



PRECISION CAMSHAFTS LIMITED

20th Annual Report 2011-2012

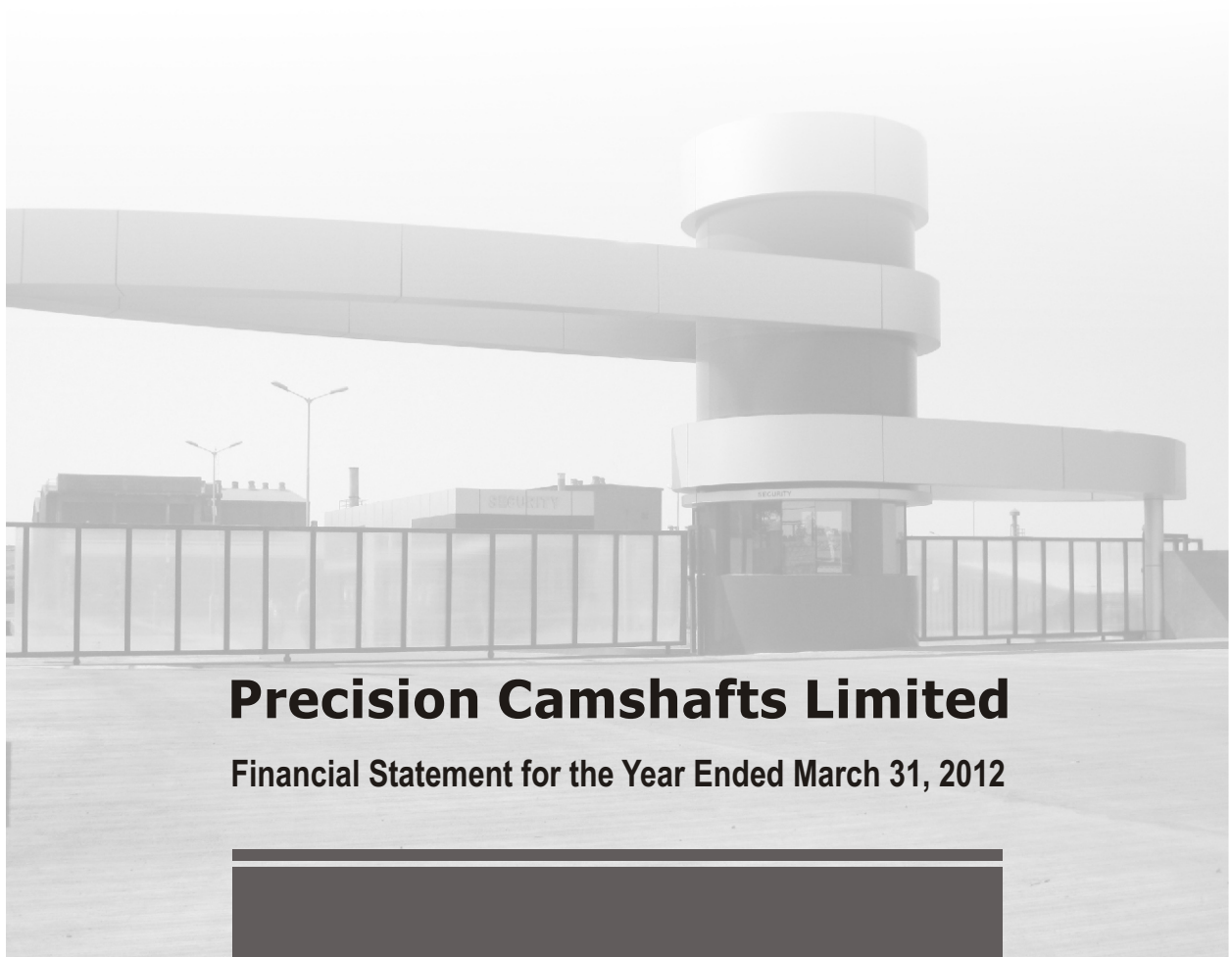




PRECISION CAMSHAFTS LIMITED

E - 102 / 103, M I D C	(100% EOU)
Akkalkot Road	D - 5, M I D C, Chincholi
Solapur - 413 006	Solapur - 413 255
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www.pclindia.in



Precision Camshafts Limited

Financial Statement for the Year Ended March 31, 2012

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BOARD OF DIRECTORS

Mr. Yatin S. Shah, Chairman & Managing Director

Mr. Jayant V. Aradhye, Director

Mr. Mahesh J Risbud, Director

Mr. Ravindra R Joshi, Director

Mr. P C Bandivadekar, Nominee Director (nominee of Tata Capital Ltd.)

Dr. Suhasini Y Shah, Additional Director

AUDITORS

M/s. S R B C & Co.

Chartered Accountants, Pune

COMPANY SECRETARIAL CONSULTANT

Mr. Atul Kulkarni, Solapur

BANKERS

Bank of India,
Mid Corporate Finance Branch, Pune

Bank of Baroda
Solapur Main Branch, Chati Galli, Branch,
Solapur

REGISTERED OFFICE

E - 102/103, M. I. D. C.,
Akkalkot Road, Solapur 413006.
Tel: 3295433, 34, 35, Fax: (0217) 2653398
E-mail: info@pclindia.in

FACTORIES

- 1) E- 90, M. I. D. C., Akkalkot Road, Solapur: 413 006
- 2) E-102/103, M. I. D. C., Akkalkot Road, Solapur: 413 006
- 3) D-5, MIDC Chincholi, Solapur 413255 (EOU Division)
- 4) D-6, 7 MIDC, Chincholi, Solapur 413255 (EOU Division)

DIRECTOR'S REPORT

To,
The Members,
PRECISION CAMSHAFTS LIMITED

Your Directors are pleased to present their **TWENTIETH ANNUAL REPORT** and the audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	2011-2012	2010-2011
Turnover	31146.16	27728.36
Net Profit before Tax	2859.03	2610.32
Provision for Tax	811.64	728.98
Minimum Alternative Tax Credit	0.0	0.0
Deferred Tax (charge) / reversal	60.54	98.58
Fringe Benefit Tax	0.0	0.0
Wealth Tax	0.0	0.0
Net Profit after Tax and before prior period items	1986.85	1782.75
Prior Period Items	0	46.29
Net Profit	1986.85	1829.04
Balance in Profit & Loss Account (Opening)	3134.23	2333.37
Available for Appropriation	5121.08	4162.41
Appropriations		
Less: Transfer to General Reserve	0.0	0.0
Less: Proposed Dividend on Preference Shares	0.0	0.0
Less: Dividend paid on Redeemed Preference Shares	0.0	92.25
Less: Tax on dividend on Redeemed Preference Shares	0.0	15.37
Less: Proposed Dividend on Equity shares	30.92	30.92
Less: Dividend Tax	5.02	5.02
Less: Transfer to Preference Share Redemption Reserve	0.0	0.0
Less: Capital Redemption Reserve	0.0	884.62
Balance to be Carried Forward	5085.14	3134.23

The net profit before tax, provision for tax and wealth tax as per the Director's report of 2010-11 were Rs. 2615.54 Lacs, Rs. 731.25 Lacs and Rs. 2.95 Lacs respectively. In the above stated disclosure of financial results for the previous year 2010-11, they have been changed to Rs. 2610.32, Rs. 728.98 and Rs. 0 respectively, because of the recent amendment in the format of schedule VI as per the provisions of Companies Act, 1956.

The turnover of the company grew by 12.33 % over the last financial year however the profitability before tax as percentage of turnover decreased from 9.41% for the last financial year to 9.18 % for the current year.

This decreased profitability can be attributed to the following:

Increased prices of raw materials.

Increased cost of electricity per unit during the year.

This was set off to some extent by better realization of export sales due to a weaker rupee and resulting in foreign exchange gain.

DIVIDEND:

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

OPERATIONS:

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

There was an increase in export sales by 28.46 % in the foundry division (PCL Unit II) as compared to the last financial year due to increased requirement from M/s Schleicher, Germany for Part - Rotax 312. However there was an overall decrease in sale of camshafts in domestic market by 4.63% as some models of Leewon and Maruti were phased out.

Camshafts that required more precision in machining were shifted from the domestic machine shop to the EOU division resulting in a decrease in sale of total number of camshafts from PCL Unit I.

New Camshafts have been developed for Escorts and Leewon Precision, India which will help to gain additional business in future.

The overall focus was on safety, less accidents, environment, training & education to all operators, staff and technicians.

PCL EOU Division

There was an increase in total sales from the EOU division by 7.27% as compared to last financial year.

There was a decrease in the total number of camshafts exported during the year due to slow down in the European market. However the value of export sale increased by 1.47% because of better realization of the export sales.

Total sales to domestic customers from EOU division increased by 51.62% as compared to last financial year due to shifting of sales from PCL I & II to EOU division.

A new type of Camshaft with a fuel lobe in chilled cast iron was developed for an esteemed customer of the company- Ford VEP.

Foundry 3, which was commissioned in the last financial year, consistently produced around 2.30 Lacs camshafts per month.

Machine shop at the EOU

The production capacity at the machine shop was increased by 50% as compared to last financial year with installation of Line 5 and Line 6 for General Motors, India and Tata Motors Ltd, India. The total number of camshafts sold during the year from EOU machine shop increased by 19.38%.

Additional capital investment of Rs. 1653.80 Lacs was made during the financial year and the production process was supplemented with additional 61 workers and other staff including Plant head.

5 new camshafts were developed during the financial year and TML (PCBU), Pantnagar; GM Korea; GM Uzbekistan were the new customers added during the year.

Expansion Plan at EOU

Work started on a major expansion of manufacturing facility on plot D 7 admeasuring 10 acres. A new foundry (Foundry 4) with a manufacturing capacity of 300,000 camshafts per month and a machine shop for machining 100,000 camshafts per month is being commissioned with a project outlay of Rs. 147 Crores

The Foundry will be commissioned in September 2012 and the machine shop will be commissioned in November 2012.

This investment will cater to the new projects awarded to PCL by various customers.

PCL entered into new partnership with:

1. GM Korea - for supply of 5.0 Lacs fully machined BDOHC camshafts per annum for GM-Uzbekistan plant starting from April 2012;
2. GM India - for supply of 3.0 Lacs fully machined diesel engine camshafts per annum starting from April 2012;
3. Ford India for supply of 2.0 Lacs fully machined 1.6L TiVCT camshafts per annum starting from Sept 2012;
4. GM Korea - for supply of 2.0 Lacs fully machined Fam 0 camshafts per annum starting from Jan 2013;
5. Maruti for supply of 2.40 Lacs K10B engine camshaft per annum in ascast condition from mid of 2012.

A total investment of Rs. 3852.29 Lacs was made during the financial year on Building,

Machinery and other equipments.

Quality Certifications

All units of PCL are certified with ISO / TS 16949:2002, ISO:14001:2004 and BS OHSAS 18001:2007.

ISO/ TS 16949:2002 is a quality system, which certifies consistent manufacturing practices and defect free products.

ISO:14001 is related to EMS (Environmental Management System) and shows the steps taken towards protecting the Environment.

BS OHSAS: 18001 is related to Occupational Health & Safety Management System. (Based on British Standard, OHSAS - Occupational Health, Safety Assessment Series) and clearly shows the intent of your company in this area.

PCL is also under the process of obtaining customer specific certification like Ford - Q1, GM - QSB, MMOG, 5 S etc.

HRD UPDATE:

A) Orbit 2013

- PCL launched "Orbit 2013" People's Operations Strategy, aligned to its Business Strategy. It is the endeavor of the Company to be known equally for its people practices and not just for quality camshafts. We are working towards aligning personal vision and aspirations of our employees to the organization's vision. We are committed to invest in the skill development and eventually the growth of our employees.
- We will bring to our company the best global practices for our employees and aim at being a "Great Place to Work for". Through this initiative our employees will get an opportunity to learn the best technology, to work on the best of projects and gain personally through self-development.
- PCL launched "Nalanda PCL Learning Academy" with its first management program "Unleashing the Winner in you".
- PCL launched IGNITE - Our Knowledge building series. As a part of IGNITE we bring to PCL one guest speaker as a faculty every quarter to share with our employees some of the best industry practices.
- PCL launched 'Utkarsh' a Rewards and Recognition Program, employees are rewarded based on the monthly performance.

Training on 'Values & Vision'

PCL conducted a 2 days training program on "Values & Vision" for all "Line Leaders &

Supervisors” on 17th and 18th October, 2011. In this program, training was imparted for aligning the vision, values, culture of PCL with that of the participant and helping them create a personal vision in line with the vision of the organization. The concept of 'Corporate protocol' was explained in detail.

B) i-manage

In an endeavor to make its people's operations more process driven, PCL invested in “i-Manage” a people operations tool that covers the entire life cycle of an employee from joining to exit on a system. It covers key processes like appraisals, requisitions, policies and leave management on a system and shifts away from any people dependency.

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

EOU		Domestic		Total
Foundry	Machine Shop	PCL - I	PCL - II	Group
1102	180	226	349	1857

SPECIAL ACHIEVEMENTS:

PCL'S FORAY IN CHINA.

PCL entered into a joint venture agreement with a Chinese auto component company, 'Ningbo Shenglong Powertrain Co. Ltd.' on February 10, 2012 and the JV Company '**Ningbo Shenglong PCL Camshafts Co. Ltd.**' was incorporated in April 2012.

PCL will provide technology support and also will exclusively supply camshaft castings to the JV Company from India while Shenglong will look after the day to day management of the JV Company. This joint venture will exclusively manufacture 1.2 Million per annum machined camshafts for 'Ford' in China.

CORPORATE SOCIAL RESPONSIBILITY:

Various social, educational and environmental activities were conducted through “Precision Foundation”. During the year 2011-2012, monetary incentive to the tune of Rs. 1,83,000/- was extended to 61 employees towards family planning and help for funeral of immediate family member.

Educational scholarships were given to 375 wards of employees securing more than 75%