

Precision Camshafts Limited

October 07, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	10.00	CARE A; Stable / CARE A1	Reaffirmed
Long-term bank facilities	RBI	2.05	CARE A; Stable	Reaffirmed
Short-term bank facilities	RBI	74.95	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Precision Camshafts Limited (PCL) factors in PCL's stable performance in the domestic market with profit before interest, lease rentals, depreciation and taxation (PBILDT) margins remaining moderate in FY26 (FY refers to from April 01 to March 31). In FY26, one of the step-down subsidiaries, MFT Motoren und Fahrzeugtechnik GmbH (MFT) was deconsolidated following initiation of insolvency and liquidation proceedings, resulting in the loss of control by PCL over MFT. PCL's other overseas step-down subsidiary, EMOSS Mobile Systems B.V. (EMOSS), continued to face operational challenges.

CARE Ratings Limited (CareEdge Ratings) expects PCL to continue benefitting from its long-term relationship with original equipment manufacturers (OEM), particularly in the passenger vehicle (PV) segment, supporting the performance of its domestic operations. The company also continues to maintain a strong liquidity position, which is adequate to support its planned capital expenditure (capex) requirements. Going forward, material financial support requirement towards overseas entities remains a key rating monitorable.

Ratings continue to factor in PCL's established track record and experienced top management, diversified customer profile, further supported by long-standing relationships with customers, moderate scale of operations and strong liquidity position. Ratings also factor in PCL's leading market position in camshaft manufacturing, which is partially offset by product concentration risk.

However, the rating strengths are constrained by the company's moderate profitability and modest return ratios, which have remained under pressure in the last two years due to continued losses in its overseas operations.

Ratings are further tempered due to 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.

CareEdge Ratings notes that PCL is yet to receive formal order pertaining to 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:

- Major deterioration in the performance of the subsidiaries leading to weakening of overall financial risk profile of the company.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

- Significant debt-funded capex resulting in overall gearing exceeding 0.70x and reduction in cash and liquid investments to below ₹100 crore.
- Significant adverse outcome in the investigation initiated by the Ministry of Corporate Affairs under Section 210.

Analytical approach: Consolidated

CareEdge Ratings has considered consolidated financials of PCL, consisting of PCL and its wholly owned subsidiaries and stepdown subsidiaries as listed under Annexure-5. CareEdge Ratings has analysed PCL's credit profile by considering the consolidated financial statements owing to financial, business, operational, and management linkages between the parent and subsidiaries. In FY26, PCL deconsolidated one of its step-down wholly owned subsidiaries, MFT Motoren und Fahrzeugtechnik GmbH (MFT), Germany. Accordingly, the entity is no longer included in consolidated financial statements.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation of PCL'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 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 its presence in over 17 countries, supplying to global OEMs covering Europe, the UK, China, Brazil, Russia, and North America, among others. The company has strong customer retention such as Ford Motors, General Motors, and Hyundai Motors among others, and international presence the company is keeping domestic strong hold and expanding into assembled camshafts manufacturing. Presence in international markets significantly reduce the company's exposure to adverse economic slowdowns in single geography. Exports accounted for ~40% of consolidated net sales FY26 (refers to April 01 to March 31).

The promoter, Yatin Shah (Chairman and Managing Director), a first-generation entrepreneur, has vast experience in engineering and has played a vital role in transforming the organisation into one of the leading camshaft manufacturers 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 OEM. Top five customers accounted for ~45% of the FY26 consolidated net sales (41% for FY25). 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, 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's consolidated total operating income (TOI) remained moderate at ₹792.73 crore in FY26 against ₹871.81 crore in FY25, indicating y-o-y decline of ~9%. Standalone TOI declined ~3% from ₹618.50 crore to ₹597.40 crore, mainly impacted by lower export demand, especially from Europe, Asia and other regions.

Performance of overseas subsidiaries continued to deteriorate in FY26. EMOSS Mobile Systems B.V., Netherlands (EMOSS; step down subsidiary of PCL), reported TOI of ₹89.22 against ₹91.84 crore in FY25.

PCL reported a consolidated TOI of ₹200.85 crore in Q1FY27 (refers to April 01 to June 30) against ₹222.39 crore in Q1FY26. CareEdge Ratings expects revenue to remain largely stable in the near term, considering the continued challenges faced by the

European subsidiary. In the medium term, revenue is expected to witness gradual improvement, supported by order inflows from new programmes awarded by leading domestic OEMs.

Comfortable capital structure and debt coverage indicators

Overall gearing remained low at 0.07x as on March 31, 2026, (0.15x as on March 31, 2025) and is expected to remain comfortable over the medium term, as no major debt funded capex is planned. Tangible net worth (TNW) improved to ₹821.34 crore as on March 31, 2026 (₹777.69 crore as on March 31, 2025). Debt protection metrics remained healthy, as indicated by interest coverage ratio (ICR) of 13.00x in FY26 (11.51x in FY25) and total debt to gross cash accruals (TD/GCA) of 0.50x in FY26 (1.04x in FY25). With no significant debt-funded capex and the scheduled repayment of debt in subsidiaries, CareEdge Ratings expects debt coverage indicators to remain healthy in the medium term.

Key weaknesses

Moderate profitability and modest return metrics

PCL's PBILDT margin improved to 11.17% in FY26 from 10.06% in FY25, mainly due to forex gains and discontinuation of loss-making subsidiary from September 08, 2026, which resulted in improvement in margins. Profit after tax (PAT) margin, improved to 6.46% in FY26 compared to 6.21% in FY25, despite losses in subsidiary.

PCL's standalone PAT margin declined sharply to 0.97% in FY26, primarily due to the recognition of impairment losses on investments in MFT and loans extended to MFT. The company's ROCE remained moderate at 10.36% in FY26 (FY25: 10.19%), constrained by subdued profitability levels. This is expected to improve gradually, aligned with profitability.

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

PCL's overseas subsidiary, PCL (International) Holdings B.V., Netherlands (PCL Netherlands), had two subsidiaries, namely MFT and EMOSS. Following the insolvency filing of MFT in September 2025, the company impaired all assets and liabilities associated with the entity. Consequently, MFT ceased to be part of the consolidated financial statements from FY26. EMOSS, based in the Netherlands, is engaged in manufacturing electric powertrains.

In FY26, PCL Netherlands reported a TOI of ₹142.22 crore and a net loss of ₹11.48 crore. The reported revenue includes contributions from MFT up to August 2025, prior to its deconsolidation. As on March 31, 2026, PCL Netherlands continued to have a negative net worth. The subsidiary's performance remains impacted by challenging market conditions and weak demand, resulting in continued pressure on its operations and profitability.

Profitability susceptibility 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. 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 (~42%); 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 the 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 as well, 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 no principal repayment obligations. Annual GCAs are expected to be in the range of ₹80-85 crore. The company had liquid investments in mutual funds of ₹356.60 crore and free cash and bank balance of ₹78.41 crore as on March 31, 2026. The company generated cash flow from operations (CFO) of ₹124.21 crore in FY26. 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, for 12 months through June 30, 2026, was ~52%.

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](#)
[Auto Components & Equipments](#)
[Short Term Instruments](#)
About the company and industry**Industry classification**

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

Incorporated in 1992 as Precision Camshafts Private Limited by Yatin S Shah, the company was later converted into a public limited company and renamed as PCL. 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. The plant in Germany is discontinued from September 2025 as company went for liquidation. 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, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	871.81	792.73	200.85
PBILDT*	88.25	88.55	20.18
PAT	54.11	51.25	8.44
Overall gearing (times)	0.15	0.07	-
Interest coverage (times)	11.58	13.00	16.14

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

*PBILDT: Profit Before Interest Lease Depreciation and Tax

Brief Financials (₹ crore)- Standalone	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27(UA)
Total operating income	618.45	597.41	173.26
PBILDT*	91.90	81.25	25.72
Profit after tax (PAT)	7.36	5.78	14.88
Overall gearing (x)	0.08	0.05	-
Interest coverage (x)	19.69	18.26	26.03

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

*PBILDT: Profit Before Interest Lease Depreciation and Tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	2.05	CARE A; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing	RBI	Simple	-		-	-	0.50	CARE A1
Fund-based - ST-Packing Credit in Foreign Currency	RBI	Simple	-		-	-	47.45	CARE A1
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	RBI	Simple	-		-	-	10.00	CARE A; Stable / CARE A1
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	15.00	CARE A1
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	2.05	CARE A; Stable	-	1)CARE A; Stable (10-Sep-25)	1)CARE A; Stable (28-Oct-24)	1)CARE A; Stable (03-Oct-23)
2	Fund-based - ST-Packing Credit in Foreign Currency	ST	47.45	CARE A1	-	1)CARE A1 (10-Sep-25)	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	0.50	CARE A1	-	1)CARE A1 (10-Sep-25)	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)
4	Non-fund-based - ST-BG/LC	ST	15.00	CARE A1	-	1)CARE A1 (10-Sep-25)	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-23)
5	Non-fund-based - ST-BG/LC	ST	12.00	CARE A1	-	1)CARE A1 (10-Sep-25)	1)CARE A1 (28-Oct-24)	1)CARE A1 (03-Oct-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 (10-Sep-25)	1)CARE A; Stable / CARE A1 (28-Oct-24)	1)CARE A; Stable / CARE A1 (03-Oct-23)
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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: Lender details

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

Annexure-5: 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	EMOSS Mobile Systems B.V., Netherlands	Full	Wholly owned step-down Subsidiary
3	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 for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Ashish Kashalkar Associate Director CARE Ratings Limited Phone: 9102040009009 E-mail: Ashish.Kashalkar@careedge.in Meet Shah Analyst CARE Ratings Limited E-mail: Meet.shah@careedge.in

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