

## Precision Camshafts Limited

September 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	2.05	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	10.00	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	74.95	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Precision Camshafts Limited (PCL) continue to factor in its established track record, long association with leading global and domestic automobile original equipment manufacturers (OEMs), wide geographical reach, and comfortable solvency with strong liquidity. Ratings also factor in PCL's leading market position in camshaft manufacturing, which is partially offset by product concentration risk.

However, these rating strengths are tempered by moderate profitability and modest return ratios which have shown declining trends in the last two years with losses in its overseas operations. In line with this, PCL has provided for an impairment of its investment in one of its subsidiaries, PCL (International) Holdings B.V., Netherlands (PCL Netherlands). PCL's board has considered and approved the initiation of insolvency proceedings in respect of one of its step-down subsidiaries.

Ratings continue to factor in profitability susceptible to the raw material price volatility and foreign exchange rate fluctuations and risk associated with regulated automotive industry and threat from growing electric vehicle (EV) market. Additionally, CARE Ratings Limited (CareEdge Ratings) notes that PCL is yet to receive formal order pertaining to the investigation initiated by the Ministry of Corporate Affairs (MoCA) under Section 210 of the Companies Act, 2013.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in profitability with operating margin in the range of 20%-22% with sustained increase in scale of operations.
- Diversification in the customer base and developing diversified product portfolio without adversely impacting profitability.

#### Negative factors

- Any major deterioration in the performance of the subsidiaries leading to weakening of overall financial risk profile of the company.
- Any significant debt-funded capex resulting in overall gearing exceeding 0.70x and reduction in cash and liquid investments to below ₹100 crore.
- Any significant adverse outcome in the investigation initiated by the Ministry of Corporate Affairs under Section 210.

### Analytical approach: Consolidated

CareEdge Ratings has considered the consolidated financials of PCL, consisting of PCL and its wholly owned subsidiaries and step-down subsidiaries as mentioned in Annexure-6. CareEdge Ratings has analysed PCL's credit profile by considering the consolidated financial statements owing to the financial, business, operational, and management linkages between the parent and subsidiaries,

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

in addition to the corporate guarantees (CGs) extended by PCL to the loans availed by its Indian subsidiary (MEMCO Engineering Private Limited [MEMCO]).

**Outlook: Stable**

The 'Stable' outlook reflects CareEdge Ratings' expectation of the company's ability to maintain its financial risk profile, considering its leading market position in camshaft manufacturing and established relationship with key customers and absence of large debt-funded capital expenditure (capex).

**Detailed description of key rating drivers:****Key strengths****Long track record and experienced top management**

PCL has a long track record of around three decades in manufacturing critical engine components, particularly camshafts, and has established strong business relationships with marquee global OEMs. PCL has customers across 17 countries, supplying to global OEMs covering Europe, China, Brazil, Russia, and North America, among others. Along with PCL's camshaft penetration in the global market with customers, such as Ford and General Motors, among others, the company has further expanded its geographical presence through acquisitions. This significantly reduces the company's exposure to economic slowdowns in single geography. Exports accounted for ~52% of its consolidated net sales.

The promoter, Yatin Shah (Chairman and Managing Director), a first-generation entrepreneur, has vast experience in the field of engineering and has played a vital role in transforming the organisation into one of the leading manufacturers of camshafts in India. The company's promoters are assisted by a qualified and experienced management team. CareEdge Ratings believes that the company will continue to benefit from long track record and experienced top management.

**Leading market position in passenger vehicle camshafts**

PCL continues to be among the leading manufacturers of passenger vehicle camshafts in domestic and global markets. The company is among the few companies globally to manufacture all four types of camshafts, including cast iron, ductile iron, hybrid, and assembled. Camshaft is one of the critical components of an engine application in an automobile. PCL manufactures over 150 variants of camshafts, mainly used in passenger vehicles.

**Fairly diversified customer profile, further supported by long-standing relationships**

The company's customer profile is fairly diversified with the customers being established global OEMs. Top five customers accounted for ~40% of the FY25 consolidated net sales (33% for FY24). Most clients are associated with PCL for over a decade, indicating the company's ability to secure repeat orders. Some key customers include Ford Motors Company, General Motors, Bosch, Hyundai Motors, Maruti Suzuki India Limited, Suzuki Motor Gujarat Private Limited (rated 'CARE AAA; Stable/CARE A1+'), Tata Motors Limited (TML; rated 'CARE AA+; Stable/CARE A1+'), and Mahindra & Mahindra Limited (M&M; rated 'CARE AAA; Stable/CARE A1+').

**Moderate scale of operations**

PCL reported consolidated total operating income (TOI) of ₹871.81 crore in FY25 (refers to April 1 to March 31) against ₹1,038.40 crore in FY24, indicating y-o-y decline of ~16%. Standalone TOI declined ~9% from ₹646.19 crore to ₹681.47 crore. Standalone sales volume declined ~8% in FY25, mainly impacted by lower export demand, especially from Europe, Brazil, and Mexico.

Performance of overseas declined sharply in FY25. EMOSS Mobile Systems B.V., Netherlands (EMOSS; step-down subsidiary of PCL), reported TOI of ₹91.84 crore in FY25 against ₹147.69 crore in FY24, while MFT Motoren Und Fahrzeugtechnik GmbH (MFT) reported TOI of ₹114.45 crore in FY25 against ₹159.51 crore in FY24 due to lower demand from key customers.

PCL reported a consolidated TOI of ₹222.39 crore in Q1FY26 (refers to April 01 to June 30) against ₹263.13 crore in Q1FY25. CareEdge Ratings expects the revenue to decline in the medium term, considering continued challenges faced by the European subsidiaries.

### **Comfortable capital structure and debt coverage indicators**

PCL remained net debt free in the last three financial years ended FY25. The debt profile includes working capital borrowings and term debt availed by subsidiaries. Overall gearing remained low at 0.15x as on March 31, 2025 (0.15x as on March 31, 2024) and is expected to remain comfortable over the medium term, as no major debt-funded capital expenditure (capex) is planned. Tangible net worth (TNW) improved to ₹777.69 crore as on March 31, 2025 (₹729.52 crore as on March 31, 2024). Debt protection metrics remained healthy, as indicated by interest coverage ratio (ICR) of 11.58x in FY24 (13.76x in FY24) and total debt to gross cash accruals (TD/GCA) of 1.04x in FY25 (0.91x in FY24). With no significant debt-funded capex and the scheduled repayment of debt in subsidiaries, CareEdge Ratings expects debt coverage indicators to remain healthy over the medium term.

### **Key weaknesses**

#### **Moderate profitability and modest return metrics**

PCL's profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin moderated to 10.12% in FY25 from 10.43% in FY24 due to lower export sales, sub-optimal utilisation of capacities and lower fixed-cost absorption. This, coupled with losses in the subsidiary company impacted consolidated profitability. However, profit after tax (PAT) margin improved to 6.21% in FY25 compared to 3.89% in FY24 due to extra ordinary income of ₹38.92 crore pertaining to one-time compensation received from two major customers for certain purchase contracts (PAT margin excluding the one-time item was 2.20%). Also, return on capital employed (ROCE) remained modest at 10.25% in FY25 (8.28% in FY24) owing to moderate profitability.

#### **Losses reported in overseas operations, initiation of insolvency proceedings in respect of overseas step-down subsidiary**

PCL has an overseas subsidiary, PCL Netherlands, which in turn has two subsidiaries: MFT and EMOSS. MFT, based in Germany, manufactures camshafts, balancer shafts, and prismatic components, while EMOSS, in the Netherlands, specialises in manufacturing electric powertrains. PCL Netherlands reported TOI of ₹206.30 crore with net loss of ₹27.36 crore in FY25 and has reported a negative net worth of ₹70.35 crore as on March 31, 2025. PCL Netherlands' operations continue to face demand challenges. Consequently PCL, on standalone level, has impaired its overseas investment by ₹73 crore in FY25 and its investment value and loans and advances stood at ₹44.95 crore and ₹79.57 crore, respectively, as on March 31, 2025.

PCL's board has considered and approved the initiation of insolvency proceedings in respect of MFT. The same was considering persistent challenges faced by MFT due to lower demand from key customers. Per management, PCL is unlikely to provide major financial support to MFT going forward. PCL has not provided corporate guarantee to bank facilities availed by MFT. Going forward, support requirement towards its overseas operations and its impact on financial risk profile, if any, would remain key monitorable.

#### **Profitability susceptible to raw material price volatility and foreign exchange rate fluctuations**

Main raw materials include resin-coated sand, mild steel (MS) scrap, and pig iron whose prices are volatile. The company usually has price a pass-through mechanism with its clients, which considers fluctuations in input prices, although this occurs with a lag of three months to six months depending on the respective customer. Also, the extent of pass-through depends on negotiations. Hence, the time lag and quantum of passthrough may partially impact the operating profitability. PCL derives a significant portion of its revenues outside India (~52%); its profitability is thus exposed to the fluctuations in foreign exchange rates. However, the company has a partial hedging policy in place for covering foreign exchange exposure with respect to trade receivables through forward cover contracts.

### Product and segment concentration risk

Despite adding new products in its portfolio through acquisitions, including its venture in e-mobility space, a significant portion of the company's turnover and profits are derived from the camshaft business, which exposes PCL to product concentration risk. The company derives majority revenue from the passenger vehicle segment, thus resulting in exposure to segment concentration risk.

### Exposure to risks associated with regulations in automotive industry and threat from EV mobility and substitutes

Owing to the increasing focus on EVs, there are expectations of diminishing demand of parts of internal combustion engine (ICE) over the longer term, particularly in the passenger vehicle and two-wheeler segments. At the global level, adoption of e-mobility is expected to be more dominant in the passenger vehicle segment. Governments in India and foreign countries have been continuously evolving its policies towards lower emission norms, safety norms, or supporting the off-take in EVs through subsidies, incentives, or regulations. This impacts investment cycle of automobile and auto ancillary companies. Although the company diversified its product profile to e-mobility, majority portion of the revenue and profits are still generated from ICE parts.

### Liquidity: Strong

PCL's liquidity is characterised by sufficient cushion in accruals against low debt repayment obligations. Annual GCAs are expected to be in the range of ₹80 crore over the medium term against maturing debt obligations of ~₹20 crore for FY26. As on March 31, 2025, on a consolidated basis, PCL had liquid investments in mutual funds of ₹319.53 crore and cash and bank balances of ₹92.88 crore. On a standalone basis, liquid investments in mutual funds stood at ₹315.79 crore, with cash and bank balances of ₹66.82 crore.

The company generated cash flow from operations (CFO) of ₹92.64 crore in FY25. Incremental working capital and capex requirements are expected to be managed comfortably with available liquidity, internal accruals, and unutilised working capital limits. Average of maximum utilisation of working capital limits, in the 12 months through June 30, 2025, was 67.39%.

### Assumptions/Covenants: Not applicable

### Environment, social, and governance (ESG) risks: Not applicable

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipments

Incorporated in 1992 as Precision Camshafts Private Limited by Yatin S Shah, the company was later converted into a public limited company and renamed to the current one. PCL is one of the world's leading manufacturers and suppliers of camshafts, a

critical engine component, in the passenger vehicle segment. The company supplies over 150 varieties of camshafts, mainly for passenger vehicles. The company has two plants in Solapur (Maharashtra) and two plants in Nashik (Maharashtra). It has one plant each in Germany and the Netherlands. Currently, it has a camshaft castings capacity of 11 million units per annum and a machined camshafts capacity of 4 million units per annum. In FY16, PCL went public and was listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India Limited (NSE) on February 08, 2016.

Brief Financials (₹ crore) Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	681.47	618.45	222.39
PBILDT	121.67	91.90	41.95
PAT	78.41	7.36	18.82
Overall gearing (times)	0.07	0.08	-
Interest coverage (times)	29.43	19.69	21.85

A: Audited UA: Unaudited; Note: these are latest available financial results

Brief Financials (₹ crore) Standalone	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	681.47	618.45	136.70
PBILDT	121.67	91.90	43.92
PAT	78.41	7.36	25.63
Overall gearing (times)	0.07	0.08	-
Interest coverage (times)	29.43	19.69	39.21

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	2.05	CARE A; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	0.50	CARE A1

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Packing Credit in Foreign Currency		-	-	-	47.45	CARE A1
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	10.00	CARE A; Stable / CARE A1
Non-fund-based - ST-BG/LC		-	-	-	15.00	CARE A1
Non-fund-based - ST-BG/LC		-	-	-	12.00	CARE A1

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	2.05	CARE A; Stable	-	1)CARE A; Stable (28-Oct-24)	1)CARE A; Stable (03-Oct-23)	1)CARE A; Stable (05-Jan-23)
2	Fund-based - ST-Packing Credit in Foreign Currency	ST	47.45	CARE A1	-	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)	1)CARE A1 (05-Jan-23)
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	0.50	CARE A1	-	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)	1)CARE A1 (05-Jan-23)
4	Non-fund-based - ST-BG/LC	ST	15.00	CARE A1	-	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)	1)CARE A1 (05-Jan-23)
5	Non-fund-based - ST-BG/LC	ST	12.00	CARE A1	-	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)	1)CARE A1 (05-Jan-23)
6	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	10.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (28-Oct-24)	1)CARE A; Stable / CARE A1 (03-Oct-23)	1)CARE A; Stable / CARE A1 (05-Jan-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
3	Fund-based - ST-Packing Credit in Foreign Currency	Simple
4	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple
5	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	PCL (International) Holdings B.V., Netherlands	Full	Wholly-owned Subsidiary
2	MFT Motoren Und Fahrzeugtechnik GMBH, Germany	Full	Wholly-owned step-down Subsidiary
3	EMOSS Mobile Systems B.V., Netherlands	Full	Wholly-owned step-down Subsidiary
4	MEMCO Engineering Pvt. Ltd., Nashik	Full	Wholly-owned Subsidiary

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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