Management Discussion

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Thank you. Good afternoon, ladies and gentlemen. I'd like to thank you all for being a part of this Precision Camshafts Q1 FY '27 earnings con call. In case of any detailed questions related to finance, please email us your queries at cs@pclindia.in and we shall provide responses within a reasonable time. We have also submitted our investor presentation for Q1 to the stock exchanges and the same is available on our website. Investors are requested to refer to this presentation for detailed financial and operational information.

I'm pleased to share that Precision Camshafts Limited has delivered a strong performance during the first quarter of FY '26-'27. We are encouraged by the momentum in the Indian passenger vehicle industry and the growth opportunities that are emerging for PCL. The Indian PV market has continued to demonstrate strong growth and we are seeing this momentum reflected directly in our customer programs. Several new programs with our key customers include Mahindra, Tata Motors, Maruti Suzuki, have started production during this quarter. These programs are an important milestone for us as they move from development and validation into commercial production. We expect volumes for these programs to progressively ramp up as our customers increase production.

In addition to these programs that have already commenced, we have several other new programs in the pipeline with a number of them expected to commence production in the coming quarters. We have also secured new orders and continue to see strong engagement from our customers for upcoming vehicle platforms. Our customers are significantly investing in additional capacity, new vehicle programs, and localization. And we are investing ahead of these requirements capacity expansion, automation, and technology upgrades. The combination of new startup productions, strong customer demand, new order wins, and a healthy pipeline of upcoming programs gives us considerable confidence in the medium and long-term growth prospects of our standalone business at PCL. We remain focused on executing these programs, ensuring capacity readiness and deepen our relationship with our key customers.

The company's total income stood at INR173 crores, registering a growth of 6.6% compared to the last quarter. The improvement in our performance was primarily driven by an increase in revenue from operations and the company's net profit stood at INR14.88 crores compared to INR13.2 crores in the previous quarter, representing a growth of 12.5%. We are happy to share these positive results despite the disruptions due to the Middle East war. Our subsidiary MEMCO recorded a revenue of INR14 crores during Q1 and continues to focus on strengthening relationships with key customers like Bosch, Delphi, Endress+Hauser, and a few others.

Coming to our e-mobility subsidiary EMOSS in the Netherlands, the business reported a revenue of INR13.8 crores during the quarter compared to INR29 crores in the previous quarter. We have seen a slowdown in the EMOSS business and we are currently taking a cautious view on its future outlook. While electrification of European passenger cars continues to progress, the situation in the electric commercial vehicle space remains considerably more challenging. In the first half of 2026, electrically chargeable trucks only accounted for 4.8% of all new EU truck registrations. The European Automobile Manufacturers Association also continues to highlight insufficient enabling conditions and pullback of subsidies as a constraint on adoption.

The broader economic -- the broader European automotive industry is also going through a period of significant restructuring, with OEMs under pressure to improve competitiveness, reduce costs,

and rationalize investments. Against this backdrop, customer decision-making in the EV segment has become slower and program visibility has reduced. As a result, we remain cautious about the near-term outlook for EMOSS Europe. Our focus at this point is protecting the business and carefully managing costs and investments and we will continue to evaluate the business based on customer traction, cash requirements and potential returns. Our e-mobility business in India with our electric heavy commercial vehicle platform continues to progress. We have developed the HCV platform and delivered the vehicle to a customer and the customer is still undergoing evaluation and field trials at this point.

Looking ahead, we remain extremely confident about the long-term outlook for Precision Camshafts Limited and we see a clear difference between the outlook within our different businesses. Our standalone Indian business is entering a period of significant opportunity, supported by strong growth in the Indian passenger vehicle market, increasing investments by our customers, several new orders already secured and a healthy pipeline of new programs. We are therefore continuing to invest in capacity automation and technology to take advantage of this growth. At the same time, we take a cautious approach towards EMOSS given the slowdown that we have experienced and the uncertain outlook for the electric commercial vehicle market.

We will remain disciplined on cost and capital allocation and not pursue growth for the sake of growth. Overall, our strategy remains clear: strengthen and scale our core Indian business, invest selectively in high conviction opportunities, execute our new programs, and maintain financial and operational discipline across the group. Coming to the financial performance for the standalone business, the total income increased by 6.6% quarter-on-quarter to INR173 crores, EBITDA margin stood at 13% and PAT margin stood at 9%. The consolidated business decreased by 2.4% and was at INR200.8 crores, EBITDA margin was about 10% and profit after tax was about 4.2%. The group company revenues for quarter one, as mentioned before, MEMCO stood at INR14.1 crores and EMOSS at INR13.8 crores.

With this, I would like to wrap up my opening remarks and open the floor for question and answers. Thank you.

Questions & Answers

Operator
Thank you, sir. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Nishit Sanghvi with Neomile. Please go ahead.

Nishit Sanghvi - Analyst, Neomile AMC
Yes, so I wanted to ask that will you only focus in camshaft business or in any other segments also?

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
I know there are several new opportunities we are looking at. As I mentioned during the call that our focus right now remains on our Indian standalone business as well as our subsidiary MEMCO, through which we are doing several new products. We are also actively looking at acquisition opportunities within India. And that will be a way for us to grow into new products, new markets, new customers, and so on. So it's not necessarily only camshafts, but we will focus on our India operations, that is for sure.

Nishit Sanghvi - Analyst, Neomile AMC
Okay, thank you.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Navneet Kamalia, an individual investor. Please go ahead. Navneet, your line has been unmuted. Please go ahead with your question.

Navneet Kamalia - Analyst
Good afternoon, sir. Am I audible?

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Yes.

Navneet Kamalia - Analyst
Sir, I'm an individual investor, invested in your company for quite some time. I just wanted to understand, wouldn't it be prudent to disclose the order book size at the end of the quarter or if not quarter, maybe end of the year. What is the outstanding order book size as of now? Like, you explained about the multiple business opportunities, but currently what is the outstanding order book size that we have? That is my first question.

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Yeah, Mr. Navneet, actually during our previous con calls as well as our AGM, we have disclosed this. I think a cumulative order book of approximately INR1,500 crores is what we have, over and above the existing businesses from existing as well as new customers. And this is of course not an annualized order book. This will be spread over four to five years, and that is what we can share at this point of time. And beyond this, we are still working on newer opportunities.

Navneet Kamalia - Analyst
Okay, thank you, sir. And my next question is regarding our European subsidiary. Like, as you mentioned, you've been cautious on this subsidiary going forward also. So is it like, you are thinking of winding up this as well, like, the previous one we winded up some quarters back? So is that a thought in the mind of management, like being cautious is okay, but maybe a couple of quarters down the line this could also be winded up?

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Very hard to say right now, sir, because I think the markets are very dynamic. Things are changing rapidly. We have seen certain situations unfold in Europe which were unprecedented in the last eight to nine months, which have caused a lot of stir-up within the system there. Of course, we have tremendous headwinds for this business, but we are trying our best to see what we can do to sustain it and to let it be a standalone business by itself without really requiring any support from India side. So hard, hard to answer that question right now.

Navneet Kamalia - Analyst
Thanks a lot, sir. Sir, just one observation, like maybe we could improve the quality of our corporate presentation by incorporating a few more details about the company. I've seen -- I see companies which are doing very little are putting such a big presentation wherein they make it look as if they are doing whatnot. And since we are doing so much, our presentation puts in very little information.

Maybe that is something you can work on, sir. That will be all from my side.

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Thank you, appreciate that, the feedback. I think we'll surely take this back and we'll see what additional information we can add in the next quarter.

Navneet Kamalia - Analyst
Thanks a lot, sir. Thanks a lot.

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Thank you.

Operator
Thank you. [Operator Instructions] Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Karan Shah for closing comments.

Karan Y. Shah - Whole-Time Director, Business Development, Precision Camshafts Limited
Thank you so much. I hope we've been able to answer most of your queries. We thank all our shareholders, our customers, our employees, suppliers, and partners for their continued support and confidence in Precision Camshafts Limited. We look forward to your participation in our next earnings call.

Thank you and have a good day.

Operator
[Operator Closing Remarks]