



22nd

Annual Report 2013 -2014



**PRECISION CAMSHAFTS
LIMITED (INDIA)**





22nd Annual Report
2013 -2014

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

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BOARD OF DIRECTORS

Mr. Yatin S. Shah, Chairman & Managing Director

Mr. Jayant V. Aradhye, Director

Mr. Ravindra R Joshi, Director

Dr. Suhasini Y Shah, Director

Mr. Sarvesh N Joshi, Independent Director

AUDITORS

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

COMPANY SECRETARIAL CONSULTANT

Mr. Atul Kulkarni, Solapur

BANKERS

Bank of India,
Mid Corporate Finance Branch, Pune

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

REGISTERED OFFICE

E - 102/103, M. I. D. C.,
Akkalkot Road, Solapur 413006.
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E-mail: info@pclindia.in
Website: www.pclindia.in
CIN: U24231PN1992PLC067126

FACTORIES

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

DIRECTOR'S REPORT

To,
The Members,
PRECISION CAMSHAFTS LIMITED

Your Directors are pleased to present their **TWENTY SECOND ANNUAL REPORT** and the audited Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS:

(Rs. in Lacs)

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

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

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

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

DIVIDEND:

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

OPERATIONS:

PCL EOU Division

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

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

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

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

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

Machine shop at the EOU

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

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

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

PCL unit 1 Machine shop won a Performance Award from Escorts and Ford New Holland. Quality Certifications

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

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

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

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

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

HRD UPDATE:

A) Orbit

PCL in its endeavor to be known equally for its people practices and not just for quality camshafts, started the initiative 'Orbit' in 2010. Various initiatives under this umbrella continue to be carried out diligently. We at PCL, are working towards aligning personal vision and aspirations of our employees to the organization's vision. We are committed to invest in the skill development and eventually the growth of our employees.

B) i-manage

In an endeavor to make its people's operations more process driven, PCL invested in "i-Manage" a people operations tool that covers the entire life cycle of an employee from joining to exit on a system.

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

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

C) Manpower:

The total workforce at PCL is as follows:

About 50% of the above workforce is contractual.

d) Awards / Recognition ...

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

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

SPECIAL ACHIEVEMENTS:

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

Research and Development:

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

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

1) Objectives of R & D Program

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

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

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

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

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

3) Future plan of action

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

4) Expenses on R & D:

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

CORPORATE SOCIAL RESPONSIBILITY:

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

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

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

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

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

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

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

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

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

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

Sonamata Shikshan Sanstha :

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

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

DEPOSITS:

The Company has accepted deposits from public and shareholders in compliance of the section 58A of the Companies Act, 1956 and rules thereof. At the end of the year, there are no outstanding undisputed deposits that are matured and unpaid.