



Quick Insight

Precision Camshafts Ltd



Industry	Auto parts & equipments
CMP	₹132.1
M Cap	₹12.5bn
Buy Range	₹120-130
Target	₹160-170
Recommendation	BUY

Highlights

- **Precision Camshafts Limited (PCL)** incorporated in 1992, is one of the largest camshaft manufacturer and the only supplier in the world to offer all camshafts technologies under one roof - cast iron, ductile iron, hybrid (Chilled Casting + Steel Fuel Lobe) and assembled.
- **PCL is one of the world's leading camshaft manufacturers with a ~9% global market share in the passenger vehicle segment and ~70% share in the domestic market**, supplying to marquee customers like Audi, GM, Ford, Maruti Suzuki, Hyundai, Porsche and Toyota etc across different geographies including Brazil, Mexico, USA, Europe, Uzbekistan, India, Korea and China.
- PCL is now a key supplier of critical injector components, balancer shafts and other niche prismatic parts, along with complete electric drive lines, to all leading Original Equipment Manufacturers (OEMs) and end customers worldwide through its subsidiaries **Memco Engineering Pvt. Ltd (MEMCO)**, **MFT Motoren und Fahrzeugtechnik GmbH (MFT)** and **EMOSS Mobile Systems B.V. (EMOSS)** respectively.
- In Jul'20, **MFT**, based in Germany, and **EMOSS**, based in Netherlands became wholly owned subsidiary after acquiring balance 24% shares at €0.55 mn (₹47.6mn) and balance 49% shares at €0.6 mn (₹51.9mn) respectively through PCL (International) Holding B.V.
- The global Automotive Camshafts market had reached \$3.07bn in 2020 and is set to post an incremental growth of 38.81mn units, accelerating at a CAGR of over 5% over FY21-25.
- PCL's subsidiary EMOSS has the experience of retrofitting more than 600 Commercial vehicles right from 5 tons all the way to 55 tons of gross weight and converting them to electric vehicle. It has developed several partnerships with niche OEMs across the world to design, develop and supply modular electric driveline kits which are fitted onto the vehicle by the OEM. **EMOSS vehicles have approvals for most parts of the world, including North America, bulk of Europe, Australia and New Zealand**
- PCL has localised more than 60% of the electric driveline in the first vehicle itself with a target to further indigenize in the upcoming vehicles. Although it would take ~2.5 years to generate any meaningful revenue from this, it would open up a huge opportunity for PCL over the long term in India as cost conscious owners would prefer to retrofit their vehicles and extend their life instead of going for a fresh purchase.
- PCL has entered into a Memorandum of Understanding (MoU) with Solapur Municipal Corporation (SMC) on the 03 November 2021. PCL will provide SMC with three (3) fully homologated Electric Light Commercial Vehicles for SMC on a "free of cost" returnable basis by the end of CY22. Based on successful outcome and final validation of trial vehicles, SMC would float E-Tender as per the pilot vehicle technical specifications for additional vehicles.

Precision Camshafts Limited (PCL)

Company Background

Precision Camshafts Limited (PCL) was incorporated in 1992 by Mr. Yatin Shah, is one of the largest camshaft manufacturers and the only supplier in the world to offer all camshafts technologies under one roof be it cast iron, ductile iron, hybrid (Chilled Casting + Steel Fuel Lobe) and assembled. It has 6 plants (2 in Solapur, India & 2 in Nashik, India, 1 each in Germany and Netherlands) with capacity to cast 11mn camshafts per year and machine about 4mn camshafts per year. **FY21 Annual production – Camshaft castings/Machined camshafts – 6.57mn/2.38mn. 1H FY22 Revenue Contribution – India/Exports – 30%/70%; 1H FY21 Revenue Contribution – India/Exports – 24.8%/75.2%. Europe contributes 50-55% of total revenue. FY21 – Revenue Contribution – Machined camshafts/Camshaft castings – 64%/36%; FY20 – Revenue Contribution – Machined camshafts/Camshaft castings – 61%/39%.** Across its four foundries and four machine shops, PCL produces more than 150 types of camshafts for a range of automobile segments from passenger cars, tractors and light commercial vehicles to locomotive engine applications. **Today PCL is one of the world's leading camshaft manufacturers with a ~9% global market share in the passenger vehicle segment and ~70% share in the domestic market, supplying to marquee customers like Audi, GM, Ford, Maruti Suzuki, Hyundai, Porsche and Toyota etc across different geographies including Brazil, Mexico, USA, Europe, Uzbekistan, India, Korea and China.** PCL is now a key supplier of critical injector components, balancer shafts and other niche prismatic parts, along with complete electric drive lines, to all leading Original Equipment Manufacturers (OEMs) and end customers worldwide through its subsidiaries **Memco Engineering Pvt Ltd (MEMCO), MFT Motoren und Fahrzeugtechnik GmbH (MFT) and EMOSS Mobile Systems B.V. (EMOSS)** respectively. In Jul'20, MFT, based in Germany, and EMOSS, based in Netherlands became wholly owned subsidiary of PCL after acquiring balance 24% shares at €0.55 mn (₹47.6mn) and 49% shares at €0.6 mn (₹51.9mn) respectively through PCL (International) Holding B.V.

Investment Argument

- **Global Camshaft demand to reach 38.81mn units by FY25** – Technically camshaft is a vital engine component in an automobile. It is a rotating object usually made of metal from steel or cast iron that contains pointed cams, which converts rotational motion to reciprocal motion. Camshafts are used in internal combustion engines (to operate the intake and exhaust valves), mechanically controlled ignition systems and early electric motor speed controllers. Passenger vehicles largely use either SOHC or DOHC engines, i.e. either single camshaft engines or double camshaft engines. Types of Camshafts - Cast Iron, ductile Iron, hybrid & assembled camshafts, sliding cams & cam modules. Camshaft design impacts the engine's power, efficiency, mileage and emission, hence OEMs involve camshaft manufacturers right from the engine platform design stage. Global OEMs went from manufacturing camshafts inhouse to outsourcing full requirement, right from casting to machining. On an average, camshaft demand is 1.5x the passenger vehicles produced. In India apart from PCL major camshaft producers are India Pistons Ltd, Garima Global, Bharat Cam Industries, PSS Cam Shafts, Varroc Engg. Globally major players are Mahle GmbH, JD Norman Industries, Inc., Thyssenkrupp AG, Linamar Corporation, Estas Camshaft & Chilled Cast, Crance Cams Inc., Aichi Forge USA Inc., Engine Power Components Inc., Hirschvogel Holding GmbH, Kautex Textron GmbH & Co. KG, Shadbolt Cams, Comp Performance Group and Camshaft Machine Company. The global Automotive Camshafts market had reached \$3.07bn in 2020 and is set to post an incremental

Nifty	16,956
Sensex	56,931
Key Stock Data	
CMP	₹132.1
Market Cap (₹)	₹12.5bn
52W High/Low	₹165/38
Shares o/s (mn)	94.986
Daily Vol. (3M NSE Avg.)	492,000
Shareholding pattern (%) Sep'21	
Promoter	65.37
FII's	0.12
Public	34.51

Particulars	FY19	FY20	FY21	1H FY22
Operating Revenue	6,952	7,462	7,090	4,220
Growth YoY (%)	62.2	7.3	(5.0)	50.2
EBITDA	1,261	1,121	614	512
EBITDA Margin (%)	18.1	15.0	8.7	12.1
Net Profit	150	350	23	274
EPS (₹)	1.6	3.7	0.2	2.9
DPS (₹)	1.0	2.0	1.0	
P/E (x)	83.7	35.9	548.9	
EV/EBITDA (x)	11.3	12.7	22.6	
P/BV (x)	2.1	2.1	1.9	

Source: Company, Way2Wealth

growth of upto 38.81mn units, accelerating at a CAGR of over 5% over FY21-25 as per report by Technavio.

- **Past Acquisitions broadened product portfolio** – PCL acquired a total of three entities in the last 2-3 years and these acquisitions have helped the company to broaden the product portfolio, geographical diversification and to mitigate the customer concentration risk. Additionally, the synergy derived from these acquisitions is expected to boost the revenue going forward aided by new customer associations especially in the European market. In Mar'18, PCL had acquired 76% in **MFT Motoren und Fahrzeugtechnik GmbH, Germany** and acquired the balance 24% for a consideration of ~₹47.6mn in FY21. MFT is engaged in the business of manufacturing Balancer Shafts (i.e. fully machined, hardened and balanced vertical and horizontal Balancer shafts), Camshafts, Bearing Caps, Engine Brackets and non-engine Prismatic Components (i.e. brake and chassis components, machining of all casting materials). MFT enjoys long term relationship with marquee global customers like Volkswagen, Audi, Opel, Westphalia, Hatz, Suzuki etc. It reported revenues of ₹1,584mn/₹426.8mn in FY21/Q2FY22. Similarly, it had acquired a 51% stake in **EMOSS Mobile Systems B.V., Netherlands** in May'18 and the balance in 49% in FY21 for a consideration of ~₹51.9mn. **EMOSS is a one-of-a-kind business that designs, develops, produces and supplies complete electric powertrains for trucks, busses, military vehicles and heavy equipment. EMOSS business model includes conversion of diesel trucks into ready to use electric trucks. The trucks powered with Electric Drivelines can carry a maximum payload of 50 tons with a mobility of up to 350 km which may be extended beyond 500 km with long range extenders developed by EMOSS.** EMOSS enjoys customer base of Heineken, Meyer & Meyer, TEDI, etc. It reported revenues of ₹1,333mn/₹456.1mn in FY21/Q2FY22. With PCL expansion of its manufacturing base in the European market and broadened product portfolio to include balancer shafts and non-engine prismatic components. It has also paved the path for its foray into electric mobility and provided access to mature markets in the space of electric mobility like North America, Australia and Europe.
- **Retrofitting a big opportunity** – PCL's subsidiary **EMOSS** has the experience of retrofitting more than 600 Commercial vehicles right from 5 ton all the way to 55 tons of gross weight and converting them to electric vehicle. It is tying up with several OEMs across Europe to provide them with modular kit which they can use into their own vehicles. It has developed several partnerships with niche OEMs across the world to design, develop and supply modular electric driveline kits which are fitted onto the vehicle by the OEM. EMOSS vehicles have approvals for most parts of the world, including North America, bulk of Europe, Australia and New Zealand. The company intends to replicate the business in India and it has recently retrofitted a mid-size passenger AC Bus into 100% electric Bus which is being tested at Automotive Research Association of India (ARAI). **PCL has localised more than 60% of the electric driveline in the first vehicle itself with a target to further indigenize in the upcoming vehicles. Although it would take ~2.5 years to generate any meaningful revenue from this, it would open up a huge opportunity for PCL over the long term in India as cost conscious owners would prefer to retrofit their vehicles and extend their life instead of going for a fresh purchase.** PCL has entered into a Memorandum of Understanding (MoU) with SMC on the 03 November 2021. Solapur Municipal Corporation (SMC) has a fleet of approximately 250 diesel engine operated LCVs ("Ghanta Gaadi") for waste collection throughout the city of Solapur. SMC intends to convert such type of intra city vehicles into 100% electric vehicles and is desirous of working with PCL to convert these vehicles into electric. PCL will provide SMC with three fully homologated Electric Light Commercial Vehicles for SMC on a "free of cost" returnable basis by the end of CY22. Based on successful outcome and final validation of trial vehicles, SMC would float E-Tender as per pilot vehicle technical specifications for additional vehicles.

- **Exclusive agreements with EMAG, Germany** – Further, with its exclusive agreement with EMAG (a German machining and tooling Process Company) for transfer of certain know-how and technology for manufacturing assembled camshafts, PCL is well placed to implement advanced machining which aids in lowering the cost per piece and command healthy prices. Sales realisation of Machined Camshaft is 2.5-3.0x times of Camshaft Casting. Consequently, camshaft prices are less dependent on raw material prices as they are based on cam profile complexity and the extent of machining. Capacity Expansion in value added machine camshafts to drive profitability for the company going forward.
- **MEMCO has long term relations with marquee clients** – PCL had acquired 95% stake in Nashik based MEMCO Engineering Pvt. Ltd in Oct'17 for ₹380mn & balance 5% stake for ₹26mn in Apr'19. It reported revenues of ₹368mn/143.9mn in FY21/Q2FY22 and PAT of ₹11mn (-28% YoY) In FY21. **MEMCO enjoys long term relationships with marquee global customers like Bosch, Delphi, Endress Hauser and Giro.** Its engaged in the business of manufacturing fuel injection components for conventional CRDi diesel engines, brake components, high pressure diesel injector connectors for naval ships and high precision instrumentation components. It has the capacity to produce 10.7mn precision components per annum like Nozzler Holder body, Nozzle Retaining Nut, Brake Pistons and Stainless Steel components for Naval applications and Medical Equipments such as dental and orthopaedic implants.
- **One of the beneficiaries from the production-linked incentive (PLI) schemes** – The production-linked incentive (PLI) scheme for auto and auto components businesses approved by the government is to support the Covid-hit sector for enhanced production is also likely to benefit micro, small, and medium enterprises (MSMEs) apart from the OEMs. The auto component segment majorly comprises Tier-II and Tier-III MSMEs supplying to top tier players and original equipment manufacturers (OEMs). The government stated that it expects the PLI scheme, which focuses on electric and hydrogen fuel cell vehicles, to lead to fresh investments of over ₹425bn in the auto and auto component sector along with an incremental production of over ₹2.3tn and over 750,000 job creation in coming five years. The auto component sector had witnessed a 3% fall in cumulative revenue in FY21 to ₹3.4tn due to Covid-led disruption in demand. Existing automotive companies as well as new investors who are currently not in the automobile or auto component manufacturing business can also benefit from the scheme, the government added. The scheme has two components - Champion OEM Incentive Scheme and Component Champion Incentive Scheme. Both schemes are linked to the sales value generated by businesses. For OEMs, it is applicable on battery electric vehicles and hydrogen fuel cell vehicles of all segments, and for component manufacturers, it is applicable on advanced automotive technology components of vehicles, completely knocked down (CKD)/semi-knocked down (SKD) kits, vehicle aggregates of two and three-wheelers, passenger vehicles, commercial vehicles, tractors, etc. With MSMEs and existing players like PCL being crucial contributors of the supply chain of automotive parts and components that PLI scheme is targeted at, the expected capital push will mobilise the company and the MSME ecosystem in the expansion of supplier base within the sector.
- **Sequentially Q2FY22 revenue growth of 3.4% was due to staggered lockdowns** – Consolidated revenue grew by ~17% YoY to ₹2,145.5mn driven by higher realisation. However, on a sequential basis revenue growth was muted at 3.4% due to underperformance of the domestic market on account of staggered lockdowns. Company-wise Standalone revenue stood at ₹1,195.4mn while subsidiary companies revenue for MEMCO/MFT/EMOSS stood at ₹143.9mn/₹426.8mn/₹456.1mn respectively. Revenue from European operation grew ~11% yoy to ₹1,169.1mn and accounted for 54.5% of total revenue, down from 57.4% in Q2FY21. Domestic revenue grew 37/~22% YoY/QoQ to ₹695.8mn. EBITDA increased 55.7% YoY to ₹293.6mn on account of lower raw material expenses. EBITDA margins expanded

341bps to 13.7%. PCL reported a PAT of ₹203.9mn against ₹46.8mn in Q2FY21. Adjusting for exceptional items, PAT increased by ~56% to ₹72.9mn. PCL received compensation for the cancellation of the order and sunk cost from a customer amounting to ₹249mn offset partly by Impairment of property, plant & equipment amounting to ₹118mn during the quarter. Company-wise Standalone EBITDA stood at ₹207.9mn while subsidiary companies EBITDA for MEMCO/MFT/EMOSS stood at ₹29.5mn/₹52.3mn/₹45.5mn respectively.

Key Risks

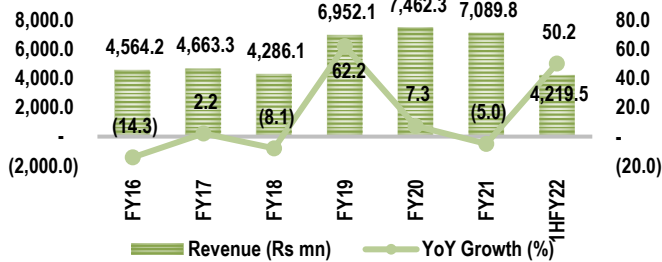
- **Rapid adoption of EVs could severely impact camshaft business** – A camshaft is used to operate the intake and exhaust valves for proper air-fuel mixture. As EVs do not require such product, rapid adoption of EVs could significantly dent the demand for camshafts. Shift to EVs will happen gradually across the globe, especially in the developing nations. Post the recent acquisitions, PCL is aiming at 25% of revenues coming from non engine components by 2025.
- **Vulnerable to cyclical demand from automobile OEMs** – PCL primarily manufactures camshafts which are used in automobiles and is exposed to cyclical demand for automobiles. Inability to grow organically in the core camshaft business over last 5 years has been a matter of concern.
- **The Netherlands subsidiary of the company, EMOSS, is incurring losses at the EBITDA level which is pulling down the overall performance of the company.** The management has indicated that it was due to some exceptional write offs which has been done and no further write offs would be needed going forward. Inability to turnaround EMOSS and have a profitable growth will be the key downside risk for the company.
- **Customer and product concentration** – Historically, PCL has been dependent on a single product, i.e. camshafts and limited number of customers for significant portion of its turnover. Audi, GM and Ford are the company's primary customers, which together accounts for nearly 30% - 40% of total income during the last two years. PCL thus faces the risk of fluctuations in production levels as well the phase in/out stages of its key OEM customers' product models. However, PCL is expected to benefit in the near term on account of its latest acquisitions and new product inclusions to its portfolio.
- **Volatility in Raw material prices** – Major raw materials include resin coated sand, melting steel (M.S) scrap and pig iron. PCL primarily procures them from domestic markets from reputed manufacturers. The volatility in commodity prices can significantly affect PCL's raw material costs and in turn, profitability. Inability to compensate for or pass on increased costs to customers exposes PCL to price risk. However, periodic negotiations with customers reduce the risk to a large extent.
- **FX Volatility risks** – PCL derives ~71% of its consolidated revenues from outside India and is exposed to the volatility in forex rates.

View

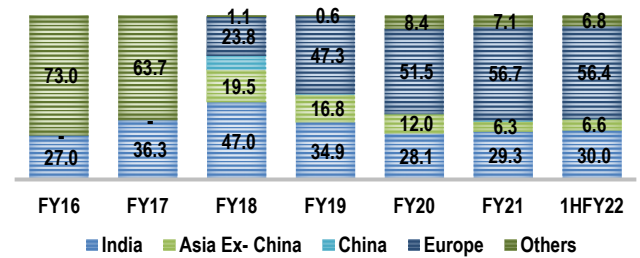
The Company in last 2-3yrs has introduced EV products with smart acquisition thus enabling to mitigate risks due to transition from IC to EV vehicles. We do not see major shifts to EV vehicles in India at a large scale for Commercial and Passenger vehicles until till 2030, hence camshaft is likely to see sustainable demands going forward ahead. It also has plans in place aiming at 25% of revenues coming from non-engine components by 2025 enabled by its subsidiaries like MEMCO, MFT & EMOSS providing the company access to exports markets like Americas, Australia, Korea etc apart from Europe. In Q2FY22, EMOSS became profitable at operational level and is likely to make net profits by end of FY22. **The company for FY22 is likely to show better performance compared to FY20 levels. Considering the above mentioned factors, we view it as BUY with target range of ₹160-170.**

Past Performance

Revenue 9.2% CAGR FY16-21

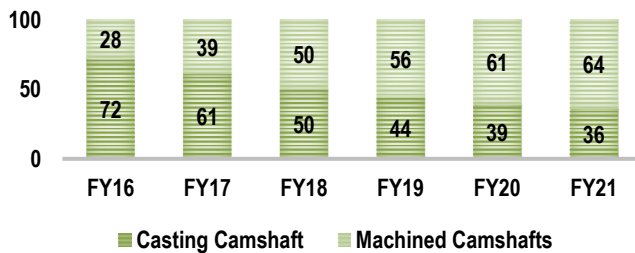


Revenue mix by Geography

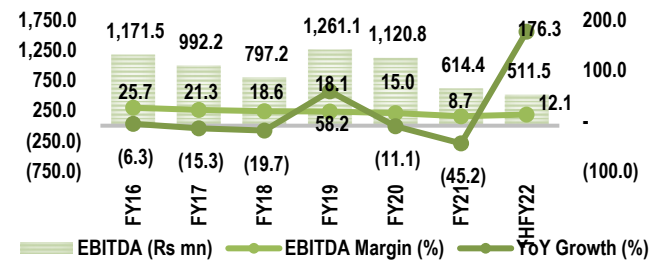


Source: Company, Way2Wealth

Camshaft Wise Revenue Contribution

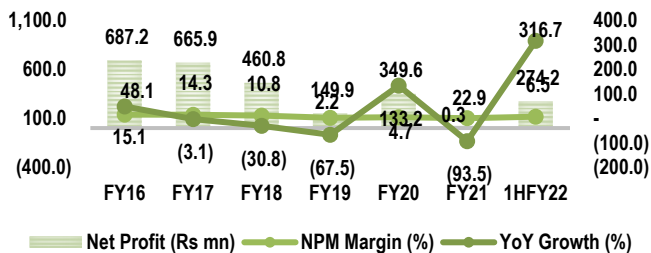


EBITDA -12.1% CAGR FY16-21

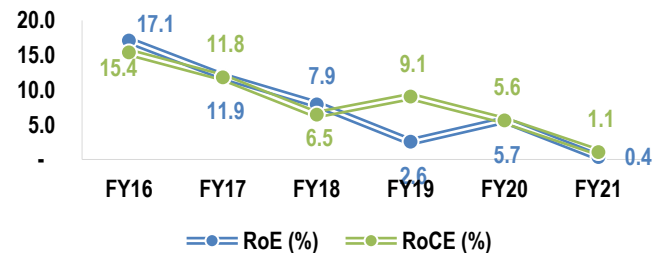


Source: Company, Way2Wealth

Net Profit -49.4% CAGR FY16-21

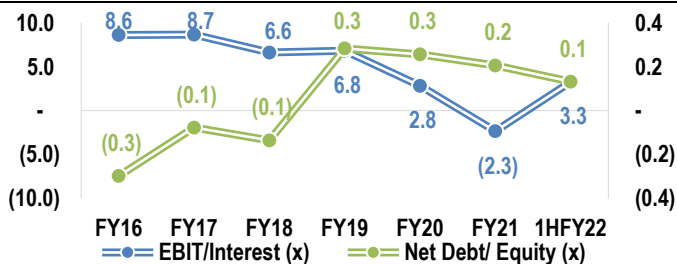


Low Auto sales in last 2yrs impacted return ratios



Source: Company, Way2Wealth

Net Debt free on Standalone basis

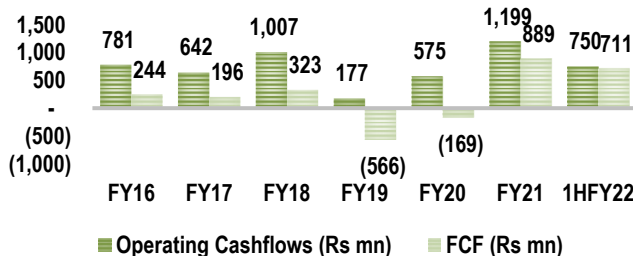


Likely to see improvement in W.C mgmt by end of FY22

	FY16	FY17	FY18	FY19	FY20	FY21	1HFY22
Receivable Days	77	82	95	75	84	79	117
Inventory Days	35	26	50	52	69	64	120
Payables Days	52	55	68	50	50	57	70
Net W.C. Days	60	53	77	77	103	86	166

Source: Company, Way2Wealth

FCF positive since 1.5yrs



Source: Company, Way2Wealth

Financials

(₹ mn)								
Particulars	Q2FY22	Q2FY21	YoY(%)	Q1FY22	QoQ(%)	1HFY22	1HFY21	YoY(%)
Revenue	2,145.5	1,835.9	16.9	2,074.0	3.4	4,219.5	2,808.6	50.2
Raw Matl Cost	915.7	761.5	20.2	878.0	4.3	1,793.7	1,172.7	53.0
Changes in Inventories	(53.8)	56.1	(196.0)	(28.1)	91.4	(82.0)	125.5	(165.3)
Employee Exps	389.3	335.4	16.1	387.2	0.5	776.6	589.6	31.7
Other Exps	600.8	494.3	21.5	618.9	(2.9)	1,219.7	735.8	65.8
EBITDA	293.6	188.6	55.7	218.0	34.7	511.5	185.1	176.3
EBITDA Margin (%)	13.7	10.3	341	10.5	317	12.1	6.6	553
Depreciation Exps	196.2	206.1	(4.8)	196.0	0.1	392.3	376.1	4.3
Interest Cost	18.6	18.6	(0.1)	18.0	3.3	36.5	35.8	2.0
Other Income	37.8	49.6	(23.7)	97.6	(61.2)	135.5	159.1	(14.9)
Exceptional Item	127.7	56.2	127.5	2.4	5,154.2	130.2	151.0	(13.8)
PBT	244.3	69.7	250.7	104.1	134.8	348.4	83.2	318.6
Tax	40.4	28.1	43.7	33.8	19.6	74.2	48.1	54.3
Minority Interest (Profit)/Loss	-	(5.2)	(100.0)	-	#DIV/0!	-	(30.6)	(100.0)
Net Profit	203.9	46.8	335.9	70.3	190.1	274.2	65.8	316.7
EPS (₹)	2.1	0.5	335.9	0.7	190.1	2.9	0.7	316.7

As % of Sales	Q2FY22	Q2FY21	BPS	Q1FY22	BPS	1HFY22	1HFY21	BPS
Raw Matl Cost	40.2	44.5	(437)	41.0	(81)	40.6	46.2	(565)
Employee Exps	18.1	18.3	(12)	18.7	(52)	18.4	21.0	(259)
Other Exps	28.0	26.9	108	29.8	(184)	28.9	26.2	271

Segmental Revenue by Region	Q2FY22	Q2FY21	YoY(%)	Q1FY22	QoQ(%)	1HFY22	1HFY21	YoY(%)
India	695.8	507.7	37.0	571.7	21.7	1,267.5	695.9	82.1
Asia Ex- China	151.3	124.6	21.5	128.4	17.9	279.7	256.2	9.2
China	-	14.9	(100.0)	7.4	(100.0)	7.4	14.9	(50.7)
Europe	1,169.1	1,054.6	10.9	1,209.9	(3.4)	2,379.0	1,692.4	40.6
Others	129.3	134.1	(3.6)	156.7	(17.5)	286.0	149.3	91.6

Segmental Revenue mix (%)	Q2FY22	Q2FY21	BPS	Q1FY22	BPS	1HFY22	1HFY21	BPS
India	32.4	27.7	477	27.6	487	30.0	24.8	526
Asia Ex- China	7.1	6.8	27	6.2	86	6.6	9.1	(249)
China	-	0.8	(81)	0.4	(35)	0.2	0.5	(36)
Europe	54.5	57.4	(295)	58.3	(385)	56.4	60.3	(388)
Others	6.0	7.3	(128)	7.6	(153)	6.8	5.3	146

Source : Company, Way2Wealth

Past Performance & Forecasting

(₹ mn)								
Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Revenue	4,564	4,663	4,286	6,952	7,462	7,090	8,132	9,295
YoY Growth (%)	(14.3)	2.2	(8.1)	62.2	7.3	(5.0)	14.7	14.3
EBITDA	1,171	992	797	1,261	1,121	614	1,021	1,196
EBITDA Margin(%)	25.7	21.3	18.6	18.1	15.0	8.7	12.6	12.9
YoY Growth (%)	(6.3)	(15.3)	(19.7)	58.2	(11.1)	(45.2)	66.2	17.1
Net Profit	687	666	461	150	350	23	550	915
YoY Growth (%)	48.1	(3.1)	(30.8)	(67.5)	133.2	(93.5)	2306.5	66.3
EPS (₹)	7.2	7.0	4.9	1.6	3.7	0.2	5.8	9.6
DPS (₹)	1.0	1.5	1.0	1.0	2.0	1.0	1.0	1.5
RoE (%)	17.1	11.9	7.9	2.6	5.7	0.4	4.8	6.7
RoCE (%)	15.4	11.8	6.5	9.1	5.6	1.1	6.3	8.8
Net Debt/Equity (x)	(0.3)	(0.1)	(0.1)	0.3	0.3	0.2	0.2	0.1
FCF	244	196	323	(566)	(169)	889	925	887
Cash Balances	3,239	1,684	2,570	893	564	673	745	921
Debtors Days	77	82	95	75	84	79	67	69
Inventory Days	35	26	50	52	69	64	75	73
Creditors Days	52	55	68	50	50	57	56	55
P/E (x)	18.3	18.8	27.2	83.7	35.9	548.9	22.8	13.4
EV/EBITDA (x)	9.4	12.2	14.7	11.3	12.7	22.6	10.7	8.6
P/BV (x)	2.4	2.2	2.1	2.1	1.9	2.0	1.9	1.8

Source : Company, Way2Wealth

Technical View

Looking at weekly chart, PRECAM has been in a protracted uptrend since March, 2020 and formed “Higher Top Higher Bottom” formation. Of late, stock consolidated in a range which resulted into a formation of “Bullish Cup & Handle” formation. The said pattern is a continuation pattern and generally formed during the middle of the trend. During, November 18, 2021; PRECAM confirmed its breakout from said pattern and rallied higher 154.40. Looking at weekly chart, stock consistently holds above its 20-SMA and rebound after testing the same. Considering the above technical evidences, **we advocate to accumulate this stock in a range of 130 to 120 with an upside price target of 170. Stop loss to be placed at 118.**



Source: Falcon 7

Disclaimer

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Name of the Security	Precision Camshafts Limited (PCL)
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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