



where **Passion**  
meets **Performance**

www.pclindia.in

info@pclindia.in

+91 217 2357645

+91 9168646531/32/33

L24231PN1992PLC067126

Date: 26<sup>th</sup> August 2021

SEC/AUG/SE/N&B/2021

To <b>National Stock Exchange of India Limited,</b> "Exchange Plaza" 5 <sup>th</sup> Floor, Plot No. C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 <b>NSE Scrip Code - PRECAM</b>	To <b>BSE Limited,</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 <b>BSE Scrip Code - 539636</b>
--	---

**Subject: - Transcript of Earnings Call with Investors/Analysts scheduled on Wednesday, 18<sup>th</sup> August 2021**

Dear Sir/Madam,

Pursuant to Clause 15(a) of Schedule III, Part A, Para A read with Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015. Please find enclosed transcript of earnings call with analyst/investors held on Wednesday, 18<sup>th</sup> August 2021.

You are kindly requested to take the same on record.

Thanking you,

Yours Faithfully

**For Precision Camshafts Limited**

**Mayuri I. Kulkarni**  
**Company Secretary**

*Disclaimer*

*Transcript may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.*

Precision Camshafts Limited

☺ Solapur : D5 MIDC, Chincholi, Solapur, India – 413255

☺ Solapur : E102 MIDC, Akkalkot Road, Solapur, India – 413006

☺ Pune : 501/502, Kanchanban "B", Sunit Capital, Senapati Bapat Rd, Pune, India - 411016



“Earnings Call to Discuss Operational and Financial Performance for Q1 FY '22 of Precision Camshafts Limited”

August 18, 2021



MANAGEMENT:

**MR. KARAN SHAH – WHOLE-TIME DIRECTOR, BUSINESS DEVELOPMENT,  
PRECISION CAMSHAFTS LIMITED  
MRS. AAROHI DEOSTHALI – SENIOR MANGER ACCOUNTS AND  
FINANCE, PRECISION CAMSHAFTS LIMITED**



*Precision Camshafts Limited  
August 18, 2021*

**Moderator:**

Ladies and Gentlemen, Good Day and Welcome to the Earnings Call to discuss operational and financial performance for Q1 FY '22 of Precision Camshafts Limited. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Shah – Whole-Time Director (Business Development). Thank you and over to you, Sir.

**Karan Shah:**

Thank you very much. Good Afternoon Ladies and Gentlemen. I would like to thank you for being a part of the Precision Camshafts' Q1 FY '21-22 Earnings Conference Call. Mr. Ravindra Joshi – our Whole-Time Director and CFO of the Company is on business travel today, and therefore, not able to join this conference call. However, Mrs. Aarohi Deosthali from our accounts and finance team is attending this call for finance-related questions.

In case any detailed questions on finance, please email us your question at [cs@pclindia.in](mailto:cs@pclindia.in) and we shall provide you answers in a reasonable time.

I will start with an overview on the auto industry and then get to our Company's performance:

India and the world have witnessed and is still reeling under one of the worst pandemic in the recent times. This along with the global semi-conductor shortage issue has caused far reaching effects across the automotive industry, and while we might see some light at the end of the tunnel with respect to global vaccination drive as well as efforts by the industry at OEM to restore supplies of semi-conductors, it is difficult to predict when things will be back to normal. We at PCL are taking great care of our employees and facilities during this difficult time.

Over the last year, PCL has donated ₹ 50 lakh to the Prime Minister Care Fund and additional ₹ 50 lakh to the Chief Minister's Relief Fund, Maharashtra. In



*Precision Camshafts Limited  
August 18, 2021*

addition, the Company has directed most of its current year's CSR spending towards COVID relief by providing local hospitals and care centers with essentials such as ventilators, BiPAP machines, oxygen concentrators, providing food and essential goods to the underprivileged, and completely renovating and restoring the crematorium in Solapur amongst other activities.

Coming to our Company:

The Precision Group with its three group companies which are MEMCO, MFT, and Emoss has now truly become a global Company with manufacturing facilities in India, Germany, and the Netherlands with a global automotive OEM in our clientele list. It is because of this global presence that our Company has not only been able to tackle the slowdown, but in fact posted good performance on a standalone as well as consolidated basis. The parent business, PCL India, has stabilized over the last year posting consistent results. The Company has clear visibilities to utilize capacities at its foundries as well as machining division and programs from key customers, which were delayed have now come back on track. PCL has been awarded several new businesses over the last two years, which will even help us better utilize the asset. As informed at the 29<sup>th</sup> annual general meeting of the Company, the Precision Camshaft Limited has won new businesses from Ford USA, Renault Nissan India, Kia Motors India, Tata Motors, Fiat of Europe, Jaguar Land Rover. and Royal Enfield over the last two years. PCL would be either supplying fully machined or casting camshaft to these customers.

In summary, PCL India as a parent Company continues to enjoy healthy margins and is poised for growth in the coming years.

Coming to **MEMCO**, which is based in Nasik, the Company has seen a dip in sales due to the automotive slowdown, the COVID pandemic, and chip shortages. We would like to believe that the worst is now behind us and we hope for growth in the business in the coming years. Our objective at MEMCO is to **diversify our product portfolio as well as customer base.**



*Precision Camshafts Limited  
August 18, 2021*

Our Group Company, **MFT**, based in Germany has been stabilizing the business during these difficult times. The Company has **installed a new Management at MFT**, which will help steer the Company in the right direction in the coming years.

In summary, the group's automotive component business is now well diversified in terms of product as well as customer base where no single customer contributes to more than 23% of revenues.

Now coming to our e-mobility business Emoss, based in the Netherlands, the Company has registered significant growth in business over the last two years. Since we have completed the 100% acquisition of the Company in July 2020, we have focused the business on adding new customers and technologies to the Company. While the traditional business of retrofitting, medium and heavy commercial vehicles continues, we now look forward to an exciting new journey as we partner with niche OEMs across Europe to provide them with ready to assemble electric driveline kit. Emoss caters to a wide variety of application including waste collection, airport buses, mid mile and long haul transport, road sweepers, crane, reefer containers and more. Over the last one year, this Company has retrofitted a mid size passenger bus in India into a 100% electric bus. All the initial integration work as well as thorough testing is being done in close association with the Automotive Research Association of India based in Pune. We have been able to localize more than 60% of the electric driveline on the very first vehicle itself. We now expect this vehicle to outperform the original vehicle in terms of horsepower and torque while providing a range of over 180 kilometers on a single charge.



**Coming to the financial performance of the Companies:**

**I would like to start with a standalone business performance of Precision Camshaft Limited which houses the camshaft business.**

- ✚ Total income for Q1 of FY '22 increased by 119.87% Year on year to ₹ 111.26 crores.
- ✚ EBITDA for this quarter increased by a strong 220% year-on-year to ₹ 27.7 crores.
- ✚ The total income and EBITDA have increased significantly year-on-year as the world was going through one of the most challenging times in Q1 of last year due to the pandemic and lockdown.
- ✚ The PBT for Q1 FY '22 is ₹ 18 crores and the profit after tax is approximately ₹14 crores.
- ✚ The EBITDA margin for this quarter was 24.9% and PAT margin was approximately 12.6%.
- ✚ Total revenue contribution from export was approximately 54% and the balance came from domestic sales.

**Coming to the consolidated business performance,**

- ✚ The total consolidated income for Quarter-1 FY '22 increased by 101% year-on-year to ₹ 217 crores.
- ✚ Consolidated EBITDA for this quarter increased by almost 200% year-on-year to ₹ 31.5 crores.
- ✚ PAT on a consolidated basis was approximately 7 crores.
- ✚ EBITDA margin for this quarter on a consolidated basis was 15% and PAT was approximately 3%.

Just to give you a high-level revenue structure of the three Group Companies:

- ✚ Revenue at MFT for this quarter was approximately ₹ 45.9 crores,
- ✚ Revenue at MEMCO for this quarter was approximately ₹ 10.9 crores
- ✚ whereas revenue at Emoss in this quarter was approximately ₹ 49.9 crores.



*Precision Camshafts Limited  
August 18, 2021*

This covers the summary of the business as well as the financials, and with this I would like to open the floor for questions and answers. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Shagun Jain an Individual Investor. Please go ahead.

**Shagun Jain:** I wanted to know what is the capacity utilization what we have reached in all these businesses against the installed capacity which we have, I would be especially interested more to understand from an easy mobility business as to where are we at the capacity utilization levels at that particular business? My second question would be what is the total capital deployed across our easy mobility business and what is the plans for the near future in terms of additional capital deployment there?

**Karan Shah:** Thank you for that question. I can answer your capacity utilization numbers for the standalone business for the last year, which is FY '20-21. Due to the pandemic situation and the lockdown, we were at approximately 60% utilization in our foundries as well as machine shop, however, this utilization would increase given the new businesses that I have just spoken about during the call. We are not able to give you a forecast for what the rest of this year looks like, but needless to say that it would be better than what it was last year. As far as the capacity utilization of the e-mobility business, we do not define that in terms of capacity as most of the, we have enough space and enough man power to kind of do more numbers of retrofit as well as kits, therefore, it is very difficult to define the exact capacities at the e-mobility business. However, capex requirement is almost not there at Emoss because Emoss is very much into the assembly process and most of what is done there would be requiring working capital and not significant capital investment. Over the last few years, we have about € 8 million or about ₹ 60 crore of working capital invested into this business.

**Moderator:** Thank you. The next question is from the line of Nimish Shah from Fortune. Please go ahead.



*Precision Camshafts Limited  
August 18, 2021*

**Nimish Shah:** Hi Karan, thanks for this brief introduction on Q1, two questions I had was that how does the order book look for the Emoss business, number one. Number two, as you said that you are attempting to replicate the Emoss business and you are waiting ARAI certification, so obviously the cost which you spend in Europe for the EV thing, those costs are not sustainable in India then how would you be able to manage that?

**Karan Shah:** I think your first question was regarding the order book. We are unfortunately not in a position to give you the exact numbers, which would be a futuristic number, so we are not able to share that. However, I think we have a very clear visibility for orders up to the end of next year, so I think it is going to be an exciting journey over the next two years to fulfill these orders, so I do not think there is an issue on that front. Coming to the India side of things, like you mentioned the key factor from making this an affordable ROI friendly solution in India was to localize quite a lot of the driveline in India and like I said we have already, in the very first vehicle itself we have localized 60% which has brought down cost significantly compared to our European counterparts, but I think the way forward is that we need to get towards 80%-90% localization as well as fit for function drivelines which are made for the Indian condition, which we are aiming towards, so I think we would be in a very competitive space once we get to that point.

**Nimish Shah:** Once you get the ARAI you would be ready to roll out this in how many months time?

**Karan Shah:** This is the first vehicle which we have done, this is a demo vehicle based on a mid-size bus platform and this we would be testing all across Maharashtra over the next few months for reliability etc. and then we are in talks with several customers in India to do variety of different vehicle that were fit for running.

**Nimish Shah:** Okay, you do not expect any traction issue, means once you are able to do it, you feel you will get the necessary orders and all that?

**Karan Shah:** Right.



*Precision Camshafts Limited  
August 18, 2021*

**Moderator:** Thank you. The next question is from the line of Sudhir Padiyar from Consultant Capital. Please go ahead.

**Sudhir Padiyar:** Good Afternoon, many thanks for this opportunity, I am sorry my question may sound a little basic, but I was just wanting to understand the strategy that you are thinking of adopting for the e-mobility business as far as India is concerned, so would there be a B2C approach in terms of retrofit or would you be thinking of a B2B, of discussing with sort of the fleet owners or something like that, could you throw some light on what strategy you are planning to adopt as far as Emoss is concerned in India?

**Karan Shah:** The initial strategy will be towards looking at fleet owners and customers, State Transport authorities, 3PL kind of players in the Indian space who are looking to convert their existing fleet of vehicles in to electric and given the vast experience of Emoss in Europe on converting more than 600 vehicles up-to-date, we have that experience and we have the knowhow to do a wide variety of vehicles and not restrict it to one type. We have done in Europe retrofit right from 5 ton all the way to 55 tons of gross weight of the vehicles, so we have that experience, but yes the initial strategy will be just retrofit, but I think longer term we do see a business model developing just as it has developed in Emoss in the Netherlands where we are now tying up with several OEMs across Europe to provide them with modular kit which they can use into their own vehicles, because the vehicle then is electric from day one and not a converting one, so that would be the longer term objective for India as well.

**Sudhir Padiyar:** Would you require like ARAI certification or something like that for you to actually roll it out even to the fleet owners or the private guys?

**Karan Shah:** Yes, it would require homologation, every variant or every type of vehicle would require homologation, but this is a fairly standard process that we understand and can do.



*Precision Camshafts Limited  
August 18, 2021*

**Sudhir Padiyar:** Okay, so would that also mean that once you retrofit any of this medium or heavy commercial vehicles, the warranty or any other thing that comes with that does not get repelled or whatever right, that is maintained?

**Karan Shah:** To some extent, yes.

**Sudhir Padiyar:** Okay, because there were issues earlier with vehicles as far as CNG retrofit was concerned that if you fit a passenger vehicle with a retrofit which was not approved then the warranty was not applicable, so these kind of things will not crop up as far as EV retrofit is concerned?

**Karan Shah:** In the EV retrofit, we are changing essentially the entire drive of the vehicle including the engine, transmission, exhaust system, there is no exhaust system so essentially changing everything, so we obviously as these provider of this driveline would provide back-to-back warranty or guarantees with our suppliers which we would pass on to the end customer.

**Sudhir Padiyar:** What kind of drive time would be there with a single charge in terms of kilometers?

**Karan Shah:** I think that is one of the USP of our business model where we are able to customize for your need. If it is intra-city kind of short loop vehicle, we can reduce the cost significantly and provide a vehicle that only requires 50 kilometers on a charge whereas if you are requiring it to be inter-city, we can also provide 250 kilometers on a charge, so it depends on the use of the customer.

**Sudhir Padiyar:** How much, now since you have localized 60% of your manufacturing capabilities, I mean how much would the cost work out to broadly a range kind of or this kind of retrofits on intra-city or intercity just for me to get an idea?

**Karan Shah:** It is very difficult to answer that question at this point of time, we will get back to you once we have more clarity on that.



*Precision Camshafts Limited  
August 18, 2021*

**Sudhir Padiyar:** As a Company, when are you expecting any meaningful revenue contribution coming from this part of the business in India?

**Karan Shah:** In India I think it would be the next two-and-a-half years or so, I think we should not look at this as an immediate addition to turnover significantly, but if you look at I think just to summarize this discussion on e-mobility I think our focus while because we are based in India, it is to enter the Indian market and be part of the ecosystem here in India. Our focus right now is very much on growing the European business because that is where the demand is, that is where the markets are stable, that is where the infrastructure is available and you can see that this Company has grown from a small turnover of about 40 crores three years ago to approximately 140 crores this year and more plans for the coming years, so our focus is very much on where the demand is and of course we would like to be first to market or being part of the first companies to market in India, but this will not be the key focus.

**Sudhir Padiyar:** Last question for now Karan on this front is as far as Emoss is concerned, would it be possible for Emoss to actually procure sort of components from India thereby reducing the cost or having some traction on the margins for the European business?

**Karan Shah:** Yes, of course.

**Moderator:** Thank you. The next question is from the line of Nakshita Mehta, Individual Investor. Please go ahead.

**Nakshita Mehta:** Thank you for clearing out a lot of things on Emoss, my question is again a little bit on e-mobility is that the other infrastructure for e-mobility, that is, power charging and all of that is still a bit of challenge in India, so how are you planning to combat those challenges as well when you plan to introduce e-mobility in India, are there any plans on that front?

**Karan Shah:** No, I Think it is a very valid question, which is something that I answered in the previous question also where we said that our focus is where the market demand is where the infrastructure is. I think India we are still a little bit away



*Precision Camshafts Limited  
August 18, 2021*

from being in a space where we can provide, we as a Company are unable to provide all of the infrastructure that goes along with the vehicle as well, however, we are tied up with charger companies in India that provide both slow charging, AC charging, as well as fast AC charging, and if a customer requires chargers to be set up in their facility then we can certainly facilitate that. We of course long-term would rely on the larger players in India who are planning to set up public charging infrastructure across our highways or across petrol stations and things like that.

**Nakshita Mehta:** Right, so as you said that you know you are focusing on where the demand is or where the infrastructure is, so can you say that it will still take more five years for e-mobility to come in India, the buses and the trucks that you are planning?

**Karan Shah:** Hard to put a number, but yes, it would take time.

**Nakshita Mehta:** My next question is regarding camshaft, your camshaft business is also doing pretty well and you are the only who has four types of camshaft as I can see, so what is your plan on expansion in India regarding camshaft, any CAPEX that is in India, what is your next five years in India expansion plans?

**Karan Shah:** I think we have a fairly good market share in terms of camshaft in India. We continue to grow along with the OEM partners that we supply to. I mentioned in the opening remarks that we do have a lot of additional business that they have got from variety of customers which we will plan to fulfill over the next years. I think the only CAPEX that we have planned for the next one or two years approximately 50 to 60 crores which would be all going towards induction hardening of camshaft, which is required for all the new platforms that we would be doing for Maruti in India. Aarohi Mam, if you have anything to add from Finance side, please do so.

**Nakshita Mehta:** No, nothing from finance side



*Precision Camshafts Limited  
August 18, 2021*

**Nakshita Mehta:** Another question is I read there is 10% revenue increase from MFT and MEMCO, that is expected, so anything going on that front as in there is a 10% revenue increase expected, so what is that about?

**Karan Shah:** I think we are obviously looking at growing all the businesses which are part of the group Company and there are efforts going on to diversify the product portfolio at MEMCO and MFT. There is capital expenditure which has been done at MFT and we are ramping up production there, so I think at both these companies it is derived demand which comes from what the automotive OEMs do and as these companies grow, we would like to grow with them, I think that is the only part there.

**Nakshita Mehta:** Sir, my last question is you said that capacity was 60% utilization due to COVID, so can you throw a light on before COVID what has been your capacity utilization and average if you can just?

**Karan Shah:** I do not have those numbers in front of me., Aarohi Mam if you can share the details

**Aarohi Deosthali:** We will do one thing Madam, we will come back to you through the mail on your question. We will give brief details on the capacity utilization before COVID.

**Nakshita Mehta:** All right, Thank you so much and All the Best for e- mobility in India as well.

**Moderator:** Thank you. The next question is from the line of Shri Ram from Green Portfolio. Please go ahead.

**Shri Ram:** Hi Karan, hope you are doing well, the first question I had was regarding Emoss, if you look at Emoss' revenue, it has grown by 86% QOQ and we have seen the contribution to consolidate top line increasing from Emoss, my question is can we expect this trajectory to continue maybe reach 30% to 40% in the next two to five years, and along the same line from my understanding,



*Precision Camshafts Limited  
August 18, 2021*

the Emoss is or the pipeline as you mentioned earlier, I believe it is quite tight for the next two years or until FY '23, how are we making efforts to improve the execution may be in terms of new recruits?

**Karan Shah:**

The first question that you asked unfortunately I cannot answer futuristic looking figures, so I am unable to answer that question exactly, however, I think when I said that the order book is full for this year and the next, we have a very good outlook towards how the business is growing, and we do have a very good local Management there who we support to grow the business whether it is in terms of additional people, additional talent, additional facilities, or any kind of infrastructure that they require and then we are always there to support that, so we do not see a major challenge. As I said in one of the question, it is going to be an exciting journey for the next years, so Yes we are looking forward to that.

**Shri Ram:**

Secondly in this quarter itself, Einride one of customers of Emoss have partnered with big names like Little, Bridgestone, Oakley, would it be safe to assume that their powertrain is only assembled by Emoss or is there any other companies providing these drive trains to Einride?

**Karan Shah:**

I cannot comment exactly on the end customers and the use because of confidentiality with the customers, but yes we are developing and supplying drivelines to very large and key customers in Europe including some of the names that you mentioned, but I cannot tell you exactly.

**Shri Ram:**

Lastly, just a macro question, I think you have mentioned this earlier in the conference call itself, we have seen GM for their many automakers halting production due to semi-conductor shortage, if you look the lead time for these have increased from six weeks to all the way to 20 weeks and we have seen semi-conductor manufacturers grappling to ramp up these capacities, so what is the likely impact on our operations, and as of now, are we seeing any order cutbacks from OEMs?



**Karan Shah:** Yes, this is a real challenging situation not just for us but everybody in the supply chain in the automotive industry. All the larger OEMs have been hit by the semi-conductor shortages and for sure we do have an impact of that on our monthly numbers that we supply, but I think what most OEMs are hoping is that by the end of this year, we have more or less this is just me speculating and nobody knows for sure but by end of this financial year that we have more stability towards the semi-conductor shortages issue and most OEMs would like to make up for all of the lost revenue and lost sales over the last six-eight months, and so hopefully, we are able to supply when this demand comes up again, but it is very, very difficult to say when exactly.

**Moderator:** Thank you. The next question is from the line of Yash Agarwal from JM Financial. Please go ahead.

**Yash Agarwal:** My first question is on Emoss, what is the revenue split between retrofitting and the assembling of the new kits for Emoss, what is the revenue split?

**Karan Shah:** I do not have the exact numbers, but I would say it is approximately 30% on retrofit and the balance is kits, but we can get back to you with exact numbers.

**Yash Agarwal:** Where is the order book stronger for you, is it more of the assembling bit that it is stronger or yet it is the same mix going forward also you would expect?

**Karan Shah:** I think we expect the same going forward. We have not been saying no to any type of work that comes, so while the larger volumes will be with the kit supplies to the OEMs obviously because we do not do the actual retrofitting in our plants, therefore, we are able to produce more and sell more. The volumes come from there, but this one-off, two off, ten off, 15 off retrofits that do come do add to top line as well bottom line, so we continue to do those, so I would say the same kind of split will continue.

**Yash Agarwal:** Emoss is yet slightly EBITDA negative, I see your minus 1 crore EBITDA in the presentation, so what is the outlook going forward on the EBITDA margin front, while the order book continues to be robust for two years, but where you see the EBITDA settling, would it become positive any time soon?



*Precision Camshafts Limited  
August 18, 2021*

**Karan Shah:** The EBITDA for last year and this last quarter was negative predominantly because of some exceptional write off that we took do that we can, our finance team can provide more details of those over email, but these are exceptional items that were cleaned off from the balance sheet but an operating level, the Company is profitable.

**Yash Agarwal:** What sort of margins are you having in the Emoss, the entity?

**Karan Shah:** At 8% to 10% EBITDA margin roughly at this point.

**Yash Agarwal:** You spoke about the semi-conductor issue and the standalone entity, how is the situation currently as you may know are our plants producing at 60%-65% or it is becoming worse or is it becoming better week by week, what is your assessment?

**Karan Shah:** Hard to say whether it is getting better or worse, I think we would like to believe that we are at the worst of it at this point of time and things should look up from here on, but again most it was public news that a lot of OEM across the world have shutdown plants entirely for four weeks, six weeks, eight weeks in the month of June, July, August and this has certainly impacted supply chain, so we were only hoping that things get better for the OEMs in terms of forcing the kits and this whole issue gets better from here on out.

**Moderator:** Thank you. The next question is from the line of Shubham Jain, an Individual Investor. Please go ahead.

**Shubham Jain:** Karan, I have a couple of more questions, one is the camshaft business is generating approximately 80 to 100 crores of cash every year, so as far as I know till recently you have been deploying this cash in supporting your subsidiaries and also for the acquisition, which I believe has stabilized to some extent, is there a thought process on returning some amount of cash to the shareholders, point number one? Point number two is, we know the camshaft business you have a little long term view in terms of camshaft business at least till the year 2030-35, this will continue to be there, but your experience and expertise developed on the precision engineering space, is there a thought



*Precision Camshafts Limited  
August 18, 2021*

process of slowly and steadily moving away from the camshaft business per se and developing other precision components for automobiles in the years to come, so that we derisk the standalone Company completely in the wave of EV which happens, you never know how things turn out, pin point comes and all of a sudden the mass eruptions starts happening and when we say that all of a sudden, the order book goes down completely and we face the problem of more capacity and not been in this business? The third question is from Emoss point of view, you have consistently mentioned that you are looking at European markets, is there some thought process on the North American markets like the US and Canada, there are also lot of players have started coming in this and further is there any thought process on accessing the capital markets out of the US which will provide you large pool of capital to expand this particular business in the North American markets and obviously moving to the other parts of the developed world like Japan, Australia, and all those places as well.

**Karan Shah:**

Let me answer your first question was regarding cash generated at PCL, so you are right we already have discussed this in the past that we are essentially we had a war chest ready for whatever new developments happen in our industry whether it is looking at new opportunities for acquisition, whether it is looking for new developments of products within our Company, whether it is investing in new technologies I think we need to be ready when that time comes to have that war chest ready and the Company to say that when that target is hot, we need to be available, we need to have the resources to do it, so I think that is the idea at this point of time. Regarding your second question, if you can please repeat the second question?

**Shubham Jain:**

The second question was moving away from camshaft business to other precision components?

**Karan Shah:**

I think that is a great question because we are actually at the **company** level definitely looking at this, I think five years down the line we hope that 30 odd percent of our business from the standalone Company comes from non-camshaft products. The idea obviously would be that we see existing infrastructure in terms of foundry as well as machine shop with minimal



*Precision Camshafts Limited  
August 18, 2021*

investments as a process machinery etc. to say what are the new type of products that we could add, and at this point of time, we have actually activated that surge in looking for these products which would either be automotive but non-engine dependent and completely out of the powertrain basically in the automotive side as well as looking at non-automotive segment such as agri, off highway etc., variety of different industries, instrumentation which are parts that we already do at MEMCO, growing that kind of business, so certainly looking at this and we are at the right point right now in '21 where we still have good run rate to kind of develop these products in our existing facilities, that is one.

On the Emoss question, North America is not a target market right now. There are a lot of players like you said in those markets. The US market especially comes with a lot of regulation compliance etc. which is very, very different from what it is in Europe and our hands are very much full with demand which is there in Europe and our focus is to execute on this and to fulfill this demand in Europe before we look at new markets. We are already supplying to some of the developed markets like you said New Zealand. We have some big customers there which we supply kits to. At this point of time on your last question it is too early to answer whether we would be looking at capital markets for fund raising at the Emoss level, it is just too early to say that.

**Moderator:** Thank you. The next question is from the line of Sudhir Padiyar from Consultant Capital. Please go ahead.

**Sudhir Padiyar:** Karan, just one follow up question to something that was asked earlier, you mentioned about an exceptional write offs in Emoss, so are we done with the exceptional write off and can we start seeing normalized EBITDA margin starting from this current quarter onwards or something is yet pending now over there?

**Karan Shah:** No, I think it would be safe to say that these exceptional items were from the last year from 2020 and some from this quarter obviously. We should not have any such other exceptional items, but yes that is fair to say that at this point.



*Precision Camshafts Limited  
August 18, 2021*

**Moderator:** Thank you. The next question is from the line of Akshay, an Individual Investor. Please go ahead.

**Akshay:** Karan, basically two questions I wanted to ask, one is which product of yours you see in coming future has a great potential for growth in terms of growth and the second question is very simple actually is there on a consolidated level any debt on PCL?

**Karan Shah:** First question, I think all the products in our current portfolio we do see lot of growth opportunities whether it is camshaft, whether it is parts at MFT, whether it is an e-mobility product offering, we see growth opportunities in each one of them and we intend to grow out of the product segment, so I would not want to point out one or the other.

**Akshay:** On a consolidated level is there any debt on the?

**Karan Shah:** If you look at net debt, no there is not any net debt because of the cash reserves at PCL but yes there is some debt at MEMCO, but there is also the same amount of cash reserves at MEMCO which is therefore zero. There is some outstanding debt at MFT, Mrs. Aarohi can better answer that question, how much debt is at MFT. At Emoss there is no outside debt, but it is PCL which has loaned approximately ₹ 60 crores as working capital, but Aarohi Madam if you can just give some.

**Aarohi Deosthali:** In MFT there are term loan that is 51.33 crores and working capital is there that is 20.48 crores and shareholder loan of 23.44 Crores and in Emoss there is no debt. As rightly pointed out by Karan Sir, there is no debt in PCL, only working capital is there.

**Akshay:** Madam, that is 21 crores you said right?

**Aarohi Deosthali:** No, in Precision Camshafts Limited standalone working capital is 35.50 crores and MEMCO there is only 3 crores working capital, the amount is very nominal, and in MFT there is only working capital is 20.48 crores.



*Precision Camshafts Limited  
August 18, 2021*

**Karan Shah:** Akshay if I have to just summarize, if you add all of this debt including working capitals and take out and balance it with the cash reserves, we are still net debt.

**Akshay:** One last question, I was reading few of your speeches, you had mentioned that you are looking for some contracts for retrofitting, this is one of your subsidiary from Netherland, am I correct, so have you got any contracts for retrofitting where you will be converting a diesel or petrol vehicle completely into electronic and you were talking about, you had expressed concern about high capital, it is bit costlier than the cost purchasing the battery charges were there you were mentioning in the speech, have you addressed that, any new contract you have got, any light on that, could you share?

**Karan Shah:** Unfortunately, I am unable to share any details of future contracts that we have got for the retrofit in India, but needless to say that yes we do have a lot of new business for retrofit as well in the Netherland entity in Emoss and that business is growing, so I unfortunately cannot go beyond that at this point.

**Akshay:** From the balance sheet of Emoss just now you have said that you have a loan on the balance sheet of Emoss, but you have that is internal, so PCL has given internal loan, so is it suffice to say that if we weigh reserves and the debt your consolidated level it is a debt-free Company, just wanted to correct even though you have highlighted?

**Karan Shah:** Yes.

**Moderator:** Thank you. The next question is from the line of Amit Desai from Accel. Please go ahead.

**Amit Desai:** Thank you for the good insights. I just have one question, regarding your e-mobility business, that is, E-moss in Netherlands. You are supplying to some large OEMs, all I am trying to understand is what is the mot or the competitive advantage that you have currently and do you think overtime this mot will expand?



*Precision Camshafts Limited  
August 18, 2021*

**Karan Shah:**

Yes, great question, so I think we are tied up with lot of OEMs. We are also doing retrofits for large fleet owners who repeatedly keep coming back to us with their vehicles for conversion to electric. One of the key factors in Emoss as a supplier for electric pipeline is a vast experience and knowhow that we come with. This Company has been around for more than 10 years now and the vehicles that are on the road that have the Emoss technology has driven a total of more than 100 million mile and that is the amount of data that we own of all of these different vehicles, which helps us in designing that next driveline coming up with that new technology, providing the most efficient and most reliable drivelines to our customers who ensures that they have a 100% uptime. They do not have to choose with maintenance etc., so that is the vast experience that we come with. The other part of it is that we actually design and develop every driveline from ground up in our plant, it is not a, we do not pick up components from here and there and just assemble them together, but rather we develop individual components with the suppliers of these components, design them for the used case of the customers, put it on to the vehicle and then most importantly, the entire software that runs these components together which is essentially the nervous system of the whole vehicle is completely owned by us, developed in-house, and provided to the customer at the very end of the product, so these are some of the things that I think we have an edge to the competition. We have a very good track record with our customers which is coming back to us and I think just like is the case with our camshaft business where the barrier to entry are very high because of revalidation or other costs involved for the OEM in a similar way when we provide a driveline to a partner of ours. I think both sides have invested heavily into this and we look at this as a long-term arrangement and not for short.

**Amit Desai:**

Thanks Karan for insights and Good Luck !!



*Precision Camshafts Limited  
August 18, 2021*

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Karan Shah for closing comments.

**Karan Shah:** Thank you very much for all your questions. I hope we have been able to answer most of your queries. We look forward to your participation in the next quarter and thank you for joining our earnings call and stay safe and stay healthy. Thank you very much.

**Moderator:** Thank you. On behalf of Precision Camshafts Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.