1,294,089,888</b>
Finance costs	26	71,515,581	90,804,712
Finance Income	21	(221,859,169)	(91,220,247)
Depreciation and amortisation expense	27	373,602,156	389,990,862
<b>Profit before tax and share of profit from joint ventures</b>		<b>861,754,990</b>	<b>904,514,561</b>
Share of profit from joint ventures		109,910,142	128,901,629
<b>Profit before tax</b>		<b>971,665,132</b>	<b>1,033,416,190</b>
<b>Tax expense</b>			
Current tax	30	355,406,037	391,543,773
Adjustment of current tax relating to earlier years		-	(18,048,343)
Deferred tax	30	(49,622,024)	(27,273,118)
<b>Total tax expenses</b>		<b>305,784,013</b>	<b>346,222,313</b>
<b>Profit for the year</b>		<b>665,881,119</b>	<b>687,193,877</b>
<b>Other comprehensive income</b>			
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans	28	2,229,432	3,178,547
Income tax effect		(771,606)	(1,100,095)
<b>B. Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations	28	(29,780,332)	(2,993,096)
<b>Total other comprehensive income for the year, net of tax [A]</b>		<b>(28,322,506)</b>	<b>(914,644)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>637,558,613</b>	<b>686,279,233</b>
<b>Profit for the year attributable to equity holders of the Holding Company</b>		<b>66,58,81,119</b>	<b>68,71,93,877</b>
<b>Total Comprehensive Income for the year attributable to equity holders of Holding Company</b>		<b>63,75,58,613</b>	<b>68,62,79,233</b>
Earning per share [nominal value per share ₹10/- (March 31, 2016: ₹10/-)]			
Basic, computed on the basis of profit attributable to equity holders of the holding company	29	7.03	8.20
Diluted, computed on the basis of profit attributable to equity holders of the holding company	29	7.01	8.18

The accompanying notes are an integral part of the financial statements

## For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

**Dr. Suhasini Y Shah**  
Director  
DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Consolidated Statement of changes in Equity

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## A. Equity Share Capital

Equity shares of ₹ 10 (refer note 10) each issued, subscribed and fully paid	Number	in ₹
<b>At 1 April 2015</b>	<b>81,841,600</b>	818,416,000
Issued during the year - initial public offering	<b>12,903,225</b>	129,032,250
<b>At 31 March 2016</b>	<b>94,744,825</b>	947,448,250
Issued during the year under the ESOP scheme	<b>49,705</b>	497,050
<b>At 31 March 2017</b>	<b>94,794,530</b>	947,945,300

## B. Other Equity

### Attributable to the equity holders of the Holding Company

Particulars	Reserves and Surplus			Items of OCI		Total equity
	Securities premium account	General Reserve	Retained Earnings	Share based payments	Foreign currency translation reserve	
	Note 11	Note 11	Note 11		Note 11	
<b>At April 1, 2015</b>	-	<b>47,220,715</b>	<b>1,200,882,609</b>	<b>3,361,698</b>	-	<b>1,251,465,022</b>
Profit for the year	-	-	687,193,877	-	-	687,193,877
Increase pertaining to premium on issue of fresh equity shares	2,270,967,600	-	-	-	-	2,270,967,600
Share issue expenses [net of tax benefits ₹ 7,155,633]	(118,078,326)	-	-	-	-	(118,078,326)
Compensation for options granted as per vesting during the year (net)	-	-	-	19,780,830	-	19,780,830
Other comprehensive income for the year	-	-	2,078,452	-	(2,993,096)	(914,644)
<b>Total Comprehensive income for the year</b>	<b>2,152,889,274</b>	-	<b>689,272,329</b>	<b>19,780,830</b>	<b>(2,993,096)</b>	<b>2,858,949,337</b>
Final Dividend for year ended March 31, 2015	-	-	(4,092,080)	-	-	(4,092,080)
Tax on above dividend	-	-	(833,066)	-	-	(833,066)
Interim equity dividend at ₹ 1.00 Per share (31 March 2015: ₹ Nil per share)	-	-	(94,744,825)	-	-	(94,744,825)
Tax on interim dividend	-	-	(19,287,817)	-	-	(19,287,817)
<b>As at March 31, 2016</b>	<b>2,152,889,274</b>	<b>47,220,715</b>	<b>1,771,197,150</b>	<b>23,142,528</b>	<b>(2,993,095)</b>	<b>3,991,456,571</b>
As at April 1, 2016	2,152,889,274	47,220,715	1,771,197,150	23,142,528	(2,993,095)	3,991,456,571
Profit for the year	-	-	665,881,119	-	-	665,881,119
Increase pertaining to premium on issue of Employee stock option scheme	5,783,676	-	-	-	-	5,783,676
Reversal of tax benefit (deferred tax)	360,773	-	-	-	-	360,773
Compensation for options granted as per vesting during the year (net)	-	-	-	8,683,631	-	8,683,631
Transferred to securities premium account on exercise of stock options	-	-	-	5,783,676	-	5,783,676
Other comprehensive income for the year	-	-	1,457,826	-	(29,780,332)	(28,322,506)
<b>Total Comprehensive income for the year</b>	<b>6,144,449</b>	-	<b>667,338,945</b>	<b>14,467,307</b>	<b>(29,780,332)</b>	<b>658,170,368</b>
<b>As at March 31, 2017</b>	<b>2,159,033,722</b>	<b>47,220,715</b>	<b>2,438,536,095</b>	<b>37,609,835</b>	<b>(32,773,428)</b>	<b>4,649,626,939</b>

The accompanying notes are an integral part of the financial statements

### For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**  
Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

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DIN. 02168705  
Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**  
Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Consolidated Cash Flow Statement

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2017 in ₹	March 31, 2016 in ₹
Cash flows from operating activities			
<b>Profit before tax</b>		<b>971,665,132</b>	<b>1,033,416,190</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and impairment of property, plant and equipment	27	370,532,869	388,690,191
Amortisation and impairment of intangible assets	27	3,069,288	1,300,670
Share-based payment expense	24	8,683,631	19,780,830
Net foreign exchange differences		15,316,597	13,713,386
Sundry creditors written back	20	(1,374,991)	(1,449,802)
Provision for doubtful debts written back	25	1,401,974	(803,662)
Loss on disposal of property, plant and equipment	25	2,455,790	3,682,362
Finance & other income (including fair value change in financial instruments)	20,21	(309,622,272)	(136,724,902)
Finance costs	26	56,988,062	71,960,346
Share of profit of joint ventures		(109,910,142)	(128,901,629)
		<b>1,009,205,937</b>	<b>1,264,663,981</b>
<b>Working capital adjustments:</b>			
Increase in provisions, gratuity and other provisions	15	17,869,667	5,928,374
(Increase) / decrease in other current assets	6	(52,931,523)	72,447,694
Decrease / (increase) in other financial assets	5	19,617,017	(10,579,755)
Decrease / (increase) in long term loans and advances	5	539,300	(2,410,600)
Decrease / (increase) in short term loans and advances	5	20,387,496	(20,600,000)
Decrease in other current liabilities	15	(2,500,751)	(55,603,594)
Increase / (decrease) in other financial liabilities	13	114,321,904	(162,506,838)
(Increase) / decrease in trade receivables and prepayments	8	(132,185,958)	129,410,975
Decrease / (increase) in inventories	7	69,084,268	(456,934)
Increase in trade payables	14	(43,596,828)	(14,127,495)
		<b>1,019,810,525</b>	<b>1,206,165,810</b>
Income taxes paid	17,30	(377,424,017)	(424,812,643)
<b>Net cash flows from operating activities</b>		<b>642,386,517</b>	<b>781,353,164</b>
<b>Cash flows from Investing activities</b>			
Proceeds from sale of property, plant and equipment	3	1,294,333	466,425
Purchase of property, plant and equipment		(446,275,372)	(537,328,064)
Purchase of financial instruments		(1,149,128,912)	(2,672,750,676)
Proceeds from sale of financial instruments		1,347,409,454	121,417,271
Interest received (finance income)		198,707,549	83,574,019
Dividend Received		24,747,960	16,864
<b>Net cash flows used in investing activities</b>		<b>(23,244,988)</b>	<b>(3,004,604,161)</b>
<b>Cash flows from Financing activities</b>			
Proceeds from exercise of share options		497,050	-
Interest paid		(57,345,873)	(70,705,885)
Proceeds from issue of equity shares (including securities premium)		-	2,399,999,850
Share issue expenses (net of service tax)		-	(214,040,471)
Share issue expenses recovered (net of service tax)		-	88,806,512
Repayment of borrowings		(382,149,386)	(154,943,758)
Proceeds of short term borrowings (net)		(228,636,146)	7,584,035
Final dividend paid on shares		-	(94,744,825)
Tax on final dividend paid		-	(19,287,817)
Final dividend paid on shares		-	(4,092,080)

About Us

Our Team

Our Strategies

MD&A

DR & CGR

Financials

# Consolidated Cash Flow Statement

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2017 in ₹	March 31, 2016 in ₹
Tax on final dividend paid		-	(833,066)
<b>Net cash flows from/(used in) financing activities</b>		<b>(667,634,356)</b>	<b>1,937,742,494</b>
Net increase in cash and cash equivalents		(48,492,827)	(285,508,503)
Net foreign exchange difference		756,558	7,860,938
Cash and cash equivalents at the beginning of the year		208,925,941	486,573,506
<b>Cash and cash equivalents as at year end</b>		<b>161,189,672</b>	<b>208,925,941</b>
<b>Components of cash and cash equivalents:</b>			
Balances with banks:			
On current accounts	9	155,539,381	203,238,928
Deposit with original maturity of less than 3 months	9	5,034,866	5,032,886
Cash in hand	9	615,425	654,127
<b>Cash and cash equivalents at year end</b>		<b>161,189,672</b>	<b>208,925,941</b>

The accompanying notes are an integral part of the financial statements

## For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**

Partner  
Membership Number: 105754  
Place: Pune  
Date: May 22, 2017

**Yatin S Shah**

Managing Director  
DIN. 00318140  
Place: Pune  
Date: May 22, 2017

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

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DIN. 02168705  
Place: Pune  
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**Ravindra R Joshi**

Director  
DIN. 03338134  
Place: Pune  
Date: May 22, 2017

**Swapneel S Kuber**

Company Secretary  
M. No. 29707  
Place: Pune  
Date: May 22, 2017

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 1. Corporate Information

The consolidated financial statements comprise of financial statements of Precision Camshafts Limited ("the Company" or 'the Holding Company or "the parent company") and its subsidiary (collectively, 'the Group') for the year ended 31 March 2017. Precision Camshafts Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The shares of the Company are listed in two stock exchanges in India. The Company is primarily engaged in the manufacture and sale of camshaft castings and machined camshafts to the Auto industry and the Railways. The Company has its office registered at E 102/103 MIDC Akkalkot road Solapur, Maharashtra, 413006.

The consolidated financial statements were authorised for issue in accordance with the resolution of the Board of Directors of the Company on May 22, 2017.

## Note 2. Significant accounting policies

### 2.1 Basis of preparation

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter ("the Rules"). For all periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) as amended thereafter. These consolidated financial statements for the year ended 31 March 2017 are the first the Group has prepared in accordance with Ind AS. Refer note on first time adoption of Ind AS for information on how the Group adopted Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- > Derivative financial instruments,
- > Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments Note 'p' of summary of significant accounting policies ), The consolidated financial statements are presented in INR and all values are rounded to the nearest rupee, except when otherwise indicated.

### Disclosure of EBITDA

Ind AS compliant Schedule III allows line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements. For example, a company may present EBITDA as a separate line item on the face of the statement of profit and loss.

The Group has elected to present EBITDA as a separate line item on the face. The Group has not included its share of profit of an associate and joint venture using the equity method under Ind AS 28 in EBITDA. Ind AS 1.82(c) requires 'share of the profit or loss of associates and joint ventures accounted for using the equity method' to be presented in a separate line item on the face of the statement profit or loss. However, there is no guidance whether it should form part of EBITDA or not. On absence of the same; the group has not included its share of profit of an associate and joint venture in EBITDA.

### Measurement of EBITDA

The group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, interest income, finance costs, share of profit/ loss from associate/ joint ventures and tax expense.

### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the



# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Group controls an investee if and only if the Group has:

- > Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- > Exposure, or rights, to variable returns from its involvement with the investee, and
- > The ability to use its power over the investee to affect its returns

The Company Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.3 Summary of significant accounting policies

### a.) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of these investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit of joint ventures is shown on the face of the statement of profit and loss.

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the statement of profit or loss.

Upon loss of joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint ventures upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## **b.) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- > Expected to be realised or intended to be sold or consumed in normal operating cycle
- > Expected to be realised within twelve months after the reporting period, or
- > Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- > It is expected to be settled in normal operating cycle
- > It is due to be settled within twelve months after the reporting period, or
- > There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

## **c.) Foreign currencies**

The Group's financial statements are presented in INR which is the Group's presentation currency and the functional currency.

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**(i) Initial recognition**

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

**(ii) Conversion**

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange 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. Non-monetary items measured at fair value in a foreign currency" are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the "item.(i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised" in OCI or profit or loss, respectively). The Group has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items (paragraph 46A of AS 11 under previous GAAP) recognised in the consolidated financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the Indian GAAP.

**d.) Fair value measurement**

The Group measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability, or
  - > In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as

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explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions (note 41)

Contingent consideration (note 37)

Quantitative disclosures of fair value measurement hierarchy (note 37)

Financial instruments (including those carried at amortised cost) (note 5, 8, 9, 12, 13, 14, 20, 21, 36)

## e.) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### Income from services

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

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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## Export Benefits

Refer accounting policy under government grants, export benefits.

## f.) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- > When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- > In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- > When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- > In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in

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other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

*Sales/ value added taxes paid on acquisition of assets or on incurring expenses*

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- > When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- > When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## **g.) Property, plant and equipment**

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with the relevant Ind AS, since there is no change in functional currency.

Property, plant and equipment; and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on fixed assets is calculated on a straight-line basis based on the useful lives estimated by the management.

Description of assets group	Useful lives as per management's estimate from April 1, 2014 (SLM)
Building	30-60 years
Internal roads	5-10 years
Plant & equipment	3-7.5 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	8 years
Computers	3 years

Cost of leasehold land is amortised over the period of lease i.e, 80 years to 99 years

The group believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying



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amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## **h.) Intangible assets**

The Group has elected to continue with the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with the relevant Ind AS, since there is no change in functional currency.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Computer Softwares are amortized over a period of two years on a straight line basis from the date the asset is available to the Group for its use.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

## **i.) Borrowing costs**

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## **j.) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Group as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers

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substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

A operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **k.) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- > Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- > Finished goods and semi finished goods: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis. Cost of finished goods includes excise duty.
- > Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## **l.) Impairment of non-financial assets**

The Group 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 estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 companies of assets. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

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For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU'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 or loss.

## **m.) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## **n.) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service 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 Group operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- I The date of the plan amendment or curtailment, and
- II The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- I Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- II Net interest expense or income

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Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group 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 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 Group 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.

## **o.) Share-based payments**

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## **p.) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

*Initial recognition and measurement*

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All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

## **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- > Debt instruments at amortised cost
- > Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- > Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other financial assets. For more information on receivables, refer note 5 and 8.

### *Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated certain investments at FVTPL. (refer note 5).

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

### *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- > The rights to receive cash flows from the asset have expired, or

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- > The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

## Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, deposits, trade receivables, bank balance and other financial assets.
- ii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18
- iii) Loan commitments which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for ECL on:

- > Financial assets measured as at amortised cost, : ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Financial liabilities

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (effective interest rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## q.) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the financial statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## r.) Cash dividend

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## s.) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## t.) Export benefits

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the profit or loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 3: Property, plant and equipment

Particulars	Leasehold land	Buildings	Plants and machinery	Office equipment	Furniture and fixtures	Vehicles	Total	Capital work in progress
<b>At Cost</b>								
<b>As at April 1, 2015</b>	<b>16,163,247</b>	<b>590,416,917</b>	<b>1,347,431,574</b>	<b>4,933,548</b>	<b>11,714,010</b>	<b>31,181,296</b>	<b>2,001,840,592</b>	<b>88,055,581</b>
Additions	19,248,400	-	202,302,893	11,792,385	1,071,714	1,639,877	236,055,269	294,799,041
Disposals	-	-	(49,934,641)	(256,998)	-	(1,084,523)	(51,276,162)	-
Capitalised during year	-	-	-	-	-	-	-	(238,521,775)
Other adjustment	-	-	-	-	-	-	-	-
- Borrowing Costs	-	14,120,393	46,050,506	-	-	-	60,170,899	-
- Foreign Currency translation reserve	-	-	-	103	-	-	103	-
<b>At 31 March 2016</b>	<b>35,411,647</b>	<b>604,537,310</b>	<b>1,545,850,332</b>	<b>16,469,038</b>	<b>12,785,724</b>	<b>31,736,650</b>	<b>2,246,790,701</b>	<b>144,332,847</b>
Additions	-	258,784,267	359,644,218	5,272,079	3,740,586	8,655,532	636,096,682	583,614,922
Disposals	-	-	(30,857,119)	(173,917)	(36,981)	(5,829,164)	(36,897,181)	-
Capitalised during year	-	-	-	-	-	-	-	(638,927,616)
Other adjustment	-	-	-	-	-	-	-	-
- Borrowing Costs	-	(3,316,498)	(10,816,017)	-	-	-	(14,132,515)	-
- Foreign Currency translation reserve	-	-	-	(1,730)	-	-	(1,730)	-
<b>At 31 March 2017</b>	<b>35,411,647</b>	<b>860,005,079</b>	<b>1,863,821,414</b>	<b>21,565,470</b>	<b>16,489,329</b>	<b>34,563,018</b>	<b>2,831,855,957</b>	<b>89,020,153</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	Leasehold land	Buildings	Plants and machinery	Office equipment	Furniture and fixtures	Vehicles	Total	Capital work in progress
<b>Depreciation and impairment</b>								
Charge for the year	309,849	27,302,664	346,812,986	4,524,809	4,413,669	5,326,215	<b>388,690,192</b>	-
Disposals	-	-	(46,289,892)	(256,998)	-	(580,485)	<b>(47,127,375)</b>	-
- Foreign Currency translation reserve				11,702			<b>11,702</b>	
<b>At 31 March 2016</b>	<b>309,849</b>	<b>27,302,664</b>	<b>300,523,094</b>	<b>4,279,513</b>	<b>4,413,669</b>	<b>4,745,730</b>	<b>341,574,519</b>	-
Charge for the year	408,930	28,014,091	328,815,823	4,899,861	3,207,893	5,186,270	370,532,866	-
Disposals	-	-	(29,002,577)	(173,916)	(27,531)	(3,943,032)	(33,147,056)	-
- Foreign Currency translation reserve	-	-	-	(1,470)	-	-	(1,470)	
<b>At 31 March 2017</b>	<b>718,779</b>	<b>55,316,755</b>	<b>600,336,340</b>	<b>9,003,988</b>	<b>7,594,031</b>	<b>5,988,968</b>	<b>678,958,861</b>	-
<b>Net Block</b>								
<b>At 31 March 2017</b>	<b>34,692,868</b>	<b>804,688,324</b>	<b>1,263,485,074</b>	<b>12,561,482</b>	<b>8,895,298</b>	<b>28,574,050</b>	<b>2,152,897,096</b>	<b>89,020,153</b>
<b>At 31 March 2016</b>	<b>35,101,798</b>	<b>577,234,646</b>	<b>1,245,327,238</b>	<b>12,189,526</b>	<b>8,372,055</b>	<b>26,990,920</b>	<b>1,905,216,182</b>	<b>144,332,847</b>
<b>As at April 1, 2015</b>	<b>16,163,247</b>	<b>590,416,917</b>	<b>1,347,431,574</b>	<b>4,933,548</b>	<b>11,714,010</b>	<b>31,181,296</b>	<b>2,001,840,592</b>	<b>88,055,581</b>

Net Book Value	31 March 2017	31 March 2016	1 April 2015
Plant, property and equipment	2,152,897,096	1,905,216,182	2,001,840,592
Capital work in progress	89,020,153	144,332,847	88,055,581

## Capitalised borrowing costs

Company has continued the policy of capitalising exchange differences arising from translation of long-term foreign currency 101 - First time adoption of Indian Accounting Standards.

## Asset under construction

Capital work-in-progress (CWIP) comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date. Capital work in progress as at 31 March 2017 comprises expenditure for the plant and machinery in the course of construction. Balance of CWIP as at March 31, 2017 amounts to ₹ 89,020,153 (31 March 2016: ₹ 144,332,847, 1 April 2015: ₹ 88,055,581).

## Property, plant and equipment

The entire block of property, plant and equipment comprising of immovable assets with a carrying amount of ₹ 839,381,193 (31 March, 2016: ₹ 612,336,444, 01 April, 2015: ₹ 606,580,164) and movable assets with a carrying amount of ₹ 1,313,515,904 (31 March, 2016: ₹ 1,292,879,738, 01 April, 2015: ₹ 1,395,260,428/-) are subject to first charge to secure the Company's foreign currency term loan.

Also refer note on first time adoption of Ind AS.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 4: Intangible assets

Particulars	Computer software
<b>At Cost</b>	
<b>As at April 1, 2015</b>	<b>2,153,415</b>
Additions	2,467,660
- Foreign Currency translation reserve	124
<b>At 31 March 2016</b>	<b>4,621,199</b>
Additions	2,830,931
- Foreign Currency translation reserve	(2,138)
<b>At 31 March 2017</b>	<b>7,449,992</b>
<b>Particulars</b>	<b>Computer software</b>
<b>Amortisation and impairment</b>	
Charge for the year	1,300,670
<b>At 31 March 2016</b>	<b>1,300,670</b>
Charge for the year	3,069,288
<b>At 31 March 2017</b>	<b>4,369,958</b>
<b>Net Block</b>	
<b>At 31 March 2017</b>	<b>3,080,034</b>
<b>At 31 March 2016</b>	<b>3,320,529</b>
<b>As at April 1, 2015</b>	<b>2,153,415</b>

Also refer note on first time adoption of Ind AS.

## Note 5: Financial Assets

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>5A) Investments</b>			
<b>(i) At cost</b>			
<b>Investments in Equity Instruments</b>			
<b>Investments in Joint venture</b>			
Ningbo Shenglong PCL Camshafts Co. Ltd.	264,381,616	174,714,456	44,900,332
USD 375,000 as paid up capital ( March 31, 2016: USD 375,000, April 1, 2015: USD 375,000)			
PCL Shenglong (Huzhou) Specialised Casting Co. Ltd.	10,146,101	38,258,798	58,479,373
USD 1,760,000 as paid up capital ( March 31, 2016: USD 1,760,000, April 1, 2015: USD 1,313,245)			
<b>Total Investment in Equity instruments (at cost)</b>	<b>274,527,717</b>	<b>212,973,254</b>	<b>103,379,705</b>
<b>(ii) At fair value through Profit or Loss (FVTPL)</b>			
<b>a) Investments in Equity Instruments</b>			
Other investments			
Shares of Laxmi Co-op. Bank Limited	125,000	125,000	125,000
5000 Equity shares of ₹ 25 each fully paid-up			

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(March 31, 2016: 5,000, April 1, 2015: 5,000 )			
Shares of Solapur Janata Sahakari Bank Limited	5,000	5,000	5,000
500 Equity shares of ₹ 10 each fully paid-up			
(March 31, 2016: 500, April 1, 2015: 500 )			
<b>b) Investments in Preference Shares (Unquoted)</b>			
Cams Technology Limited	-	542,608,743	497,094,231
(31 March 2016, 1 April 2015: 6,200,000 5% redeemable non convertible preference shares of ₹ 10 each fully paid up)			
<b>c) Investments in Mutual Funds</b>			
<b>Quoted Mutual Funds</b>			
HDFC Floating Rate Income Fund A/C	41,850,340	-	-
ICICI Prudential Mutual Fund Collection 1	57,203,148	-	-
BOI Axa Short Term Income Fund Account	20,934,261	-	-
Reliance Banking & PSU Debt Fund-Growth Plan	50,247,668	-	-
Reliance Corporate Bond Fund-Growth Plan	20,106,444	-	-
Reliance Medium Term Fund-Growth Plan-Growth option	30,355,674	-	-
Reliance Short Term Fund-Growth Plan-Growth option	12,779,497	-	-
Franklin India Low duration Fund	82,676,049	-	-
Franklin India Short Term Income Plan	50,779,508	-	-
BSL Short Term Fund-Growth	50,403,002	-	-
BSL Treasury Optimiser Plan-Growth	30,009,021	-	-
BSL Medium Term Fund-Growth	19,994,808	-	-
Axis Liquid Fund-Daily Dividend	70,655,570	-	-
Axis Short Term Fund-Growth	50,375,118	-	-
IDFC Corporate Bond Fund Regular Plan-Growth	20,023,839	-	-
IDFC Ultra Short Term Fund-Growth(Reg Plan)	50,707,913	-	-
IDFC Super Saver income Fund-Short Term	30,317,578	-	-
Tata Liquid Fund Regular Plan-Daily Dividend	30,335,578	-	-
Tata Short Term Bond Fund Reg Plan-Growth	50,458,725	-	-
Tata Ultra Short Term Fund Reg Plan-Growth	20,202,362	-	-
Kotak Low Duration Fund Std Growth(Reg Plan)	50,674,390	-	-
Kotak banking & PSU Debt fund-Growth(Reg plan)	20,205,329	-	-
Kotak Income opp Fund-Growth (Regular Plan)	30,184,362	-	-
<b>Total Investments at FVTPL</b>	<b>891,610,184</b>	<b>542,738,743</b>	<b>497,224,231</b>
<b>Non-current</b>	274,657,717	755,711,997	600,603,936
<b>Current</b>	891,480,184	-	-
<b>Total Investments</b>	<b>1,166,137,901</b>	<b>755,711,997</b>	<b>600,603,936</b>
Aggregate book value of quoted investments	891,480,181	-	-
Aggregate market value of quoted investments (refer note 36)	891,480,181	-	-
Aggregate book value of unquoted investments	274,657,717	755,711,997	600,603,936
Aggregate amount of impairment in value of investments.	-	-	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## 5B) Loans

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(a) Security Deposits (unsecured, considered good)	19,211,402	40,138,198	17,127,598
<b>Total Loans</b>	<b>19,211,402</b>	<b>40,138,198</b>	<b>17,127,598</b>
<b>Non-current</b>	18,998,898	19,538,198	17,127,598
<b>Current</b>	212,504	20,600,000	-
<b>Total</b>	<b>19,211,402</b>	<b>40,138,198</b>	<b>17,127,598</b>

Loans mainly include security deposits with the state electricity board; which generatet interest in the range of 8% to 8.50% for the Company.

## 5C) Other Financial Assets

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(i) Derivatives (at FVTPL)			
Foreign-exchange forward contracts	6,304,326	2,737,750	4,303,809
(ii) Others (at cost)			
(a) Bank deposits with more than 12 months maturity	117,482,322	26,394,335	22,915,388
(b) Interest accrued on Fixed deposits	8,846,975	11,698,864	4,069,500
(c) Income accrued on Export incentives	36,753,561	61,937,154	49,791,339
(d) Income accrued on Insurance Claim	2,000,000	-	-
<b>Total Other Financial Assets</b>	<b>171,387,184</b>	<b>102,768,103</b>	<b>81,080,036</b>
<b>Non-current</b>	117,482,322	26,394,335	22,915,388
<b>Current</b>	53,904,862	76,373,768	58,164,648
<b>Total Financial assets</b>	<b>171,387,183</b>	<b>898,618,298</b>	<b>698,811,570</b>
<b>Non-current</b>	411,138,937	801,644,530	640,646,923
<b>Current</b>	945,597,550	96,973,768	58,164,647

## Break up of financial assets carried at amortised cost

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Loans	19,211,402	40,138,198	17,127,598
Trade receivables (Note 8)	1,052,333,666	892,428,510	1,015,334,520
Cash and Cash equivalents (Note 9)	161,189,672	208,925,941	486,573,506
Other Bank balances (Note 9)	2,408,642,230	2,957,878,068	410,023,610
Other financial assets	165,082,858	100,030,353	76,776,227
<b>Total Financial assets</b>	<b>3,806,459,828</b>	<b>4,199,401,070</b>	<b>2,005,835,461</b>



# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 6: Other Assets

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Capital advances	53,033,886	167,644,481	67,656,295
Prepaid expenses	22,553,556	31,106,968	33,447,766
Advances for purchases of materials	10,094,347	5,557,509	54,963,694
Income tax deposited with tax authorities	22,890,000	2,890,000	2,890,000
Other Advances	1,211,744	1,211,744	3,309,364
(Amount deposited under protest against the claim made under Employees provident Fund and Miscellaneous Provision Act, 1952)(Refer note 33(b))	-	-	-
<b>Balances with statutory/government authorities</b>	145,099,450	88,151,354	106,754,446
	<b>254,882,983</b>	<b>296,562,056</b>	<b>269,021,565</b>
<b>Non-current</b>	80,229,871	176,600,493	76,382,805
<b>Current</b>	174,653,112	119,961,563	192,638,760
<b>Total</b>	<b>254,882,983</b>	<b>296,562,056</b>	<b>269,021,565</b>

## Note 7: Inventories

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Raw materials and components	30,170,192	23,740,503	23,548,691
Stores, spares and packing materials	43,400,293	46,721,403	52,284,060
Semi-finished goods	58,572,639	46,206,666	62,289,253
Finished goods	201,898,117	286,456,937	264,546,571
<b>Total inventories at the lower of cost and net realisable value</b>	<b>334,041,241</b>	<b>403,125,509</b>	<b>402,668,575</b>

During the year ended March 31, 2017, ₹ 4,993,726 (March 31, 2016 ₹ 2,528,754) was recognised as an expense for inventories.

## Note 8: Trade Receivables

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Trade receivables	846,287,715	754,844,880	855,335,478
Receivables from joint ventures (refer note 34)	206,045,951	137,583,630	159,999,042
<b>Total</b>	<b>1,052,333,666</b>	<b>892,428,510</b>	<b>1,015,334,520</b>
<b>Break-up for security details:</b>			
- Unsecured, considered good	1,052,333,666	892,428,510	1,015,334,520
- Doubtful	2,787,038	1,385,064	2,188,726
<b>Total</b>	<b>1,055,120,704</b>	<b>893,813,574</b>	<b>1,017,523,246</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>			
- Doubtful	2,787,038	1,385,064	2,188,726
	2,787,038	1,385,064	2,188,726
<b>Total Trade receivables</b>	<b>1,052,333,666</b>	<b>892,428,510</b>	<b>1,015,334,520</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 34.

Trade receivables are non-interest bearing and are generally on terms of 30 to 150 days.

## Note 9: Cash and Bank Balances

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Cash and cash equivalents			
Balance with Banks			
Current accounts	155,539,381	203,238,928	79,277,266
Deposits with original maturity of less than three months	5,034,866	5,032,886	406,738,487
Cash on hand	615,425	654,127	557,753
<b>Total cash and cash equivalents</b>	<b>161,189,672</b>	<b>208,925,940</b>	<b>486,573,506</b>
<b>Other bank balances</b>			
Deposits with remaining maturity of more than three months but less than 12 months	2,279,403,219	2,555,403,559	410,023,610
Deposits with remaining maturity for more than 12 months (Disclosed in other financial assets)	129,239,011	402,474,509	
<b>Total other bank balances</b>	<b>2,408,642,230</b>	<b>2,957,878,068</b>	<b>410,023,610</b>
<b>Total cash and bank balances</b>	<b>2,569,831,902</b>	<b>3,166,804,009</b>	<b>896,597,116</b>

Cash at banks earns interest at fixed rates based on FD receipts made by the Company. Fixed deposits are made for varying periods of between one month to 36 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term/long term deposit rates.

At 31 March 2017, the Company had available ₹1,032,118,188 (31 March 2016: ₹ 1,268,890,825; 1 April 2015: ₹ 1,619,748,550) of undrawn committed borrowing facilities

The Company has pledged a part of its short-term deposits to fulfil collateral requirements. Refer note 12 for details

## For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Cash and cash equivalents</b>			
Balance with Banks			
Current accounts	155,539,381	203,238,928	79,277,266
Deposits with original maturity of less than three months	5,034,866	5,032,886	406,738,487
Cash on hand	615,425	654,127	557,753
<b>Total cash and cash equivalents</b>	<b>161,189,672</b>	<b>208,925,941</b>	<b>486,573,506</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

## Note 10: Share Capital

### A) Authorised Share Capital

Particulars	Equity Shares	
	Number	In ₹
<b>At 1 April 2015</b>	100,000,000	1,000,000,000
Increase/ (decrease) during the year	-	-
<b>At 31 March 2016</b>	100,000,000	1,000,000,000
Increase/ (decrease) during the year	-	-
<b>At 31 March 2017</b>	100,000,000	1,000,000,000

### Terms/rights attached to equity shares

The Company has only one class of equity shares having at par value of ₹ 10 per share (31 March 2015: ₹ 10 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 2017, the amount of per share dividend proposed by board of directors in the board meeting held on May 22, 2017 as distribution to equity share holders amounted to ₹ 1.50 per equity share. Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax (DDT) thereon) as at 31 March 2017.

During the year ended 31 March 2016, the amount of per share interim dividend recognised as distribution to equity share holders amounted to ₹ 1 per equity share.

During the year ended 31 March 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.05 per equity share.

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.

### B) Issued equity capital

Equity shares of INR 10 each issued, subscribed and fully paid	Number	In ₹
<b>At 1 April 2015</b>	81,841,600	818,416,000
Issued during the year - initial public offering (see note below)	12,903,225	129,032,250
<b>At 31 March 2016</b>	94,744,825	947,448,250
Issued during the year under the ESOP scheme	49,705	497,050
<b>At 31 March 2017</b>	94,794,530	947,945,300

Pursuant to the Initial Public Offering (IPO), equity shares having par value of ₹ 10 per share were allotted at a price of ₹ 186 per equity share comprising of fresh issue of 12,903,225 equity shares and offer for sale of 9,150,000 equity shares by selling shareholders. The equity shares of the Company were listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") with effect from February 08, 2016.

# Notes to Consolidated Financial Statements

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

	31 March 2017		31 March 2016		1 April 2015	
	No of shares	% holding in the class	No of shares	% holding in the class	No of shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>						
Yatin Subhash Shah	24,511,200	25.86%	24,511,200	25.87%	25,874,400	31.62%
Cams Technology Limited	12,514,860	13.20%	12,514,860	13.21%	16,078,800	19.65%
Yatin Subhash Shah jointly with Dr. Suhasini Yatin Shah	12,828,800	13.53%	12,828,800	13.54%	13,504,000	16.50%
Dr. Suhasini Yatin Shah	10,405,540	10.98%	10,405,540	10.98%	10,953,200	13.38%
Jayant Vasudeo Aradhye	8,202,000	8.65%	8,202,000	8.66%	11,202,000	13.69%
	68,462,400	72.22%	68,462,400	72.26%	77,612,400	94.83%

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.

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

Particulars	Year ended				
	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Equity shares allotted as fully paid bonus shares by capitalization of securities premium or capital redemption reserve	-	77,749,520	-	-	-

## Note 11: Other Equity

<b>A) Securities premium account</b>	<b>In ₹</b>
<b>At 1 April 2015</b>	-
Increase on February 08, 2016 pursuant to IPO (Refer Note 10)	2,270,967,600
Less: share issue expenses [net of deferred tax ₹ 7,155,633]	118,078,326
<b>At 31 March 2016</b>	<b>2,152,889,274</b>
Increase pursuant to premium on issue of shares on account of employee stock option exercised	5,783,676
Less: Reversal of tax benefit (deferred tax)	360,773
<b>At 31 March 2017</b>	<b>2,158,312,177</b>
<b>B) General reserve</b>	
<b>At 1 April 2015</b>	47,220,715
Increase/ (decrease) during the year	-
<b>At 31 March 2016</b>	<b>47,220,715</b>
Increase/ (decrease) during the year	-
<b>At 31 March 2017</b>	<b>47,220,715</b>
<b>C) Share based payments</b>	
<b>At 1 April 2015</b>	3,361,698
Add: compensation for options granted as per vesting during the year (net)	19,780,830
<b>At 31 March 2016</b>	<b>23,142,528</b>
Increase/ (decrease) during the year	
Add: compensation for options granted as per vesting during the year (net)	8,683,631
Less: transferred to securities premium account on exercise of stock options	(5,783,676)
<b>At 31 March 2017</b>	<b>26,042,483</b>

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).

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In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the IND AS 102 Share based payments, the cost of equity-settled transactions is measured using the fair 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 Consolidated statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Refer to note 32 for further details of these plans.

<b>D) Retained earnings</b>	<b>In ₹</b>
<b>At 1 April 2015</b>	1,200,882,609
Add: Profit for the year	687,193,877
Add: Other comprehensive income for the year	2,078,452
Less: Interim equity dividend at ₹ 1.00 Per share (31 March 2015: ₹ Nil per share)	94,744,825
Less: Tax on interim dividend	19,287,817
Less: Final dividend for financial year 2014-15	4,092,080
Less: Tax on Final dividend	833,066
<b>At 31 March 2016</b>	<b>1,771,197,150</b>
Add: Profit for the year	665,881,119
Add: Other comprehensive income for the year	1,457,826
<b>At 31 March 2017</b>	<b>2,438,536,095</b>

<b>E) Other Reserves</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>1-Apr-15</b>
Foreign currency translation reserve	(32,773,428)	(2,993,096)	-
	<b>(32,773,428)</b>	<b>(2,993,096)</b>	-

## Note 12: Financial Liabilities - Borrowings

Particulars	Rate of interest	Maturity	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Non Current borrowings</b>					
<b>Term Loan</b>					
From bank					
Foreign currency loan 1 (secured)	LIBOR + 380 bps	Aug-18	214,740,340	597,169,131	854,099,815
Foreign currency loan 2 (secured)	LIBOR + 405 bps	Aug-18	33,870,811	94,966,750	135,653,037
<b>Total Non Current borrowings</b>			<b>248,611,151</b>	<b>692,135,881</b>	<b>989,752,852</b>
Current maturity of long term loans					
Foreign currency loan 1 (secured)	LIBOR + 380 bps	Aug-18	375,291,176	310,761,080	239,325,183
Foreign currency loan 2 (secured)	LIBOR + 405 bps	Aug-18	60,535,906	49,915,954	37,595,076
<b>Loan repayable on Demand</b>					
Cash credit from banks (secured)	11.35%	On Demand	25,210,317	18,123,957	29,493,279
Overdraft against fixed deposits (secured)	10.05%	On Demand	-	101,477,164	50,236,302
Packing credit in foreign currency (secured)	LIBOR + 250bps	On Demand	398,580,629	492,279,847	501,932,864
<b>Total current Borrowings</b>			<b>859,618,028</b>	<b>972,558,002</b>	<b>858,582,704</b>
Less: amount clubbed under "Other Financial liabilities"			435,827,082	360,677,034	276,920,259
<b>Net Current Borrowings</b>			<b>423,790,946</b>	<b>611,880,968</b>	<b>581,662,445</b>
<b>Aggregate value of Secured loans</b>			<b>1,108,229,179</b>	<b>1,664,693,883</b>	<b>1,848,335,556</b>

# Notes to Consolidated Financial Statements

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Foreign currency loan 1 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 movable and immovable Property, plant and equipment (PPE) created by the loan and also all future PPE, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans have been secured by the personal guarantee of directors Mr. Yatin S. Shah and Dr. Suhasini Y. Shah.

Foreign currency loan 2 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 movable and immovable (PPE) created by the loan and also all future PPE, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans have been secured by the personal guarantee of directors Mr. Yatin S. Shah and Dr. Suhasini Y. Shah.

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

Cash credit and packing credit in foreign currency are secured by first pari passu charge by way of hypothecation of current assets including inventories and trade receivables. 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, Solapur

Overdraft against fixed deposits outstanding as of March 31, 2016 is secured by fixed deposits of ₹ 110,500,000 made with Bank of India and carries interest at the rate of 10.05% p.a. which has been fully repaid during the current year.

The carrying amounts of PPE pledged as security for non-current borrowings are disclosed in note 3. And carrying amount of inventories, trade receivables and fixed deposits are pledged as security for short term borrowings.

Term loans from bank contain certain covenants relating to debt service coverage ratio, total debt gearing ratio, interest Coverage ratio, Fixed asset coverage ratio. All the ratios mentioned above are within the level stipulated by the banks in its prescribed sactions. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

## Note 13: Other Financial Liabilities

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Current maturity of long term loans (refer note 12)	435,827,082	360,677,034	276,920,259
Temporary book overdraft	112,940,979	26,564,317	103,897,125
Unpaid matured deposits and interest accrued thereon	13,729,570	13,729,570	13,729,570
Employee benefit liabilities	78,650,164	41,539,957	108,388,561
Sundry payables for capital goods purchased	47,058,046	52,556,564	74,756,070
Amount due to selling shareholders	-	3,874,080	-
Unclaimed Dividend	207,633	-	-
<b>Total</b>	<b>688,413,474</b>	<b>498,941,522</b>	<b>577,691,585</b>
<b>Non - Current</b>	-	-	-
<b>Current</b>	<b>688,413,474</b>	<b>498,941,522</b>	<b>577,691,585</b>



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## Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Borrowings (non-current) (note 12)	248,611,152	692,135,881	989,752,851
Borrowings (current) (note 12)	423,790,947	611,880,968	581,662,445
Current maturity of long term loans(note 13)	435,827,082	360,677,034	276,920,259
Trade payables (note 14)	599,843,181	645,719,786	678,855,446
Other financial liabilities (note 13)	252,586,392	138,264,488	300,771,326
<b>Total</b>	<b>1,960,658,754</b>	<b>2,448,678,157</b>	<b>2,827,962,327</b>

## Note 14: Trade payables

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
<b>Trade payables</b>			
- Total outstanding dues of micro enterprises and small enterprises	109,634,575	91,608,553	91,211,272
- Total outstanding dues of creditors other than micro enterprises and small enterprises	489,346,843	537,496,277	580,804,757
- To related parties	861,763	16,614,956	6,839,418
<b>Total trade payables</b>	<b>599,843,181</b>	<b>645,719,786</b>	<b>678,855,447</b>
Non-current	-	-	-
Current	599,843,181	645,719,786	678,855,446
<b>Total</b>	<b>599,843,181</b>	<b>645,719,786</b>	<b>678,855,446</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 90 day terms

For terms and conditions with related parties, refer to note 34

For explanations on the Group's credit risk management processes, refer note 42.

## Details of dues to Micro, small and medium enterprises as defined under MSMED Act, 2006

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(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	109,634,575	91,608,553	91,211,272
Interest due on above	958,334	555,231	1,202,613
(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	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)	9,049,328	6,448,288	Nil
but without adding the interest specified under MSMED Act, 2006.			
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil	Nil

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for the year ended March 31, 2017

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Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
(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	34,610,211	27,606,692	26,404,079

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is ₹ 44,617,873 (31 March 2016: ₹ 34,610,211) and same is not accrued in the books of accounts.

## Note 15: Other current Liabilities

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Advances from customers	3,668,616	9,098,552	29,715,967
Tax deducted at source payable	15,851,621	12,914,839	47,901,018
Value added tax payable	-	7,597	7,597
<b>Total</b>	<b>19,520,237</b>	<b>22,020,989</b>	<b>77,624,582</b>

## Note 16: Provisions

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Employee benefits obligations:			
Gratuity	35,056,716	18,479,019	18,824,983
Compensated absences	34,022,862	31,958,627	31,864,534
Provision for tax on interim dividend	-	3,001,698	-
<b>Total</b>	<b>69,079,578</b>	<b>53,439,344</b>	<b>50,689,517</b>
Current	47,522,448	35,160,626	32,581,529
Non Current	21,557,130	18,278,717	18,107,988

The liability for compensated absences cover the Company's liability for earned leaves.

Also refer note 31 for detailed disclosure of gratuity.

## Note 17: Current tax liabilities (net)

Particulars	As at March 31, 2017 In ₹	As at March 31, 2016 In ₹	As at April 1, 2015 In ₹
Provision for income tax (net of advance taxes)	30,615,337	52,861,722	123,549,050
<b>Total</b>	<b>30,615,337</b>	<b>52,861,722</b>	<b>123,549,050</b>

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## Note 18: Revenue from Operations

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Cash dividends on equity shares declared and paid		
Final dividend for the year ended 31 March 2016: Nil ( 31 March 2015: ₹ 0.05 per share)	-	4,092,080
Tax on final dividend	-	833,066
Interim dividend for the year ended on 31 March 2016: ₹ 1 per share (31 March 2016: ₹ Nil per share)	-	94,744,825
Tax on Interim dividend	-	19,287,817
	-	118,957,788
<b>Proposed dividend on equity shares</b>		
Final cash dividend for the year ended on 31 March 2017: INR 1.5 per share (31 March 2016: Nil)	142,191,795	-
Tax on proposed dividend	28,947,406	-
	171,139,201	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Tax thereon) as at 31 March 2017.

## Note 19: Revenue from Operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)	4,560,523,991	4,409,844,801
Sale of services	16,680,575	16,732,607
<b>Total sale of products and services</b>	<b>4,577,204,566</b>	<b>4,426,577,408</b>
<b>Other operating income</b>		
Tooling income	24,413,767	73,423,902
Scrap sales	2,265,350	1,538,428
Export incentives	59,412,395	62,689,379
<b>Total other operating income</b>	<b>86,091,512</b>	<b>137,651,709</b>
<b>Total revenue from operations</b>	<b>4,663,296,078</b>	<b>4,564,229,117</b>

Sale of goods includes excise duty collected from customers of INR 240,299,495 (31 March 2016: INR 166,320,805).

Sale of goods net of excise duty is INR 4,320,224,497 (31 March 2016: INR 4,243,523,996)

## Note 20: Other Income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fair value gain on financial instruments at fair value through profit or loss	77,391,258	45,514,515
Fair Value Gain on Mutual Funds	10,371,846	
Exchange differences (net)	-	63,999,204
Compensation from customer	-	11,623,506
Sundry creditors written back	1,374,991	1,449,802
Miscellaneous income	3,634,226	4,311
<b>Total revenue from operations</b>	<b>92,772,321</b>	<b>122,591,338</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

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## Note 21: Finance Income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Bank deposits	194,437,717	89,361,923
Others	1,417,944	1,841,460
Dividend income on long-term investments	24,135,071	16,864
Dividend income on Mutual Funds	1,868,437	-
<b>Total revenue from operations</b>	<b>221,859,169</b>	<b>91,220,247</b>

## Note 22: Cost of raw materials and components consumed

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year	23,740,503	23,548,691
Add: purchases	1,312,465,272	1,339,317,926
	1,336,205,775	1,362,866,617
Less: inventory at the end of the year	30,170,192	23,740,503
<b>Cost of raw materials and components consumed</b>	<b>1,306,035,583</b>	<b>1,339,126,114</b>

## Note 23: (Increase) / Decrease in Inventories

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening stock:		
- Finished goods	286,456,937	264,546,570
- Semi-finished goods	46,206,666	62,289,252
Closing stock:	<b>332,663,603</b>	<b>326,835,822</b>
-Finished goods	201,898,117	286,456,937
-Semi-finished goods	58,572,639	46,206,666
	<b>260,470,756</b>	<b>332,663,603</b>
<b>(Increase)/decrease in inventories</b>	<b>72,192,847</b>	<b>(5,827,781)</b>

## Note 24: Employee benefit expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages, bonus and commission	556,292,507	498,861,260
Employee stock option scheme	8,683,631	19,780,830
Contribution to provident fund and other funds	34,522,651	28,002,178
Gratuity expense (refer note 31)	22,937,166	10,032,676
Staff welfare expenses	10,199,166	12,681,818
<b>Total employee benefit expenses</b>	<b>632,635,122</b>	<b>569,358,761</b>

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## Note 25: Other Expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of components and spares	304,020,560	262,304,907
Packing materials consumed	58,361,357	58,497,714
Increase / (decrease) in excise duty on inventories	(3,155,405)	3,857,062
Power and fuel expenses	488,860,132	480,748,590
Job work expenses	79,026,670	73,141,020
Freight outward charges	149,030,753	169,177,703
Rent	2,230,985	2,016,970
Rates and taxes	4,348,010	5,824,319
Insurance	7,383,246	9,111,564
Repairs and maintenance		
Plant and machinery	44,527,328	41,789,538
Building	9,543,201	17,124,048
Others	38,215,981	20,259,007
Advertisement and sales promotion	1,236,507	2,766,960
CSR expenditure (refer note below)	15,210,359	3,433,268
Sales commission	56,224,914	51,626,521
Travelling and conveyance	47,761,963	42,532,588
Communication costs	3,631,878	3,161,521
Legal and professional fees	20,848,140	21,366,905
Auditors' remuneration and expenses		
Statutory audit	4,174,529	2,300,000
Out of pocket expenses	527,144	440,898
Bad debts written off	2,360,327	-
Provision for doubtful debts	1,401,974	(803,662)
Exchange differences (net)	18,883,591	
Loss on fixed assets sold /discarded (net)	2,455,790	3,682,362
Miscellaneous expenses	62,781,861	49,392,864
<b>Total Other expenses</b>	<b>1,419,891,795</b>	<b>1,323,752,667</b>

## CSR expenditure

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gross amount required to be spent during the year	15,813,320	12,617,701
Amount spent during the year in cash	15,210,359	3,433,268
Amount spend during the year includes contribution to a trust significantly influenced by key management personnel or their relatives	-	2,050,000

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## Payment to Auditors

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>As auditor</b>		
Audit Fee	3,099,529	2,200,000
Limited review	900,000	-
In other capacity		
<b>Certification fees</b>	175,000	100,000

## Note 26: Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest on borrowings	55,328,552	69,536,004
Interest on current tax	235,364	4,673,710
Bank charges	14,292,155	14,170,656
Other finance costs	1,659,510	2,424,342
	<b>71,515,581</b>	<b>90,804,712</b>

## Note 27: Depreciation and amortisation expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets	370,532,868	388,690,192
Amortisation of intangible assets	3,069,288	1,300,670
	<b>373,602,156</b>	<b>389,990,862</b>

## Note 28: Components of Other comprehensive income (OCI)

### During the year ended 31 March 2017

Particulars	Foreign currency translation reserve ₹	Retained earnings ₹	Total ₹
Re-measurement gains (losses) on defined benefit plans	-	2,229,432	2,229,432
Income tax effect	-	(771,606)	(771,606)
Foreign exchange translation differences	(29,780,332)	-	(29,780,321)
<b>Total</b>	<b>(29,780,332)</b>	<b>1,457,826</b>	<b>(28,322,506)</b>

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## During the year ended 31 March 2016

Particulars	Foreign currency translation reserve ₹	Retained earnings ₹	Total ₹
Re-measurement gains (losses) on defined benefit plans	-	3,178,547	3,178,547
Income tax effect	-	(1,100,095)	(1,100,095)
Foreign exchange translation differences	(2,993,096)	-	(2,993,096)
<b>Total</b>	<b>(2,993,096)</b>	<b>2,078,452</b>	<b>(914,644)</b>

## Note 29: Earnings per share

Basic EPS amounts are calculated by dividing the profits for the year attributable to equity holders of the Holding Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Holding Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into equity shares.

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit attributable to the equity holders of Holding Company	665,881,119	687,193,877
Profit attributable to equity holders of Holding company	665,881,119	687,193,877
Weighted average number of equity shares in calculating basic EPS	94,755,365	83,851,119
Effect of dilution on account of options outstanding under ESOP Scheme:	199,334	191,220
Weighted average number of equity shares in calculating diluted EPS	94,954,699	84,042,338
Earnings per share (basic) (Rupees/share)	7.03	8.20
Earnings per share (diluted) (Rupees/share)	7.01	8.18

## Note 30: Income Tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Current income tax:</b>		
Current income tax charge	355,406,037	391,543,773
Adjustments in respect of current income tax of previous year	-	(18,048,343)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(49,622,024)	(27,273,118)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>305,784,013</b>	<b>346,222,313</b>



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## OCI Section

Particulars	As at March 31, 2017	As at March 31, 2016
Net loss/(gain) on remeasurements of defined benefit plans	(771,606)	(1,100,095)
<b>Income tax expense charged to OCI</b>	<b>(771,606)</b>	<b>(1,100,095)</b>

## Reconciliation of closing balance of Deferred tax liability

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
<b>Deferred tax liability</b>			
PPE: impact of difference between tax depreciation and depreciation / amortisation for the financial reporting	161,496,402	207,726,332	246,053,523
Deferred tax on consolidation related adjustments	46,545,637	24,977,600	14,267,790
Others	3,589,488	-	-
<b>Gross deferred tax liability</b>	<b>211,631,527</b>	<b>232,703,932</b>	<b>260,321,313</b>
<b>Deferred tax assets</b>			
Provision for doubtful debts and advances	485,195	479,371	743,948
Employee related costs allowed for tax purposes on payment basis	34,734,950	25,011,323	23,625,790
Impact of adjustment to block of PPE (Refer Note below)		-	11,175,141
VRS compensation	20,715,814	5,002,734	-
Share issue expenses adjusted to securities premium account	6,794,860	7,155,633	-
Others	1,234,392	551,963	-
<b>Gross deferred tax assets</b>	<b>63,965,211</b>	<b>38,201,024</b>	<b>35,544,879</b>
<b>Net deferred tax liability</b>	<b>147,666,316</b>	<b>194,502,908</b>	<b>224,776,434</b>
Deferred tax credit for the year			
Closing deferred tax liability (net)	147,666,316	194,502,908	224,776,435
Less: opening deferred tax liability (net)	194,502,908	224,776,434	149,139,910
Deferred tax movement for the year (a)	(46,836,592)	(30,273,526)	75,636,524
Deferred tax credit recorded in securities premium account (refer note 11) (b)	360,773	(7,155,633)	-
Deferred tax credit recorded in reserves and surplus (c)	-	-	(11,175,141)
Deferred tax (credit) / charge for the year (d = a-b-c)	(47,197,365)	(23,117,893)	86,811,666
Deferred tax charge considered in OCI (e)	(771,606)	(1,100,095)	-
Deferred tax charge/ (credit) on Share of profit in Joint venture (f)	(1,653,053)	(3,055,130)	-
Deferred tax credit for the year to be charged to statement of profit or loss (₹) (d+e+f)	(49,622,024)	(27,273,118)	86,811,665

### Note

The amount relates to deferred tax impact on additional depreciation charged to opening balance of retained earnings on account of re-estimation of useful lives and residual values of all its PPE as at March 31, 2015, to comply with the requirements of Schedule II to Companies Act, 2013

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## Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Accounting profit before tax	971,665,132	1,033,416,190
<b>Accounting profit before income tax</b>	<b>971,665,132</b>	<b>1,033,416,190</b>
At India's statutory tax rate 34.608% (31 March 2016 - 34.608%)	336,273,870	357,644,674
Adjustments in respect of current income tax of previous years	-	(18,048,343)
Incomes not chargeable to tax	(26,783,567)	(15,751,662)
Dividend exempt from tax	(8,994,268)	-
Deduction allowed under Income tax act 1961	(18,493,935)	-
Impact of adjustment to block of fixed assets	-	11,175,141
<b>Non-deductible expenses for tax purposes:</b>		
Donations disallowed	5,938,857	816,149
Provision for Capital advances	2,128,392	-
Deferred tax on consolidation	21,568,038	10,709,809
Effect of differential tax rate in China	(24,281,707)	(21,326,948)
Realized gain/ (loss) on capital creditors	-	2,297,007
Others	18,428,333	18,706,486
<b>At the effective income tax rate of 31.5% (31 March 2016 - 33.5%)</b>	<b>305,784,013</b>	<b>346,222,313</b>
Income tax reported in the consolidated statement of profit and loss	305,784,013	346,222,313

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Reconciliation of deferred tax liabilities (net):</b>		
Opening balance as of 1 April	194,502,908	224,776,435
Tax income/(expense) during the period recognised in profit or loss	(4,79,68,971)	(2,42,17,988)
Tax income/(expense) during the period recognised in Equity	3,60,773	(71,55,633)
Tax income/(expense) during the period recognised in OCI	7,71,606	11,00,095
<b>Closing Balance as at 31 March</b>	<b>14,76,66,316</b>	<b>19,45,02,908</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## Deferred tax relates to the following

	Balance sheet			Consolidated Statement of Profit & Loss	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Accelerated depreciation for tax purposes	(165,085,890)	(207,726,332)	(246,053,523)	(42,640,442)	(38,327,191)
Impact on adjustment to block of PPE on account of change in useful lives	-	-	11,175,141	-	11,175,141
Voluntary retirement scheme allowed as deduction over a period of five years	20,715,814	5,002,734		(15,713,080)	(5,002,734)

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	Balance sheet			Consolidated Statement of Profit & Loss	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Preliminary expenses incurred on initial public offering, allowed as deduction over a period of 5 years	6,794,860	7,155,633		-	-
Employee benefit expenses allowed on payment basis under Sec 43B	34,734,950	25,011,323	23,625,790	(9,723,627)	(1,385,533)
Forward contracts	1,234,392	551,963	-	(682,429)	(551,963)
Provision for doubtful debts and advances	485,195	479,371	743,948	(5,824)	264,577
Amount to be charged in Statement of OCI				-771,606	-1,100,095
Deferred tax on consolidation	(46,545,637)	(24,977,600)	(14,267,790)	21,568,037	10,709,810
Deferred tax on Grossing of Share of profit on JV	-	-	-	(1,653,053)	(3,055,130)
	(147,666,316)	(194,502,908)	(224,776,434)	(49,622,024)	(27,273,118)

## Note 31: Disclosure pursuant to Employee benefits

### A. Defined contribution plans:

Amount of ₹ 34,522,651 (March 31, 2016: ₹ 28,002,178) is recognised as expenses and included in Note No. 24 "Employee benefit expense"

### B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

#### (a) Gratuity

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund is governed by Life Insurance Corporation of India (LIC). LIC is liable for administration of the plan assets.

Plan assets - Gratuity Fund ₹47,233,354

The following table summarise the components of net benefit expense recognised in the statement of consolidated profit or loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Net benefit expense 31 March 2017 (recognised in profit or loss)		
Current service cost	8,429,325	8,314,531
Interest cost on benefit	1,269,299	1,131,055
	<b>9,698,624</b>	<b>9,445,586</b>

\* The amount debited to consolidated statement of profit and loss includes gratuity expenses on account of full and final settlement of left employees whose gratuity payments have not been considered for actuarial valuation amounting to ₹ 13,238,542 and ₹ 587,090 for the year ended March 31, 2017 and March 31, 2016 respectively.

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## March 31, 2017 : Changes in defined benefit obligation and plan assets

	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) recognised in OCI					Contributions by employer	March 31, 2017
	April 1, 2016	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 24)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments		
Gratuity											
Defined benefit obligation	(66,005,904)	(8,429,325)	(4,630,769)	(13,060,094)	7,862,509		-	(4,650,050)	6,199,171	1,549,121	(69,654,368)
Fair value of plan assets	46,928,253	-	3,361,470	3,361,470	(7,862,509)	680,311	-	-	-	680,311	47,233,354
Benefit liability	(19,077,651)	(8,429,325)	(1,269,299)	(9,698,624)	-	680,311	-	(4,650,050)	6,199,171	2,229,332	(22,421,014)

## March 31, 2016 : Changes in defined benefit obligation and plan assets

	Cost charged to statement of profit and loss			Remeasurement gains/(losses) recognised in OCI					Contributions by employer	March 31, 2016	
	April 1, 2015	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 24)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Gratuity											
Defined benefit obligation	(61,555,638)	(8,314,531)	(4,551,339)	(12,865,870)	5,982,304		-	(2,806,154)	5,239,454	2,433,300	(66,005,904)
Fair value of plan assets	42,145,752	-	3,420,284	3,420,284	(5,982,304)	745,247	-	-	-	745,247	47,526,885
Benefit liability	(19,409,886)	(8,314,531)	(1,131,055)	(9,445,586)	-	745,247	-	(2,806,154)	5,239,454	3,178,547	(18,479,019)

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The major categories of plan assets and the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹	Year ended April 1, 2015 ₹
Type of asset: Group gratuity scheme of LIC of India			
Fair value of total plan assets	47,233,354	47,526,885	42,730,655
(%) of total plan assets	100%	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹	Year ended April 1, 2015 ₹
Discount rate	6.97%	7.46%	7.77%
Future salary increase	8.00%	8.00%	8.00%
Expected rate of return on plan assets		8.00%	8.75%
Expected average remaining working lives (in years)	16.87%	16.73%	

A quantitative sensitivity analysis for significant assumption is as shown below:

## Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
Discount rate	1% increase	60,618,963	57,570,881
	1% decrease	80,699,671	76,291,780
Future salary increase	1% increase	79,916,513	75,657,431
	1% decrease	61,030,354	57,899,649

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
Within the next 12 months (next annual reporting period)	2,683,790	2,553,193
Between 2 and 5 years	11,813,409	10,948,851
Beyond 5 years	81,862,160	34,300,113
<b>Total expected payments</b>	<b>96,359,359</b>	<b>47,802,157</b>

## Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹	Year ended April 1, 2015 ₹
Gratuity	14.36	14.44	14.42

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The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹	Year ended April 1, 2015 ₹
Gratuity	8,818,667	4,130,037	7,200,093

## Note 32: Share Based Payments

The Company provides share-based payment schemes to its employees. During the year ended 31 March 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 6 February 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.

The fair value of the share options is estimated at the grant date using Black Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. ₹ 10. The contractual term of each option granted is 6 years.

Particulars	31 March 2017	31 March 2016
Expense arising from equity-settled share-based payment transactions	8,683,631	19,780,830
Total expense arising from share-based payment transactions	<b>8,683,631</b>	<b>19,780,830</b>

There were no cancellations or modifications to the awards in 31 March 2017 or 31 March 2016.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

Particulars	31 March 2017		31 March 2016	
	Number	WAEP	Number	WAEP
Outstanding at 1 April	333,850	₹ 10	382,950	₹ 10
Granted during the year				
Forfeited during the year	18,700	₹ 10	49,100	₹ 10
Exercised during the year	49,705	₹ 10		
Expired during the year				
<b>Outstanding at 31 March</b>	<b>265,445</b>	<b>₹ 10</b>	<b>333,850</b>	<b>₹ 10</b>
Exercisable at 31 March	265,445	₹ 10	333,850	₹ 10

The weighted average share price at the date of exercise of these options was ₹ 10

The weighted average remaining contractual life for the share options outstanding as at 31 March 2017 was one year (31 March 2016: two years).

The weighted average fair value of options granted during the year was ₹117.46 (31 March 2016: ₹117.27).

The following tables list the inputs to the models used for the plans for the years ended 31 March 2017 and 31 March 2016, respectively

Particulars	31 March 2017	31 March 2016
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	56.25%	56.25%
Risk-free interest rate (%)	7.82%	7.82%
Expected life of share options (years)	3	3
Weighted average share price (₹)	10	10
Model used	Black Scholes	Black Scholes

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The expected life of the share options 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 not necessarily be the actual outcome.

## Note 33: Commitments and contingencies

### a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):  
At 31 March 2017, the Company had commitments of INR 55,697,053 (31 March 2016: INR 193,953,623, 1 April 2015: INR 74,049,469)

### b. Contingent liabilities

#### Legal claim contingency

- The Collector of Stamps, Solapur has demanded payment of stamp duty of ₹ 3,178,389 (March 31, 2016: ₹ 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.
- 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 ₹ 2,423,488 (March 31, 2016: ₹ 2,423,488). The Company has deposited an amount of ₹ 1,211,744 (March 31, 2016: ₹ 1,211,744) under protest which has been shown under 'Other Assets'.
- The Company has received an order from the Commissioner of Central Excise Pune for the year 2002-03, 2003-04 and 2004-05 demanding excise duty amounting to ₹ 2,076,478 (March 31, 2016: ₹ 2,076,478) on sales tax retained under sales tax deferral scheme. The Company has deposited an amount of ₹ 155,736 (March 31, 2016: 155,376) under protest.
- The Company has filled an appeal to CESTAT during the year against the order of service tax appeals for inadmissible cenvat credit amounting to ₹ 238,329 on outward transportation for the financial years 2013-14 and 2014-15.
- The Company has received order from Commissioner of Central Excise for demand of service Tax and interest on payment of bank charges, facilities fees, and legal expenses paid during the year 2011-12 for the availment of ECB loan amounting to ₹ 2,616,002.
- The Company has received order from Commissioner of Central Excise for demand of interest towards the reversal cenvat credit against Shri Pandurang Bus Service amounting to ₹ 2,720,347 for the financial year 2011-12 to 2013-14
- The Company has received order from Assessing Officer for demand of income tax amounting to 159,716,941 towards disallowance of ESOP expenditures and other disallowances. The Company has filed appeal against the above order with Commissioner of Income Tax (Appeals) and has paid ₹ 20,000,000 under protest.

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

### c. Leases

The Company has entered into commercial leases for office premises and guest house. These leases 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.

The Company has paid ₹ 1,614,640 (31 march 2016: INR1,398,400) during the year towards minimum lease payment.

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

Particulars	31 March 2017	31 March 2016	1 April 2015
Within one year	849,500	1,400,640	1,082,400
After one year but not more than five years	126,500	532,400	1,723,040
More than five years	-	-	-
	<b>976,000</b>	<b>1,933,040</b>	<b>2,805,440</b>



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## Note 34: Related party transactions

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

- a) **Related parties under 'Ind AS 24- Related Party Disclosures', with whom transactions have taken place during the period**
  - i) **Key management personnel (KMP)**  
Mr. Yatin S Shah , Managing Director  
Dr. Suhasini Y Shah, Director  
Mr. Ravindra R. Joshi, Director  
Mr. Jayant V Aradhye  
Mr. Sarvesh N Joshi, Independent Director  
Mr. Pramod H Mehendale, Independent Director  
Mr. Vedant V Pujari, Independent Director  
Mr. Vaibhav S Mahajani, Independent Director
  - ii) **Relatives of key management personnel (RKMP)**  
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
  - iii) **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
  - iv) **Individual having significant influence:**  
Mr. Jayant Aradhye
  - v) **Relative of individual having significant influence:**  
Mr. Maneesh Aradhye, son of Mr. Jayant Aradhye  
Dr. Sunita Aradhye, wife of Mr. Jayant Aradhye  
Mrs. Rama Aradhye, wife of Mr. Maneesh Aradhye  
Mr. Vijay Aradhye, brother of Mr. Jayant Aradhye
  - vi) **Joint venture**  
Ningbo Shenglong PCL Camshaft Co Ltd, China.  
PCL Shenglong (Huzhou) Specialized Casting Co Ltd, China.
- b) **Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year**
  - i) **Company secretary**  
Mr. Swapneel S Kuber

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

Sr. No.	Particulars	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 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
1	Remuneration* (including commission)	99,858,798	94,638,194	495,761	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Interim dividend paid on equity shares	-	47,745,540	-	296,000	-	12,514,860	-	-	-	-	8,202,000	-	3,148,800	-	3,148,800	-
3	Sale of goods	-	-	-	-	-	-	646,859,712	576,169,702	-	-	-	-	-	-	-	-
4	Tooling income	-	-	-	-	-	-	10,561,320	51,888,363	-	-	-	-	-	-	-	-
5	CSR expenditure	-	-	-	-	1,700,000	2,050,000	-	-	-	-	-	-	-	-	-	-
6	Purchases of goods, material or services	-	-	-	-	6,071,681	8,601,562	-	-	-	-	-	-	-	-	-	-
7	Purchases of material/services for fixed assets	-	-	-	-	-	853,596	-	-	-	-	-	-	-	-	-	-
8	Share issue expenses recovered from existing share holders (refer note 41)	-	29,057,789	-	-	-	40,045,558	-	-	-	-	33,708,950	-	-	-	-	-
9	Dividend income	-	-	-	-	24,120,548	-	-	-	-	-	-	-	-	-	-	-
<b>Balances outstanding</b>																	
1	Remuneration payable	16,116,250	16,502,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount due to selling shareholders	-	1,094,930	-	-	-	1,501,959	-	-	-	-	1,277,191	-	-	-	-	-
3	Trade receivables	-	-	-	-	-	-	206,045,951	137,583,630	-	-	-	-	-	-	-	-
4	Trade and other payables	-	-	-	-	-	1,201,165	-	-	-	-	-	-	-	-	-	-
5	Sundry creditors for capital goods purchased	-	-	-	-	-	853,596	-	-	-	-	-	-	-	-	-	-
6	Investment in equity shares	-	-	-	-	-	-	274,527,717	212,973,254	-	-	-	-	-	-	-	-
7	Investment in preference shares	-	-	-	-	-	542,608,743	-	-	-	-	-	-	-	-	-	-

\*The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

\* 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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## C) Disclosure in respect of material related party transaction during the year:

Sr. No.	Particulars	Relationship	31 March 2017	31 March 2016
<b>1</b>	<b>Remuneration*</b>			
	Mr.Yatin S. Shah	Key management personnel	55,404,620	51,300,931
	Dr. Suhasini Y. Shah	Key management personnel	4,666,634	4,320,972
	Mr. Ravindra Joshi	Key management personnel	36,665,253	35,970,173
	Mr. Swapneel S Kuber	Key management personnel	622,291	546,118
	Mr. Karan Shah	Relatives of Key management personnel	495,761	-
	Mr. Jayant V Aradhye	Key management personnel/individual having significant influence	500,000	500,000
	Mr. Sarvesh N Joshi	Key management personnel	500,000	500,000
	Mr. Pramod H Mehendale	Key management personnel	500,000	500,000
	Mr. Vedant V Pujari	Key management personnel	500,000	500,000
	Mr. Vaibhav S Mahajani	Key management personnel	500,000	500,000
<b>2</b>	<b>Interim dividend paid on equity shares</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	-	12,514,860
	Mr.Yatin S. Shah	Key management personnel	-	24,511,200
	Mr. Jayant Aaradhye	Individual having significant influence	-	8,202,000
	Mr Yatin S. Shah Jointly held with Dr. Suhasini Y. Shah	Key management personnel	-	12,828,800
	Dr. Suhasini S. Shah	Key management personnel	-	10,405,540
<b>3</b>	<b>Sale of goods</b>			
	Ningbo Shenglong PCL Camshafts Co Ltd	Joint Venture	646,859,712	576,169,702
<b>4</b>	<b>Tooling Income</b>			
	Ningbo Shenglong PCL Camshafts Co Ltd	Joint Venture	8,251,320	16,989,200
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd	Joint Venture	2,310,000	34,899,163
<b>5</b>	<b>CSR expenditure</b>			
	Precision Foundation	Entities where KMP / RKMP have significant influence	1,700,000	2,050,000
<b>6</b>	<b>Purchases of goods, material or Services</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	5,961,381	8,450,667
	Chitale Clinic Pvt Ltd	Entities where KMP / RKMP have significant influence	110,300	150,895
<b>7</b>	<b>Purchases of material/ services for fixed assets</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	-	853,596
<b>8</b>	<b>Dividend Received</b>			
	Cams Technology Ltd	Entities where KMP / RKMP have significant influence	24,120,548	-
<b>9</b>	<b>Share issue expenses recovered from existing share holders</b>			
	Mr.Yatin S. Shah	Key management personnel	-	22,904,108
	Dr. Suhasini Y. Shah	Key management personnel	-	6,153,681
	Mr. Jayant Aaradhye	Individual having significant influence	-	33,708,950
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	-	40,045,558

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Sr. No.	Particulars	Relationship	31 March 2017	31 March 2016
	<b>Balances outstanding</b>			
<b>1</b>	<b>Remuneration payable</b>			
	Mr. Ravindra Joshi	Key management personnel	16,116,250	16,502,500
<b>2</b>	<b>Amount due to selling share holders</b>			
	Mr. Yatin S. Shah	Key management personnel	-	863,052
	Dr. Suhasini Y. Shah	Key management personnel	-	231,878
	Mr. Jayant Aaradhye	Individual having significant influence	-	1,277,191
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	-	1,501,959
<b>3</b>	<b>Trade receivables</b>			
	Ningbo Shenglong PCL Camshafts Co Ltd	Joint venture	206,045,951	137,583,630
<b>4</b>	<b>Trade payables</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	1,090,865	5,227,926
	Chitale Clinic Pvt Ltd	Entities where KMP / RKMP have significant influence	110,300	3,310
<b>5</b>	<b>Payables for capital goods purchased</b>			
	Cams Technology Limited	Entities where KMP / RKMP have significant influence	-	853,596
<b>7</b>	<b>Investment in equity shares</b>			
	Ningbo Shenglong PCL Camshaft Co Ltd.	Joint Venture	264,381,616	174,714,456
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	Joint Venture	10,146,101	38,258,798
<b>8</b>	<b>Investment in preference shares</b>			
	Cams Technology Ltd	Entities where KMP / RKMP have significant influence	-	542,608,743

\* 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.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil)

## Compensation of Key managerial personnel of the Company

Particulars	31 March 2017	31 March 2016
Short term employee benefits	99,858,798	94,638,194
<b>Total compensation paid to key management personnel</b>	<b>99,858,798</b>	<b>94,638,194</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

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## Note 35: Segment information

The Group is engaged in manufacturing of Camshafts. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into one operating segment ; however based on the geographic distribution of activities, the chief operating decision make identified India and outside India as two reportable geographical segments.

### Revenue from Customers

Particulars	31 March 2017	31 March 2016
<b>Within India</b>	<b>1,691,072,230</b>	<b>1,230,337,507</b>
<b>Outside India</b>		
Asia	1,147,834,803	1,201,521,840
China	809,274,798	721,427,323
Europe	538,043,080	744,982,509
Others	477,071,167	665,919,938
<b>Total</b>	<b>4,663,296,078</b>	<b>4,564,229,117</b>

The revenue information above is based on the locations of the customers.

### Non-current operating assets\*

Particulars	31 March 2017	31 March 2016
Within India	2,443,399,971	2,813,780,953
Outside India		
Investments in joint ventures in China	274,527,717	212,973,254
Assets at China	23,479	34,624
Capital advances		
-Europe	-	4,325,750
-Others	18,414,924	-
<b>Total</b>	<b>2,736,366,091</b>	<b>3,031,114,581</b>

\* As defined in paragraph 33 (b) of Ind AS 108 "Operating segments" non current assets excludes financial instruments, deferred tax assets and post-employment benefit assets.

## Note 36: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's consolidated financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value			Fair value		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
<b>Financial assets</b>						
Investments	891,610,184	542,738,743	497,224,231	891,610,184	542,738,743	497,224,231
Foreign exchange forward contracts	6,304,326	2,737,750	4,303,809	6,304,326	2,737,750	4,303,809
<b>Total</b>	<b>897,914,510</b>	<b>545,476,493</b>	<b>501,528,040</b>	<b>897,914,510</b>	<b>545,476,493</b>	<b>501,528,040</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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## Note 37: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

	Date of valuation	Total	Carrying Value		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments	31-Mar-17	891,610,184	891,480,184	130,000	-
Foreign exchange forward contracts	31-Mar-17	6,304,326	-	6,304,326	-

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments	31-Mar-16	542,738,743	-	542,738,743	-
Foreign exchange forward contracts	31-Mar-16	2,737,750	-	2,737,750	-

### Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments	1-Apr-15	497,224,231	-	497,224,231	-
Foreign exchange forward contracts	1-Apr-15	4,303,809	-	4,303,809	-

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- > The fair values of the unquoted Preference shares (Investment in Cams Technology) have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- > The fair values of the quoted mutual funds are based on price (i.e. the NAV of the Mutual funds) quotations at the

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reporting date.

> The fair values of derivative forward contracts is determined using the Marked-to-market valuation done by the Banks.

## Note 38: Group Information

### Information about subsidiary

Name	Country of incorporation	Principal activities	% equity interest		
			31 March 2017	31 March 2016	1 April 2015
PCL Shanghai	China	Trading of camshafts	100%	100%	100%

## Note 39: Interest in Joint venture

The Group has a 22.5% interest in Ningbo Shenglong PCL Camshafts Co Limited (SLPCL), a joint venture involved in the manufacture of Camshafts. The Group's interest in SLPCL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	31 March 2017 ₹	31 March 2016 ₹	1 April 2015 ₹
Current assets, including cash and cash equivalents ₹ 437,634,243 (31-March-2016: ₹ 304,621,196 , 1-April-15: ₹ 189,847,986 )	1,462,361,222	941,883,962	863,365,322
Non-current assets	1,327,364,289	1,449,877,485	1,285,781,924
Current liabilities, including tax payable: ₹ 28,800,491 (31-March-2016: INR 0 lakhs, 1-April-15: INR 0 lakhs)	(723,578,739)	(678,537,380)	(660,246,275)
Non-current liabilities including net deferred tax liabilities ₹	(891,117,370)	(936,715,372)	(1,289,343,941)
<b>Equity</b>	<b>1,175,029,402</b>	<b>776,508,695</b>	<b>199,557,030</b>
Proportion of the Group's Ownership (a)	22.50%	22.50%	22.50%
<b>Carrying amount of investment</b>	<b>264,381,616</b>	<b>174,714,456</b>	<b>44,900,332</b>

## Summarised statement of profit and loss of SLPCL

Particulars	31 March 2017 ₹	31 March 2016 ₹
Revenue	2,415,926,434	2,222,023,516
Less: Cost of raw materials and components consumed	1,060,063,135	676,930,163
Less: Depreciation and amortisation	163,753,094	147,420,933
Less: Finance Cost	56,748,223	69,209,056
Less: Employee Benefit	185,182,197	139,466,318
Less: Other Expenses	352,321,358	520,818,297
<b>Profit before tax</b>	<b>597,858,427</b>	<b>668,178,749</b>
Income tax expense	82,557,140	72,511,047
<b>Profit for the year (continuing operations)</b>	<b>515,301,287</b>	<b>595,667,702</b>
Total comprehensive income for the year (b)	515,301,287	595,667,702
<b>Company's share of profit for the year (a*b)</b>	<b>115,942,790</b>	<b>134,025,233</b>

The Group has a 40% interest in PCL Shenglong (Huzhou) Specialised Casting Co Ltd (PCLSL), a joint venture involved in the manufacture of Camshafts. The Group's interest in PCLSL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:



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	31 March 2017 ₹	31 March 2016 ₹	1 April 2015 ₹
Current assets, including cash and cash equivalents ₹ 5,044,025 (31-March-2016: ₹ 8,457,070, 1-April-15: ₹15,080,894 )	145,168,907	50,243,542	21,068,208
Non-current assets	492,661,301	522,664,594	294,212,705
Current liabilities, including tax payable INR Nil (31-March-2016: INR Nil , 1-April-15: INR Nil)	(606,886,456)	(247,179,502)	(52,081,892)
Non-current liabilities including net deferred tax liabilities INR (265) lakhs	(5,578,500)	(230,081,638)	(117,000,587)
<b>Equity</b>	<b>25,365,252</b>	<b>95,646,995</b>	<b>146,198,434</b>
Proportion of the Group's Ownership (c)	40.00%	40.00%	40.00%
<b>Carrying amount of investment</b>	<b>10,146,101</b>	<b>38,258,799</b>	<b>58,479,374</b>

## Summarised statement of profit and loss of PCLSL

Particulars	31 March 2017 ₹	31 March 2016 ₹
Revenue	209,357,943	414,505
Less: Cost of raw materials and components consumed	120,693,313	-
Less: Depreciation and amortisation	24,871,908	9,958,050
Less: Finance Cost	21,834,702	13,721,137
Less: Employee Benefit	56,659,175	22,421,741
Less: Other Expenses	46,818,858	7,910,047
<b>Profit before tax</b>	<b>(61,520,013)</b>	<b>(53,596,470)</b>
Income tax expense	-	-
<b>Profit for the year (continuing operations)</b>	<b>(61,520,013)</b>	<b>(53,596,470)</b>
Total comprehensive income for the year (d)	(61,520,013)	(53,596,470)
<b>Company's share of profit for the year (c*d)</b>	<b>(24,608,004)</b>	<b>(21,438,588)</b>

### Note 40: Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders and borrowings. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments for compliance with the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. The Company has issued equity shares in the Financial year 2015-16 in order to raise funds for building an additional machine shop for Ductile iron camshafts.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

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	31 March 2017 ₹	31 March 2016 ₹	1 April 2015 ₹
Borrowings other than non convertible preference shares (Note 12)	1,108,229,179	1,664,693,883	1,848,335,556
Trade payables (Note 14)	599,843,181	645,719,786	678,855,446
Less: cash and cash balances (Note 9)	161,189,672	208,925,940	486,573,506
<b>Net debt</b>	<b>1,546,882,688</b>	<b>2,101,487,728</b>	<b>2,040,617,497</b>
Equity	947,945,300	947,448,250	818,416,000
Total Capital	947,945,300	947,448,250	818,416,000
<b>Capital and net debt</b>	<b>2,494,827,988</b>	<b>3,048,935,978</b>	<b>2,859,033,497</b>
<b>Gearing ratio</b>	<b>62%</b>	<b>69%</b>	<b>71%</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

## Note 41: Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an Black and Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 32.

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for the plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 31.

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## *Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 36 and 37 for further disclosures.

## **Note 42: Financial risk management objectives and policies**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, investments in mutual funds and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

### **Sensitivity**

Year	Increase/ decrease in basis points	Effect on profit before tax ₹
31-Mar-17	50	4,306,002
	(50)	(4,306,002)
31-Mar-16	50	6,164,891
	(50)	(6,164,891)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

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## Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings of the Group.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. There are no hedge transactions and hence no sensitivity impact has been derived on pre tax equity.

### Sensitivity

Year	Change in USD rate	Effect on profit before tax ₹
31-Mar-17	5%	26,115,036
	-5%	(26,115,036)
31-Mar-16	5%	14,218,278
	-5%	(14,218,278)

Year	Change in EUR rate	Effect on profit before tax ₹
31-Mar-17	5%	(4,216,326)
	-5%	4,216,326
31-Mar-16	5%	(5,574,999)
	-5%	5,574,999

Year	Change in GBP rate	Effect on profit before tax ₹
31-Mar-17	5%	5,651,584
	-5%	(5,651,584)
31-Mar-16	5%	5,068,550
	-5%	(5,068,550)

## Commodity risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of Camshafts and therefore require a continuous supply majorly of Pig iron, MS Scrap and Resin coated sand. As on March 31, 2017; no open material purchase order were existed with respect to above mentioned items. Hence the fluctuation of prices of key raw materials do not materially affect the consolidated statement of profit and loss. Also as at March 31, 2017, there were no open purchase commitments/ pending material purchase order in respect of key raw materials.

Accordingly, no sensitivity analysis have been performed by the management.

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## Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

### Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The investment of surplus funds is made in mutual funds and fixed deposits which are approved by the Director. The Group's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in note 9.

## Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans, . The Group's policy is that not more than ₹ 450,000,000 of borrowings should mature in the next 12-month period. Approximately 63% of the Group's debt will mature in less than one year at 31 March 2017 (31 March 2016: 34%, 1 April 2015: 21%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2017</b>						
Borrowings	-	-	-	248,611,151	-	248,611,151
Other financial liabilities		329,308,510	359,104,964			688,413,474
Trade and other payables		599,843,181				599,843,181
	-	929,151,691	359,104,964	248,611,151		15,368,67,806

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2016</b>						
Borrowings	-	-	-	692,135,881	-	692,135,881
Other financial liabilities	-	199,119,316	299,822,206	-	-	498,941,522
Trade and other payables	-	645,719,786	-	-	-	645,719,786
	-	844,839,102	299,822,206	692,135,881	-	1,836,797,189

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Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2017</b>						
Borrowings	-	-	-	989,752,852	-	989,752,852
Other financial liabilities	-	338,419,143	239,272,442	-	-	577,691,585
Trade and other payables	-	678,855,447	-	-	-	678,855,447
	-	844,839,102	239,272,442	989,752,852	-	2,246,299,884

## Note 43: Utilisation of money raised through public issue

During the year ended 31 March 2016, the Company has raised ₹ 2,399,999,850 through public issue of fresh equity shares (refer note 10), mainly with an objective of setting-up a new manufacturing facility of ductile Iron Camshafts at Solapur, Maharashtra. The Company has incurred expenses aggregating ₹ 238,733,579 towards the initial public offering which included both issue of fresh equity shares as well as offer for sale of equity shares by existing share holders. Out of the same an amount of ₹ 102,812,297 has been recovered from existing share holders in regard to offer for sale. Given below are the details of utilisation of proceeds raised through public issue. During the year ended 31 March 2017, the Company has transferred an amount equivalent to the recovery from selling share holders from IPO account to the normal bank accounts since the same was spent by the Company before such recovery.

Year	Year ended 31 March 2017	Year ended 31 March 2016
Unutilized amount at the beginning of the year	2,246,838,600	-
Amount raised through public issue	-	2,399,999,850
Amounts recovered from existing share holders towards share issue expenses including taxes	-	102,812,297
Interest received on fixed deposits matured during the year	26,649,047	-
<b>Less: amount utilized during the year</b>		
Payment towards share issue expenses	15,712,486	127,527,197
Payment towards project expenditure relating to new manufacturing facility	401,550,342	128,446,350
Amount transferred from IPO account to regular account being amount recovered from selling		
share holders towards recovery of IPO expenses	90,226,593	-
Excess issue expenses recovered refunded to selling share holders	3,874,079	-
<b>Unutilized amount at the end of the year</b>	<b>1,762,124,147</b>	<b>2,246,838,600</b>

Details of short-term investments made from unutilized portion of public issue raised during the year ended 31 March 2017

Year	31 March 2017	31 March 2016
Balance amount in current account	14,056,026	152,838,600
Investment in fixed deposits of banks	1,748,068,121	2,094,000,000

## Note 44: Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for

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liabilities arising from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the consolidated financial statements of the Group.

## Note 45: First-time adoption of Ind AS

These consolidated financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

## Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- 1 Property, plant and equipment and intangible assets were carried in the consolidated balance sheet prepared in accordance with Indian GAAP at historical cost. The Group has elected to regard those carrying values of property, plant and equipment and intangible assets as the deemed cost at the date of the transition, since there is no change in the functional currency.
- 2 Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 1 April 2015.
- 3 The Group has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
- 4 The foreign currency translation reserve as at April 01, 2015 has been taken as zero in accordance with Ind AS-101.
- 5 Estimates  
The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:  
The investment in CAMS Technology Limited has been designated as FVTPL and accordingly, the fair valuation of the investment has been done using DCF method. For the purpose of estimating the fair value, the amount and timing of the cash flow has been estimated using the best available data and management expectations at the time of investment as revised from time to time.

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

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## Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	12	2,30,90,30,889	(30,71,90,297)	2,00,18,40,592
(b) Capital work-in-progress	12	16,24,39,880	(7,43,84,299)	8,80,55,581
(c) Intangible assets	12	24,84,291	(3,30,876)	21,53,415
(d) Financial assets				
(i) Investments	1, 12	62,01,30,000	(1,95,26,064)	60,06,03,936
(ii) Loans	2, 12	11,69,03,798	(9,97,76,200)	1,71,27,598
(iii) Other financial assets	2	-	2,29,15,388	2,29,15,388
(e) Deferred tax asset	12	17,63,700	(17,63,700)	-
(f) Other non-current assets	2, 5, 12	2,57,45,026	5,06,37,779	7,63,82,805
<b>Total non-current assets</b>		<b>3,23,84,97,584</b>	<b>(42,94,18,269)</b>	<b>2,80,90,79,315</b>
<b>II. Current assets</b>				
(a) Inventories	12	44,34,54,739	(4,07,86,164)	40,26,68,575
(b) Financial assets				
(i) Trade receivables	12	1,04,88,13,239	(3,34,78,719)	1,01,53,34,520
(ii) Cash and cash equivalents	12	94,53,45,271	(45,87,71,765)	48,65,73,506
(iii) Bank balance other than (iii) above		-	41,00,23,610	41,00,23,610
(iv) Loans	2, 12	20,41,88,264	(20,41,88,264)	-
(v) Other financial assets	2	-	5,81,64,648	5,81,64,648
(c) Other current assets	2, 5, 12	6,83,91,840	12,42,46,920	19,26,38,760
(c) Other current assets	2, 5	2,71,01,93,353	(14,47,89,734)	2,56,54,03,619
<b>Total current assets</b>		<b>2,57,08,12,394</b>	<b>(22,50,335)</b>	<b>2,56,85,62,059</b>
<b>Total Assets</b>		<b>5,94,86,90,937</b>	<b>(57,42,08,003)</b>	<b>5,37,44,82,934</b>

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital		81,84,16,000	-	81,84,16,000
(b) Other equity				
(i) Capital reserve	3	25,00,000	(25,00,000)	-
(ii) General reserve		4,72,20,715	-	4,72,20,715
(iii) Share based payments		33,61,698	-	33,61,698
(iv) Statutory / surplus reserve	12	45,37,989	(45,37,989)	-
(v) Retained earnings	1, 3, 4, 6, 8, 12	1,44,90,81,171	(24,81,98,562)	1,20,08,82,609
(vi) Reserves representing unrealised gains/ losses	12	(60,14,435)	60,14,435	-
<b>Total Equity</b>		<b>2,31,91,03,138</b>	<b>(24,92,22,116)</b>	<b>2,06,98,81,022</b>

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<b>Liabilities</b>				
<b>I. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	5, 12	1,22,29,37,516	(23,31,84,664)	98,97,52,852
(b) Provisions		-	1,81,07,988	1,81,07,988
(c) Deferred tax liabilities (net)	8, 12	11,11,27,998	11,36,48,436	22,47,76,434
(d) Other non-current liabilities	12	53,00,137	(53,00,137)	-
<b>Total non-current liabilities</b>		<b>1,33,93,65,651</b>	<b>(10,67,28,377)</b>	<b>1,23,26,37,274</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	12	63,90,21,133	(5,73,58,688)	58,16,62,445
(ii) Trade payables	6, 12	69,49,39,004	(1,60,83,557)	67,88,55,447
(iii) Other financial liabilities	5, 9	-	57,76,91,585	57,76,91,585
(b) Other current liabilities	9, 12	77,06,91,895	(69,30,67,313)	7,76,24,582
(c) Provisions	12	18,55,70,116	(15,29,88,587)	3,25,81,529
(d) Current tax liabilities (net)		-	12,35,49,050	12,35,49,050
<b>Total current liabilities</b>		<b>2,29,02,22,148</b>	<b>(21,82,57,510)</b>	<b>2,07,19,64,638</b>
<b>Total liabilities</b>		<b>3,62,95,87,799</b>	<b>(32,49,85,887)</b>	<b>3,30,46,01,912</b>
<b>Total Equity and Liabilities</b>		<b>5,94,86,90,937</b>	<b>(57,42,08,003)</b>	<b>5,37,44,82,934</b>

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## Reconciliation of equity as at 31 March 2016(date of transition to Ind AS)

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	12	2,32,87,19,933	(42,35,03,751)	1,90,52,16,182
(b) Capital work-in-progress	12	22,54,31,286	(8,10,98,439)	14,43,32,847
(c) Intangible assets	12	36,25,767	(3,05,238)	33,20,529
(d) Financial assets				
(i) Investments	1, 12	62,01,30,000	13,55,81,997	75,57,11,997
(ii) Loans	2, 12	19,92,96,615	(17,97,58,417)	1,95,38,198
(iii) Deferred Tax Asset	12	48,08,751	(48,08,751)	-
(iv) Other financial assets	2	-	2,63,94,335	2,63,94,335
(e) Other non-current assets	2, 5, 12	3,19,98,943	14,46,01,550	17,66,00,493
<b>Total non-current assets</b>		<b>3,41,40,11,295</b>	<b>(38,28,96,714)</b>	<b>3,03,11,14,581</b>
<b>II. Current assets</b>				
(a) Inventories	12	44,35,60,137	(4,04,34,628)	40,31,25,509
(b) Financial assets			-	-
(i) Investments		-	-	-
(ii) Trade receivables	12	95,87,53,872	(6,63,25,362)	89,24,28,510
(iii) Cash and cash equivalents	12	3,23,86,41,679	(3,02,97,15,738)	20,89,25,941
(iv) Bank balance other than (iii) above		-	2,95,78,78,068	2,95,78,78,068
(v) Loans	2, 12	14,96,83,719	(12,90,83,719)	2,06,00,000
(vi) Others financial assets	2	-	7,63,73,768	7,63,73,768
(c) Other current assets	2, 5, 12	8,64,29,758	3,35,31,805	11,99,61,563
<b>Total current assets</b>		<b>4,87,70,69,165</b>	<b>(19,77,75,806)</b>	<b>4,67,92,93,359</b>
<b>Total Assets</b>		<b>8,29,10,80,460</b>	<b>(58,06,72,520)</b>	<b>7,71,04,07,940</b>

## EQUITY AND LIABILITIES

### Equity

(a) Equity share capital		94,74,48,250	-	94,74,48,250
(b) Other equity				
(i) Capital reserve	3	43,87,834	(43,87,834)	-
(ii) Securities premium account		2,15,28,89,274	-	2,15,28,89,274
(iii) General reserve		4,72,20,715	-	4,72,20,715
(iv) Share based payments		2,31,42,528	-	2,31,42,528
(v) Statutory / surplus reserve	12	1,49,54,130	(1,49,54,130)	-
(vi) Retained earnings	1, 3, 4, 6, 8, 12	1,96,43,40,281	(19,31,43,131)	1,77,11,97,150
(vii) Reserves representing unrealised gains/ losses	12	(90,07,530)	60,14,434	(29,93,096)
<b>Total Equity</b>		<b>5,14,53,75,482</b>	<b>(20,64,70,661)</b>	<b>4,93,89,04,821</b>

### Liabilities

#### I. Non-current liabilities

(a) Financial liabilities				
(i) Borrowings	5, 12	95,66,28,308	(26,44,92,427)	69,21,35,881
(b) Provisions		-	1,82,78,717	1,82,78,717
(c) Deferred tax liabilities (net)	8, 12	6,51,56,994	12,93,45,914	19,45,02,908

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(d) Other non-current liabilities	12	3,10,76,581	(3,10,76,581)	-
<b>Total non-current liabilities</b>		<b>1,05,28,61,883</b>	<b>(14,79,44,377)</b>	<b>90,49,17,506</b>

## II. Current liabilities

(a) Financial liabilities				
(i) Borrowings	12	71,96,58,601	(10,77,77,633)	61,18,80,968
(ii) Trade payables	6, 12	64,92,08,611	(34,88,825)	64,57,19,786
(iii) Other financial liabilities	5, 9	-	49,89,41,522	49,89,41,522
(b) Other current liabilities	9, 12	61,76,74,816	(59,56,53,828)	2,20,20,988
(c) Provisions	12	10,63,01,067	(7,11,40,440)	3,51,60,627
(d) Current tax liabilities (net)		-	5,28,61,722	5,28,61,722
<b>Total current liabilities</b>		<b>2,09,28,43,095</b>	<b>(22,62,57,482)</b>	<b>1,86,65,85,613</b>
<b>Total liabilities</b>		<b>3,14,57,04,978</b>	<b>(37,42,01,859)</b>	<b>2,77,15,03,119</b>
<b>Total Equity and Liabilities</b>		<b>8,29,10,80,460</b>	<b>(58,06,72,520)</b>	<b>7,71,04,07,940</b>

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## Reconciliation of profit or loss for the year ended 31 March 2016

Particulars	Footnotes	Local GAAP In ₹	Adjustments In ₹	Ind AS In ₹
<b>Income</b>				
Revenue from operations	10, 12	4,76,73,84,719	(20,31,55,602)	4,56,42,29,117
Other income	1, 11, 12	17,49,29,693	(5,23,38,355)	12,25,91,338
<b>Total Revenue (I)</b>		<b>4,94,23,14,412</b>	<b>(25,54,93,957)</b>	<b>4,68,68,20,455</b>
<b>Expenses</b>				
Cost of raw materials and components consumed	12	1,35,68,42,088	(1,77,15,974)	1,33,91,26,114
Excise duty on sale of goods	10	-	16,63,20,805	16,63,20,805
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	12	(8,71,873)	(49,55,908)	(58,27,781)
Employee benefits expense	7, 12	60,65,28,833	(3,71,70,071)	56,93,58,762
Other Expenses	10, 12	1,46,81,65,788	(14,44,13,121)	1,32,37,52,667
<b>Total expenses (II)</b>		<b>3,43,06,64,836</b>	<b>(3,79,34,269)</b>	<b>3,39,27,30,567</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		<b>1,51,16,49,576</b>	<b>(21,75,59,688)</b>	<b>1,29,40,89,888</b>
Finance costs	12	11,12,85,129	(2,04,80,417)	9,08,04,712
Finance Income	11	-	(9,12,20,247)	(9,12,20,247)
Depreciation and amortisation expense	12	42,71,43,790	(3,71,52,928)	38,99,90,862
<b>Profit before tax and share of profit of joint ventures</b>		<b>97,32,20,657</b>	<b>(6,87,06,096)</b>	<b>90,45,14,561</b>
Share of profit from joint ventures		-	12,89,01,629	12,89,01,629
<b>Profit before tax</b>		<b>97,32,20,657</b>	<b>6,01,95,533</b>	<b>1,03,34,16,190</b>
<b>Tax expense</b>				
Current tax		39,15,43,774	-	39,15,43,774
Adjustment of tax relating to earlier years		(1,80,48,343)	-	(1,80,48,343)
Deferred tax	12	(4,18,70,500)	1,45,97,382	(2,72,73,118)
<b>Total tax expense</b>		<b>33,16,24,931</b>	<b>1,45,97,382</b>	<b>34,62,22,313</b>
<b>Profit for the year [i]</b>		<b>64,15,95,726</b>	<b>4,55,98,151</b>	<b>68,71,93,877 t</b>
<b>Other comprehensive income</b>				
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gains / (losses) on defined benefit plans	7	-	31,78,547	31,78,547
Income tax effect		-	(11,00,095)	(11,00,095)
<b>B. Other comprehensive income to be reclassified to profit loss in subsequent periods:</b>				
Exchange differences on translation of foreign operations		-	(29,93,096)	(29,93,096)

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<b>Total other comprehensive income for the year, net of tax [ ii=A+B ]</b>	-	<b>(9,14,644)</b>	<b>(9,14,644)</b>
<b>Total comprehensive income for the year, net of tax ( i+ii )</b>	<b>64,15,95,726</b>	<b>4,46,83,507</b>	<b>68,62,79,233</b>

## 1) Investments carried at Fair value through P & L:

Under Indian GAAP, the Group accounted for long term investments as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated the investment in CAMS Technology Ltd. as FVTPL investments based on business model. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised in retained earnings.

## 2) Reclassification of Loans & Advances

The IND AS compliant schedule III specifies the nature and type of assets to be classified as Loans/ Other financial assets. Under IGAAP, certain financial statement line items like capital advances, prepaid expenses etc. were classified under Loan and Advances based on the previous applicable Schedule III. Based on the revised disclosure specification requirements, the line items mentioned above have been reclassified from Loans and advances and Other current assets to Other Financial Assets.

## 3) Capital Reserve

Under Indian GAAP, the incentives received for specific purpose have to be shown as separate reserve while, and general incentive or grant received can be shown as a part of the general reserve. Under IND AS any general purpose grants or incentives received shall be considered as revenue, while and specific grants received will have to be adjusted to match the valuation of the assets for which it has been used. However, SICOM grant had been received and utilised before March 31, 2015. Therefore, the same has been transferred to Retained earnings

## 4) Dividend

Under Indian GAAP, the provision for dividend was recognised if the dividend was decided by the Board prior to the approval of Financials at the AGM. Under IND AS, if an entity declares dividends to holders of equity instruments (as defined in Ind AS 32, Financial Instruments: Presentation) after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period. If dividends are declared after the reporting period but before the financial statements are approved for issue, the dividends are not recognised as a liability at the end of the reporting period since no obligation exists at that time. Such dividends are disclosed in the notes in accordance with Ind AS 1, Presentation of Financial Statements. Accordingly, the interim dividend as on March 31, 2015 had been approved by the Board on June 23, 2015. Hence, the same shall be recognised as a liability in the year ended March 31, 2016.

## 5) Amortisation of Prepaid ECB Charges

Under Indian GAAP, the loan processing fees were amortised over the repayment period of the loan. Under Ind AS, the Group is required to measure the borrowings using Effective interest rate method. Accordingly, the amount of Long term borrowings has been recalculated under the EIR method and the ECB charges and interest accrued on borrowings have been covered within the revised measurements done under the method.

## 6) Provisions pertaining to expenses of prior years

Under IND AS, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by either restating the comparative amounts for the prior period presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. In the year ended March 31, 2016, the Group had provided for certain expenses relating to financial years prior to financial year 2014-15. Since the error relates to the period before the earliest period presented (i.e. profit and loss account for year ended March 31, 2016) the amount has been adjusted in the Retained earnings of opening

# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

balance sheet. The corresponding effect of the entry was taken in other provisions which gets clubbed under trade payables.

## 7) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is increased by Rs. 3,178,547 and Re measurement gains on defined benefit plans has been recognized in the OCI net of tax.

## 8) Deferred tax on exchange differences arising on foreign currency monetary items capitalised

As per IND AS 12, the Group needs to assess and calculate the Deferred tax liability/ asset using balance sheet approach. Unlike Indian GAAP, Deferred taxes have been recognised on unrealised loss on long term borrowings capitalised on property, plant and equipment (Refer Note 3). Deferred taxes have also been recognised on consolidation, adjustments such as profit eliminations and undistributed profits of joint ventures. A Deferred tax liability has been created on the balance of unrealised losses, and consolidation, profit eliminations and undistributed profits as on April 01, 2015 and the corresponding effect has been given in the opening balance of Retained earnings. Further, the tax impact on movements in these balances post April 1, 2015 has been debited to statement of profit and loss of 2015-16.

## 9) Reclassification of Other current liabilities

The Ind AS Compliant Schedule III, specifies the nature and type of liabilities which need to be classified under Other Financial liabilities. Accordingly, amounts shown earlier under Other current liabilities have been reclassified under Other financial liabilities.

## 10) Revenue from Operations

Under Indian GAAP, the disclosure of revenue was made net of excise in the Profit and loss. However, the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. Accordingly, the revenue from operations has been disclosed gross of excise duty. The corresponding amount of excise has been separately disclosed under expenses in the Financial statements. IND AS 18 defines revenue as 'Revenue is the "gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in" equity, other than increases relating to contributions from equity participants'. On clubbing of excise duty under the head revenue from operations, the amount of Excise duty cost borne by EOU (the incremental amount of Excise duty charged for domestic sales of EOU, not agreed to be reimbursed by customers) was also being added to Revenue from Operations. Hence, the same has been netted off against revenue by removing it from Other expenses.

## 11) Reclassification of Finance Income

The Company presents EBITDA in the statement of profit or loss; Ind AS complaint Schedule III allows companies to present Line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the Financial Statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards. If the nature of expenses is in the nature of interest, tax, depreciation and amortisation, then it should be excluded from EBITDA. Accordingly; the Company has reclassified the interest income on fixed deposits and other interest income from other income to finance income in statement of profit and loss.

## 12) Elimination of line - by - line consolidated amounts of joint venture

Under IGAAP, the joint ventures were consolidated on a line-by-line basis, i.e. proportionate amount of assets, liabilities and income & expense were added to the respective line items of holding company. However, under



# Notes to Consolidated Financial Statements

for the year ended March 31, 2017

(All amounts in rupees unless otherwise stated)

Ind AS, joint venture investments are consolidated using equity method. Accordingly, the consolidated financial statements as at April 1, 2015 and March 31, 2016 have been redrawn to this effect for the purposes of Ind AS. Accordingly, the earlier individually consolidated amounts are eliminated from the balance sheets and statement of profit and loss.

## Note 46: Details of Specified Bank Notes (SBN):

The details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 are as follows:

Particulars	Amount
Closing cash in hand as on 08.11.2016	312,561
<b>(+) Permitted receipts</b>	
(+) Cash withdrawal from banks	760,000
(+) Cash receipts from employees against advances given	42,494
<b>(-) Permitted payments</b>	<b>(593,680)</b>
<b>(-) Payment towards contractors</b>	<b>(312,561)</b>
<b>(-) Amount deposited in Banks</b>	<b>-</b>
<b>Closing cash in hand as on 30.12.2016</b>	<b>208,814</b>

## Reconciliation of profit or loss for the year ended 31 March 2016

### For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per **Paul Alvares**  
Partner  
Membership Number: 105754

Place: Pune  
Date: May 22, 2017

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

Place: Pune  
Date: May 22, 2017

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

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

Place: Pune  
Date: May 22, 2017

**Ravindra R Joshi**  
Director  
DIN. 03338134

Place: Pune  
Date: May 22, 2017

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

Place: Pune  
Date: May 22, 2017

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# Notice

(All amounts in rupees unless otherwise stated)

Date: 10<sup>th</sup> August, 2017

Dear Member,

You are cordially invited to attend the 25<sup>th</sup> Annual General Meeting of Precision Camshafts Limited ('the Company') to be held on Wednesday, 27<sup>th</sup> September, 2017 at 3.00 p.m. at Precision Camshafts Limited, D-5 Chincholi MIDC, Solapur-413 255, Maharashtra, India.

The Notice of the meeting, containing business to be transacted, along with Explanatory Statement thereon is enclosed herewith. As per Section 108 of the Companies Act 2013, read with the related Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are enclosed herewith.

Sincerely,

**Yatin S. Shah**

Chairman and Managing Director  
(DIN 00318140)

**Enclosures-**

- Notice of the 25<sup>th</sup> Annual General Meeting
- Explanatory Statement as per Section 102 of the Companies Act, 2013
- Instructions for e-voting
- Proxy Form
- Attendance slip

# Notice

(All amounts in rupees unless otherwise stated)

**NOTICE** is hereby given that the 25<sup>th</sup> (Twenty Fifth) Annual General Meeting (AGM) of the Members of Precision Camshafts Limited will be held on Wednesday, 27<sup>th</sup> September, 2017 at 03.00 p.m. at Precision Camshafts Limited, D-5, MIDC, Chincholi, Solapur - 413255 Maharashtra, India to transact the following business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt Standalone and Consolidated financial statements for the financial year ended 31<sup>st</sup> March, 2017 together with the Report of the Directors' and the Auditors' thereon.
2. To declare a final dividend of Rs. 1.50/-per equity share for the year ended 31<sup>st</sup> March, 2017.
3. To appoint a director in place of Mr. Ravindra R. Joshi (DIN: 03338134), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following Resolution as an "Ordinary Resolution":

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142, the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and modifications and re-enactments thereof or any other provisions of law for the time being in force, pursuant to the recommendations of the Audit Committee of the Board and of the Board of Directors of the Company, M/s P. G. Bhagwat, Chartered Accountants Pune (Firm Registration no. 101118W) be and are hereby appointed as the Statutory Auditors of the Company ( in place of M/s S.R.B.C. & Co. LLP, Chartered Accountants, Pune the retiring auditors) for a period of 5 years commencing from Financial Year 2017-18 to hold office from the conclusion of this 25<sup>th</sup> Annual General Meeting till the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held in Financial Year 2022-2023 (subject to ratification of their appointment at every AGM if so required under the Act), on a remuneration that may be determined by the Board in consultation with the Auditors."

## **SPECIAL BUSINESS:**

### **5. RE-APPOINTMENT OF MR. VAIBHAV S. MAHAJANI AS AN INDEPENDENT DIRECTOR:**

To consider and if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Vaibhav S. Mahajani (DIN 00304851), Independent Director of the Company who was appointed by the shareholders at the Extra-ordinary General Meeting held on 8<sup>th</sup> June, 2015 for a term of 2 years ending on the date of ensuing 25<sup>th</sup> Annual General Meeting of the Company, be and is hereby re-appointed as an Independent Director of the Company for the second term of 5 years upto the 30<sup>th</sup> Annual General Meeting of the Company to be held in Financial Year 2022-23."

### **6. APPROVAL OF RELATED PARTY TRANSACTIONS:**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT**, pursuant to provisions of Section 188 and other applicable provisions if any of the Companies Act, 2013 read with applicable rules under the Companies (Meetings of Board and its Powers) Rules 2014 and in terms of applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), modification(s) or re-enactment(s) thereof), consent of the members of the Company, be and is hereby accorded for entering into the contract(s) /arrangement(s) /transaction(s) with its related party from the Financial Year

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(All amounts in rupees unless otherwise stated)

2017-18 to Financial Year 2019-20 upto the maximum per annum amount as appended in table below-

Sr. No.	Name of related party	Relationship	Maximum value of transaction to be entered during FY 2017-18	Maximum value of transaction to be entered during FY 2018-19	Maximum value of transaction to be entered during FY 2019-20
1	Ningbo Shenglong PCL Camshafts Company Limited	Associate Company	Rs.. 75,00,00,000/- (for Sale of goods and tooling income)	Rs.. 82,50,00,000/- (for Sale of goods and tooling income)	Rs.. 90,75,00,000/- (for Sale of goods and tooling income)

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all acts, deeds and things which are necessary and incidental to give effect to the forgoing resolution."

## 7. APPROVAL OF COST AUDITOR'S REMUNERATION:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 148 (3) of the Companies Act, 2013, Rule 14 of the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, approval of members of the Company be and is hereby accorded for the remuneration of Rs. 1,50,000/- plus taxes thereon, and out-of-pocket expenses payable to M/s. S. V. Vhatte & Associates, Cost Accountants (Membership No:7501 Firm Registration No. 100280) appointed by the Board of Directors of the Company vide their Board Meeting held on 10<sup>th</sup> August, 2017 for the financial year 2017-18."

## 8. RE-APPOINTMENT OF MR. YATIN S. SHAH AS CHAIRMAN AND MANAGING DIRECTOR AND TO FIX HIS REMUNERATION:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee & the Board of Directors of the Company and the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013, Rule 8 of the Companies (Appointment and Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members be and is hereby accorded for the re-appointment of Mr. Yatin Subhash Shah (DIN: 00318140) as Chairman and Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2022."

**RESOLVED FURTHER THAT** Mr. Yatin Subhash Shah – Chairman and Managing Director be paid remuneration upto maximum of Rs. 3,82,50,000/- p.a. (Rupees. Three Crores Eighty Two Lakhs and Fifty Thousand only) for the period of 3 years from 1 April 2017 to 31 March 2020; which includes the variable pay and perquisites, with the authority to Board to fix the salary within the said maximum amount from time to time AND THAT the remuneration payable to Mr. Yatin Subash Shah, (DIN: 00318140) Chairman & Managing Director of the Company shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** all other terms and conditions as per the HR policy of the Company be and are hereby applicable including Earned/Privilege leave, contribution to Provident Fund, Superannuation fund or annuity fund/ Gratuity in terms of applicable provisions of the relevant statutes.

**RESOLVED FURTHER THAT** Mr. Ravindra R. Joshi (DIN 03338134), Whole-time Director & CFO of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary to give effect to this resolution and matters incidental thereto."

# Notice

(All amounts in rupees unless otherwise stated)

## 9. PAYMENT OF REMUNERATION TO DR. MRS. SUHASINI Y. SHAH, WHOLE-TIME DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee and the Board of Directors, consent of the members be and is hereby accorded for the revision in the remuneration of Dr. Mrs. Suhasini Yatin Shah (DIN 02168705), Whole-time Director of the Company, w.e.f. 1<sup>st</sup> April, 2017 for the remaining period of two years ending on 31<sup>st</sup> March 2019.

Consolidated Salary: Upto a Maximum of Rs. 40,00,000/- p.a. (Rupees Forty Lakhs only) which includes the variable pay and perquisites, with the authority to Board to fix the salary within the said maximum amount from time to time.

**RESOLVED FURTHER THAT** the remuneration payable to Dr. Mrs. Suhasini Yatin Shah (DIN:02168705), Director of the Company shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** all other terms and conditions as per the HR policy of the Company be and is hereby applicable including Earned/Privilege leave, contribution to Provident Fund, Superannuation fund or annuity fund/ Gratuity in terms of applicable provisions of the relevant statutes.

**RESOLVED FURTHER THAT** Mr. Ravindra R. Joshi (DIN 03338134), Whole- time Director & CFO of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary to give effect to this resolution and matters incidental thereto."

## 10. PAYMENT OF REMUNERATION TO MR. RAVINDRA R. JOSHI, WHOLE-TIME DIRECTOR & CFO OF THE COMPANY:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), Articles of Association of the Company and the recommendation of Nomination and Remuneration Committee and the Board of Directors, consent of the members be and is hereby accorded for the revision in the remuneration of Mr. Ravindra R. Joshi (DIN: 03338134), Whole- time Director & CFO of the Company with effect from 1<sup>st</sup> April, 2017 for the remaining period of two years ending on 31<sup>st</sup> March 2019.

Consolidated Salary: Upto a Maximum of Rs. 3,14,50,000/- p.a. (Rupees Three Crore Fourteen Lakhs and Fifty Thousand Only) which includes the variable pay and perquisites, with the authority to Board to fix the salary within the said maximum amount from time to time.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Ravindra R. Joshi (DIN: 03338134), Whole- time Director & CFO of the Company shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FRUTHER THAT** all other terms and conditions as per the HR policy of the Company be and is hereby applicable including Earned/Privilege leave, contribution to Provident Fund, Superannuation fund or annuity fund/ Gratuity in terms of applicable provisions of the relevant statutes.

**RESOLVED FURTHER THAT** Mr. Yatin S. Shah (DIN:00318140), Chairman & Managing Director and Dr. Mrs. Suhasini Y. Shah (DIN:02168705), Whole-time Director of the Company be and are hereby authorized severally to do all such acts, deeds, matters and things as may be considered necessary to give effect to this resolution and matters incidental thereto."

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## 11. PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the "Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the payment of commission of a sum not exceeding one percent of the annual net profits of the Company computed in accordance with the provisions of Section 197 read with Section 198 of the Act, to such Directors of the Company (other than Executive Directors) in such proportion and manner as may be directed by the Board of Directors, for a period of three (3) years and such payment shall be made in respect of the profits of the Company for the financial years commencing from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020.

**RESOLVED FURTHER THAT** the above remuneration shall be in addition to the reimbursement of expenses for participation in the Board and other meetings."

## 12. APPROVAL OF PAYMENT BY THE MEMBERS FOR SERVICE OF DOCUMENTS:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 20 of the Companies Act, 2013, Rule 35 of the Companies (Incorporation) Rules, 2014 and other applicable provisions, if any, of the Act, whereby a document may be served on any member by the Company by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the members be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him/her, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the shareholder.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, directors or key managerial personnel of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

### NOTES:

- a) The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business from Item Nos. 5 to 12 set out in the Notice is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A proxy form for the AGM is enclosed with the Notice.
- d) Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing the representative to attend and vote on their behalf at the meeting.

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- e) The Company's Registrar and Transfer Agents for its Share Registry work (physical and electronic) are Link Intime India Private Limited, having office at (Block No 202, Akshay Complex, 2<sup>nd</sup> floor, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001
- f) If a dividend is declared at the Annual General Meeting, the payment of such dividend will be made to those members of the Company whose names stand on the register of members of the Company on 20<sup>th</sup> of September, 2017.
- g) Voting through electronic means:
  - I. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, the Company is pleased to provide Members the facility to exercise their right to vote at the 25<sup>th</sup> AGM by electronic means. The facility of casting votes by a Member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by National Securities Depository Limited (NSDL) and the items of business as detailed in this Notice may be transacted through remote e-voting.
  - II. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date of 20<sup>th</sup> September, 2017 only shall be entitled to avail the facility of remote-voting as well as voting through ballot at the AGM.
  - III. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
  - IV. The facility for voting through ballot shall also be made available at the AGM and the Members attending the AGM who have not already cast their votes through remote e-voting shall be able to exercise their voting rights at the AGM.
  - V. The Members who have cast their votes through remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their votes again. However, in case a Member casts his/her vote both by ballot voting at the AGM and by remote e- voting, then voting done through remote e-voting shall be considered and voting done through ballot at the AGM will be treated as invalid.

The instructions for remote e-voting are as under:

- i. Members whose shareholding is in the dematerialized form and whose email addresses are registered with the Company/Depository Participant(s) will receive an email from NSDL informing the User-ID and Password/PIN.
  - 1. Open email and open PDF file viz.; "PRECAM-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
  - 2. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - 3. Click on Shareholder – Login.
  - 4. Enter the user ID and password/PIN as initial password noted in step (1) above. Click Login.
  - 5. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - 6. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - 7. Select "REVEN" (Remote E Voting Event Number) of Precision Camshafts Limited.
  - 8. Now you are ready for remote e-voting as Cast Vote page opens.

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9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  10. Upon confirmation, the message "Vote cast successfully" will be displayed.
  11. Once you have voted on the resolution, you will not be allowed to modify your vote.
  12. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy(PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [evoting@pclindia.in](mailto:evoting@pclindia.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- ii. For Members holding shares in dematerialized form whose email IDs are not registered with the Company/Depository Participants, Members holding shares in physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:
1. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

REVEN(remote E Voting Event Number)	USER ID	PASSWORD/PIN
  2. Please follow all steps from Sr. No. 1 to Sr. No. 12 of (i) above, to cast vote.
- VI. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or may contact on the NSDL toll free no. 1800-222-990 or may contact Mr. Amit Vishal, Senior Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [AmitV@nsdl.co.in](mailto:AmitV@nsdl.co.in) or at telephone nos. +91-22-2499 4600/+91-22-2499 4360. Alternatively, Members may also write to Mr. Swapneel Kuber, Company Secretary & Compliance Officer of the Company at the email ID: [sskuber@pclindia.in](mailto:sskuber@pclindia.in) or contact at telephone no. 020-69401114.
- VII. Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password/PIN.
- VIII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IX. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- X. The remote e-voting period commences on Sunday, 24<sup>th</sup> September, 2017 (9:00 a.m. IST) and ends on Tuesday, 26<sup>th</sup> September, 2017 (5:00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20<sup>th</sup> September, 2017 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- XI. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of 20<sup>th</sup> September, 2017.
- XII. CS Jayavant B Bhawe, Proprietor of J B Bhawe & Co., Company Secretaries, Pune has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the physical voting process at the AGM in a fair and transparent manner.

# Notice

(All amounts in rupees unless otherwise stated)

- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting through ballot with the assistance of scrutinizer for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - XIV. The Scrutinizer after the conclusion of voting at the AGM will unblock the votes cast through ballot in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director authorized by him in writing, who shall countersign the same. The Chairman or the authorized Director shall declare the result of the voting forthwith.
  - XV. The Results declared along with the Scrutinizer's Report shall be displayed at the Registered Office as well as the Corporate Office of the Company and uploaded on the Company's website [www.pclindia.in](http://www.pclindia.in) as well as on the website of NSDL after the same is declared by the Chairman/authorized person. The Results shall also be simultaneously forwarded to the stock exchanges.
- h) Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular No.21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
  - i) The Register of Members and the Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September, 2017 to 27<sup>th</sup> September, 2017 (both days inclusive):
    - (i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on 20<sup>th</sup> September, 2017 after giving effect to all valid transfers in physical form lodged on or before 20<sup>th</sup> September 2017 with the Company and/or its Registrar and Transfer Agent; and
    - (ii) in respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on 20<sup>th</sup> September 2017.
  - j) Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the Company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
  - k) Members may avail of the nomination facility as provided under Section 72 of the Companies Act, 2013.
  - l) Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure I to the Notice.
  - m) This Notice and the Annual Report of the Company circulated to the Members of the Company will be made available on the Company's website at [www.pclindia.in](http://www.pclindia.in) and on the website of NSDL at [www.nsdl.co.in](http://www.nsdl.co.in).
  - n) Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.
  - o) During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged with the Company between 9:00 a.m. IST and 5:00 p.m. IST at the registered office of the Company, provided that a requisition for the same from a Member is received in writing not less than 3 days before the commencement of the Meeting.

About Us

Our Team

Our Strategies

MD&A

DR & CGR

Financials

# Notice

(All amounts in rupees unless otherwise stated)

- p) All the documents referred to in the Notice and Explanatory Statement alongwith other relevant documents will be made available for inspection by the Members at the Registered/Corporate Office of the Company between 11:00 a.m. IST and 1:00 p.m. IST on all working days from the date hereof upto the date of the Meeting.
- q) Members/ proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits sending of soft copies of annual reports to all those Members who have registered their email addresses for the said purpose.

The Companies Act, 2013 has also recognized serving of documents to any Member through electronic mode. In terms of the Circular No. NSDL/CIR/II/10/2012 dated March 9, 2012 issued by National Securities Depository Limited, email addresses made available by the Depository for your respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices/documents including those covered under Sections 101 and 136 of the Companies Act, 2013 read with Section 20 of the Companies Act, 2013 and the underlying rules relating to transmission of documents in electronic mode. In light of the requirements prescribed by the aforesaid circulars, for those Members whose Depository Participant accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended 31<sup>st</sup> March 2017 would be dispatched.

The Notice of Annual General Meeting and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website of the Company [www.pclindia.in](http://www.pclindia.in) and the other requirements as applicable will be duly complied with. Members holding shares in electronic mode are requested to ensure to keep their email addresses updated with the Depository Participants. Members who have not registered their email id with their Depository Participants are requested to do so and support the green initiative. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the [pune@linkintime.co.in](mailto:pune@linkintime.co.in) quoting their folio number(s).

By order of the Board  
For **Precision Camshafts Limited**

**Swapneel Kuber**  
Company Secretary & Compliance Officer  
Solapur, 10<sup>th</sup> August, 2017

CIN: L24231PN1992PLC067126  
Website: [www.pclindia.in](http://www.pclindia.in)  
E-mail ID: [sskuber@pclindia.in](mailto:sskuber@pclindia.in)

## Registered Office

E 102/103 MIDC  
Akkalkot road, Solapur-413006,  
Maharashtra, India  
Phone: +91 9168646536/37

## Corporate Office:

Precision Camshafts Limited  
D-5 Chincholi, MIDC,  
Solapur-413255,  
Maharashtra, India  
Phone: +91 9168646531/32/33

## Precision Camshafts Limited

Office No. 501/502,  
Kanchanban "B", Sunit Capital,  
CTS No. 967, FP No. 397,  
Senapati Bapat Road, Pune 411016

# Notice

(All amounts in rupees unless otherwise stated)

## EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 5

#### Re-appointment of Mr. Vaibhav S. Mahajani as an Independent Director:

Mr. Vaibhav S. Mahajani, aged 41 years, is our Independent Director. He holds a bachelor's degree in electronics engineering from Dnyaneshwar Vidyapeeth and has been certified by the ISACA, USA as a CISM (Certified Information Security Manager). He has a Foundation Certificate in IT Service Management from the Examination Institute for Information Science. He is Certified Payment Card Industry Security Implementer from SISA. He joined our Board on February 17, 2015. He has experience of more than 20 years in IT sector.

Mr. Vaibhav Mahajani holds 50 Equity Shares of the Company.

Mr. Vaibhav S. Mahajani whose period of office as an Independent Director is liable to determination in the Annual General Meeting to be held in 2017. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Vaibhav S. Mahajani being eligible and offering himself for reappointment, is proposed to be reappointed as an Independent Director for a term of 5 (Five) consecutive years upto 30<sup>th</sup> Annual General Meeting of the Company to be held in FY 2022-23.

In the opinion of the Board, Mr. Vaibhav S. Mahajani fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vaibhav S. Mahajani as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vaibhav S. Mahajani as an Independent Director, for the approval by the shareholders of the Company.

The Board of Director recommends the relevant resolution for your consideration and approval as a Special Resolution.

Except Mr. Vaibhav S. Mahajani, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

### Item No. 6

#### Approval of Related Party Transactions

As per the provisions of Section 188 (1) of the Companies Act, 2013 read with Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Material Related Party Transactions requires prior approval of the Shareholders by Ordinary Resolution where transactions proposed to be entered fall, in the list of items referred therein and are in excess of threshold limits. The transactions entered into by the Company with Ningbo Shenglong PCL Camshafts Company Limited are in the ordinary course of business and are at arm's length basis.

Accordingly, Ordinary Resolution is submitted to the meeting for consideration and approval of members.

As per Rule 15, the particulars of Related party Transactions are as below:-

<b>Name of the related Party</b>	Ningbo Shenglong PCL Camshafts Company Limited
<b>Name of the director or key managerial personnel who is related , if any</b>	Mr. Yatin S. Shah
<b>Nature, material terms, monetary value and particulars of the contract or arrangement</b>	
<b>i) For FY 2017-18</b>	Transaction for sale of goods and Tooling Income not exceeding Rs. 75,00,00,000/-
<b>ii) For FY 2018-19</b>	Transaction for sale of goods and Tooling Income not exceeding Rs. 82,50,00,000/-
<b>iii) For FY 2019-20</b>	Transaction for sale of goods and Tooling Income not exceeding Rs. 90,75,00,000/-
<b>Any other information relevant or important for the members to take a decision on the proposed resolution.</b>	The proposed transaction is at arm's length basis

# Notice

(All amounts in rupees unless otherwise stated)

The Board of Director recommends the relevant resolution for your consideration and approval as Ordinary Resolution.

Except Mr. Yatin S. Shah and his relative, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the said Resolution.

## **Item No. 7**

### **Ratification of Remuneration to M/s. S V Vhatte & Associates, Cost Accountants as Cost Auditor:**

The Board of Directors of the Company vide their meeting held on 10<sup>th</sup> August, 2017, approved the appointment and remuneration of M/s. S. V. Vhatte & Associates, Cost Accountants as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year 2017-2018 at a remuneration of Rs.1,50,000/- plus taxes thereon and out-of-pocket expenses to be incurred during the Audit.

In terms of the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors as set out in the Resolution for the aforesaid services to be rendered by them.

The Board of Director recommends the relevant resolution for your consideration and approval as Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the said Resolution.

## **Item No. 8**

### **Reappointment of Mr. Yatin S. Shah as Chairman and Managing Director and to fix his remuneration:**

Mr. Yatin S. Shah, who was appointed Chairman and Managing Director (DIN: 00318140) by the members to hold office up to 31<sup>st</sup> March 2017 and hence continuation of his employment as Chairman and Managing Director, requires the approval of members by way of an Ordinary resolution.

Keeping in view that Mr. Yatin S. Shah has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to continue the employment of Mr. Yatin S. Shah as Chairman and Managing Director.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Board Governance, Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution on 26<sup>th</sup> April, 2017 approving re-appointment of Mr. Yatin S. Shah, as Chairman and Managing Director of the Company for a further period of Five years with effect from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2022. This is subject to the approval of the shareholders at this Annual General Meeting.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The remuneration payable to Mr. Yatin S. Shah, Chairman and Managing Director is given below:

Fixed Compensation: Up to a maximum of Rs. 3,82,50,000/- p.a. (Rs. Three Crores Eighty Two Lakhs and Fifty Thousand only).

Mr. Yatin S. Shah, Dr. Mrs. Suhasini Y. Shah, Whole-time Director and their relatives shall be deemed to be concerned or interested in the resolution to the extent of their shareholding in the Company and the remuneration payable to Mr. Yatin S. Shah under the resolution.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary Resolution.

# Notice

(All amounts in rupees unless otherwise stated)

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Yatin S. Shah and his relatives are, in any way, concerned or interested in the said resolutions no. 8.

## Item No. 9

### **Payment of remuneration to Dr. Mrs. Suhasini Y. Shah, Whole-time Director of the Company:**

The Nomination and Remuneration Committee, in its meeting held on 26<sup>th</sup> April, 2017 recommended and the Board of Directors, in its meeting held on 26<sup>th</sup> April, 2017, approved the payment of maximum remuneration of Rs. 40,00,000/- p.a (Rupees Forty Lakhs only). , payable to Dr. Mrs. Suhasini Y. Shah (DIN 02168705), as Whole-time Director of the Company with effect from 1<sup>st</sup> April, 2017, for remainder of duration of appointment upto 31<sup>st</sup> March 2019 subject to the approval of the shareholders in the General Meeting.

Approval of the shareholders is sought for ratification of remuneration paid/remuneration payable for the remaining period of existing appointment commencing from 1<sup>st</sup> April, 2017 to Dr. Mrs. Suhasini Y. Shah as Whole-time Director of the Company.

Dr. Mrs. Suhasini Y. Shah, Mr. Yatin S. Shah Whole-time Directors and their relatives shall be deemed to be concerned or interested in the resolution to the extent of their shareholding in the company and the remuneration payable to Dr. Mrs. Suhasini Y. Shah under the resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel and their relatives other than Dr. Mrs. Suhasini Y. Shah and her relatives are, in any way, concerned or interested in the said resolutions no. 9.

## Item No. 10

### **Payment of remuneration to Mr. Ravindra R. Joshi, Whole-time Director and CFO of the Company:**

The Nomination and Remuneration Committee, in its meeting held on 26<sup>th</sup> April, 2017 recommended and the Board of Directors, in its meeting held on 26<sup>th</sup> April, 2017, approved the payment of maximum remuneration of 3,14,50,000/- p.a. (Rupees Three Crore Fourteen Lakhs and Fifty Thousand Only), payable to Mr. Ravindra R. Joshi (DIN 03338134), as Whole-time Director and CFO of the Company with effect from 1<sup>st</sup> April, 2017, for remainder of duration of his appointment upto 31<sup>st</sup> March 2019 subject to the approval of the shareholders in the General Meeting.

Approval of the shareholders is sought for ratification of remuneration paid/remuneration payable for the remaining period of existing appointment commencing from 1<sup>st</sup> April, 2017 to Mr. Ravindra R Joshi as Whole-time Director and CFO of the Company.

Mr. Ravindra R. Joshi, Whole-time Director & CFO shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to Mr. Ravindra R Joshi under the resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Ravindra R Joshi are, in any way, concerned or interested in the said resolutions no.10.

# Notice

(All amounts in rupees unless otherwise stated)

## **Item No. 11**

### **Approval for payment of Commission to Non-executive directors of the Company:**

The members of the Company at their Extra-ordinary General Meeting held on 30<sup>th</sup> January 2014 approved by way of a Special Resolution under Section 309 of the Companies Act, 1956, the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956.

In view of the re-enactment of the Companies Act, 2013, it is proposed to obtain the aforesaid approval once again from the members. In view of Section 197 and any other relevant provisions of the Companies Act, 2013 coming into effect from 1st April 2014 and taking into account the roles and responsibilities of the directors, it is proposed that the Directors other than Chairman and Managing Director and Whole-time Directors be paid remuneration in form of commission as may be decided by the Board of Directors subject to such aggregate commission amount not exceeding one percent per annum of the net profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013.

This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013. This remuneration shall be in addition to reimbursement of expenses for participation in the Board and other meetings.

Accordingly, approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Directors of the Company other than Chairman and Managing Director and Whole-time Directors as set out in the Resolution at Item No. 11 of the Notice.

The Board of Directors recommends the relevant resolution for your consideration and approval as Special Resolution.

Directors other than the Chairman and Managing Director and Whole-time Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 11 of the Notice.

## **Item No. 12**

### **Approval of Shareholders for reimbursement of expenses for service of documents:**

As per the provisions of sections 20 of the Companies Act, 2013, a document may be served on any member by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his/her office or address, or by such electronic or other mode as may be prescribed.

Further, a member may request for delivery of any document through a particular mode, for which he or she shall pay such fees in advance as may be determined by the Company in its Annual General Meeting. Accordingly, the Board of Directors recommends the resolution for your approval by a special resolution.

The Board of Director recommends the relevant resolution for your consideration and approval as Special Resolution.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding.



# Notice

(All amounts in rupees unless otherwise stated)

## ANNEXURE I TO ITEM NO. 03, 05, 08, 09 & 10 OF THE NOTICE

Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India, following information is furnished about the Directors proposed to be appointed/re-appointed.

Name of the Director	Mr. Yatin Subhash Shah	Dr. Mrs. Suhasini Yatin Shah	Mr. Ravindra Ragnath Joshi	Mr. Vaibhav Shashikant Mahajani
<b>Age</b>	55	51	52	41
<b>Date of first appointment</b>	08 <sup>th</sup> June 1992	19 <sup>th</sup> May 2012	30 <sup>th</sup> September, 2010	17 <sup>th</sup> February 2015
<b>Qualification</b>	B.com, MBA (Fin.)	M.B.B.S. LL.B.	B.Com, DBM	B.E.
<b>Relationship with Directors</b>	Relative (spouse) of Dr. Mrs. Suhasini Shah	Relative (spouse) of Mr. Yatin Shah	None	None
<b>Expertise in Specific area</b>	<b>Managerial and Engineering Experience</b>	<b>Healthcare, Legal &amp; Secretarial</b>	<b>Economics, Finance &amp; wide Business Administration experience</b>	<b>Information and Technology</b>
<b>Board membership of Companies as of 31<sup>st</sup> March 2017</b>	<ul style="list-style-type: none"> <li>- PCL (International) Holding B.V.</li> <li>- PCL Shanghai Co. Ltd.</li> <li>- Ningbo Shenglong PCL Camshafts Co. Ltd.</li> <li>- PCL Shenglong (Huzhou) Specillised Casting. Co Ltd.</li> <li>- Cams Technology Ltd.</li> <li>- Precision Camshafts Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cams Technology Ltd.</li> <li>- Precision Camshafts Ltd.</li> <li>- PCL Shanghai Co. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- PCL (International) Holding B.V.</li> <li>- Cams Technology Ltd.</li> <li>- Precision Camshafts Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Network Integrators (India) Pvt. Ltd.</li> <li>- Precision Camshafts Ltd.</li> </ul>
<b>Chairman/Member of the Committee of the Board of Directors as of directors as on 31<sup>st</sup> March 2017</b>	<ul style="list-style-type: none"> <li>- Precision Camshafts Ltd.</li> <li>- CSR (Chairman)</li> </ul>	<ul style="list-style-type: none"> <li>- Precision Camshafts Ltd.</li> <li>- CSR Committee (Member)</li> <li>- Stakeholders Relationship Committee (Member)</li> </ul>	<ul style="list-style-type: none"> <li>- Precision Camshafts Ltd.</li> <li>- Audit Committee (Member)</li> </ul>	
<b>Number of Shares held in the Company as on 31<sup>st</sup> March, 2017</b>	3,73,40,000 (Includes shares held jointly with Dr. Mrs. Suhasini Shah)	1,04,05,540	1,120	50

By Order of the Board  
For **Precision Camshafts Limited**

CIN: L24231PN1992PLC067126  
Website: www.pclindia.in  
E-mail ID: sskuber@pclindia.in

**Registered Office**  
E 102/103 MIDC  
Akkalkot road, Solapur-413006,  
Maharashtra, India  
Phone: +91 9168646536/37

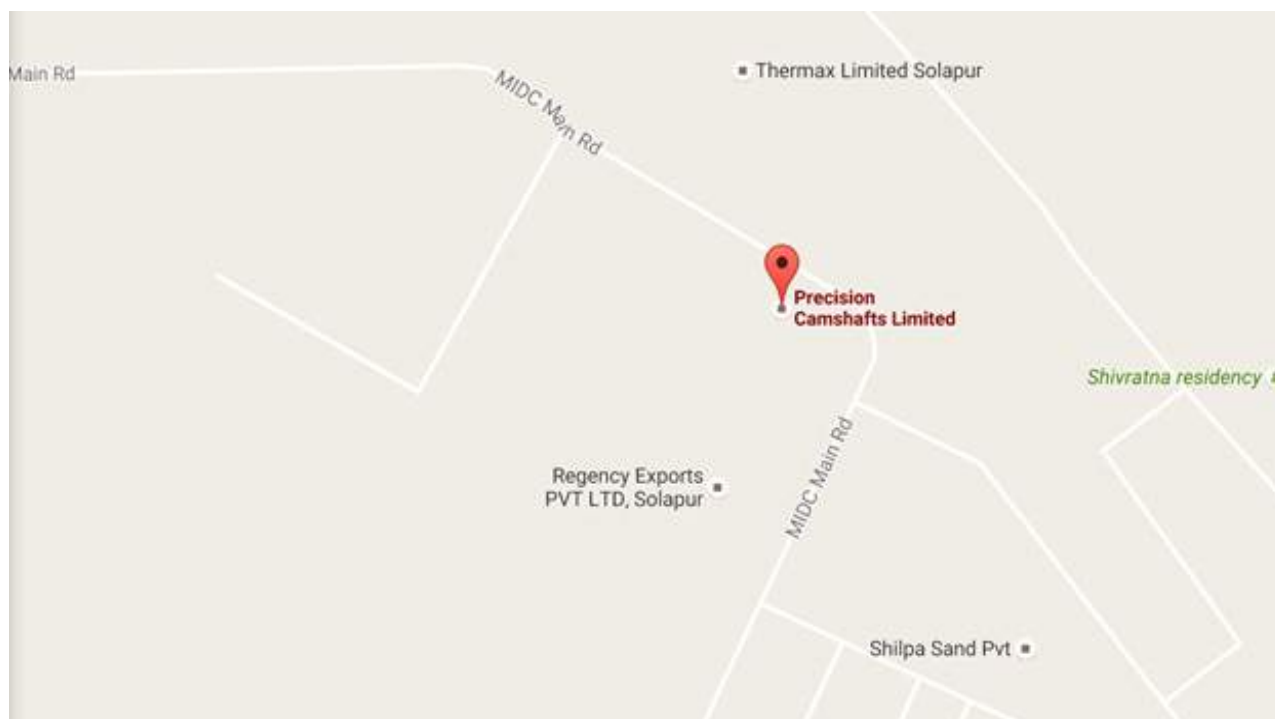
**Corporate Office:**  
**Precision Camshafts Limited**  
D-5 Chincholi, MIDC,  
Solapur-413255,  
Maharashtra, India  
Phone: +91 9168646531/32/33

**Swapneel Kuber**  
Company Secretary & Compliance Officer  
Solapur, 10<sup>th</sup> August, 2017

**Precision Camshafts Limited**  
Office No. 501/502,  
Kanchanban "B", Sunit Capital,  
CTS No. 967, FP No. 397,  
Senapati Bapat Road, Pune-411016

(All amounts in rupees unless otherwise stated)

## MAP SHOWING LOCATION OF THE VENUE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING OF PRECISION CAMSHAFTS LIMITED



### VENUE:

**PRECISION CAMSHAFTS LIMITED,**  
(CIN : L24231PN1992PLC067126)  
D-5, Chincholi MIDC, Solapur-413255  
Maharashtra, India

**Landmark :** Solapur Pune Highway  
**Registered Office :** E 102/103 MIDC  
Akkalkot road, Solapur-413006,  
Maharashtra, India

**Corporate Office:**  
D-5 Chincholi, MIDC,  
Solapur-413255,  
Maharashtra, India.

**Precision Camshafts Limited**  
Office No. 501/502,  
Kanchanban "B", Sunit Capital,  
CTS No. 967, FP No. 397,  
Senapati Bapat Road, Pune, 411016

### TWENTY FIFTH ANNUAL GENERAL MEETING

Wednesday, 27<sup>th</sup> September, 2017 at 03.00 p.m.

# ATTENDANCE SLIP

## PRECISION CAMSHAFTS LIMITED

CIN: L24231PN1992PLC067126

**Regd. Office:** E 102/103, MIDC, Akkalkot Road, Solapur 413006 (Maharashtra)

**Tel:** +91 9168646536/37, Fax: (0217) 2653398 ( www.pclinda.in) email - info@pclindia.in

Registered Folio No./ DP ID and Client ID	
Name and Address of the Member(s)	
Joint Holder 1 Joint Holder 2	
No. of Share	

I/We hereby record my/our presence at the Twenty-Fifth Annual General Meeting held on Wednesday, 27<sup>th</sup> September, 2017 at 3.00 p.m. at Precision Camshafts Limited, D-5 Chincholi MIDC, Solapur-413 255, Maharashtra, India.

.....  
Member's/Proxy's name in Block Letters

.....  
Member's/Proxy's Signature



# PROXY FORM

## PRECISION CAMSHAFTS LIMITED

CIN: L24231PN1992PLC067126

**Regd. Office:** E 102/103, MIDC, Akkalkot Road, Solapur 413006 (Maharashtra)

**Tel:** +91 9168646536/37, Fax: (0217) 2653398 ( www.pclinda.in) email - info@pclindia.in

**For 25th AGM to be held on Wednesday, 27<sup>th</sup> September, 2017, at 03.00 p.m.**

Name of the Member(s):
Registered Address:
Email id:
Foli No. / DP ID-Client ID:

I/We being the Member(s), holding .....shares of the above named Company, hereby appoint:

1. Name.....  
Address.....  
Email ID.....Signature .....
2. Name.....  
Address.....  
Email ID.....Signature .....
3. Name.....  
Address.....  
Email ID.....Signature .....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company, to be held on Wednesday, 27<sup>th</sup> September, 2017 at 03.00 p.m. at Precision Camshafts Limited, D-5 Chincholi MIDC, Solapur-413 255, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description of Resolution	Optional*	
Ordinary Business		For	Against
1	To receive, consider and adopt Standalone and Consolidated financial statements for the financial year ended 31 <sup>st</sup> March, 2017 together with the Reports of the Directors' and the Auditors'.		
2	To declare a final dividend of Rs. 1.50/-per equity share for the year ended 31 <sup>st</sup> March 2017.		
3	To appoint a director in place of Mr. Ravindra R. Joshi (DIN: 03338134), who retires by rotation and being eligible, offers himself for re-appointment.		
4	To appoint new Statutory Auditor, M/s P. G. Bhagwat, Chartered Accountants (Firm Registration no. 101118W) in place of M/s S.R.B.C. & Co. LLP, Chartered Accountants, the retiring auditors, for a period of 5 years commencing from Financial Year 2017-18.		
Special Business			
5	Re-appointment of Mr. Vaibhav S. Mahajani as an Independent Director.		
6	Approval for Related Party transaction to be entered with Ningbo Shenglong PCL Camshafts Company Limited by the Company.		
7	Approval of remuneration of the Cost Auditors.		
8	Re-appointment of Mr. Yatin S. Shah as Chairman and Managing Director and to fix his remuneration.		
9	Payment of remuneration to Dr. Mrs. Suhasini Y. Shah, Whole-time Director of the company		
10	Payment of remuneration to Mr. Ravindra R. Joshi, Whole-time Director & CFO of the company		
11	Payment of Commission to Non-Executive Directors		
12	Approval for payment by the members for the service of the documents		

Signed this .....day of ....., 2017 Member's Folio/DP ID-Client ID No.....

Signature of Member(s)..... Signature of Proxy Holder(s).....

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. Proxy need not be member of the Company.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty-Fifth Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

Affix  
Revenue  
Stamp  
Rs. 1/-

WE ARE  
**Future Ready**





**PRECISION CAMSHAFTS LIMITED SOLAPUR (INDIA)**

EOU Division	Domestic Division
D - 5,6,7,7/1 MIDC, Chincholi	E - 90, 120/103, MIDC, Akkalkot Road
Solapur -413 255	Solapur -413 006
Ph. :9168646531 /32/33	Ph. :9168646536 /37