

PRICOL LIMITED

Healthy Revenue Growth Amid Margin Pressure from Subsidiaries

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Pricol Ltd. (Pricol) delivered a healthy Q1FY26 performance, broadly in line with our expectations. Consolidated revenue stood at ₹8,953 mn, registering a robust growth of 44.4% YoY and 16.4% QoQ, supported by (1) new product introductions, (2) value growth in the Driver Information Systems (DIS) segment, and (3) the consolidation of Pricol Precision Products Pvt. Ltd. (3PL). However, the performance of subsidiaries came in below our estimates during the quarter. The company reported a consolidated EBITDA margin of 11.1% in Q1FY26, an improvement of ~65 bps QoQ but a contraction of ~193 bps YoY. The YoY decline was primarily attributable to the consolidation of 3PL, which operates at a structurally lower margin profile (~7% in Q1FY26) compared to the core business. Pricol is gearing up to scale its disc brake system for a key 2W OEM, supported by evolving industry demand. Strategic initiatives to strengthen technological capabilities and broaden the product portfolio position the company to benefit from long-term growth drivers.

Growth Initiatives: Diversification, Technological Advancements & Strategic Tie-Ups

Pricol is actively pursuing multiple growth initiatives aimed at strengthening its long-term prospects. A key area of focus is the disc brake system, which is poised to benefit from upcoming regulatory changes in the 2W segment, with mass production for a strategic OEM expected to commence in Q4FY26E. The company has also forayed into a new product category through an exclusive technology licensing agreement with Italy-based Domino, covering handlebar components such as switches, throttles, and levers, with revenue contribution anticipated over the next 12–16 months. The integration of P3L is opening up new avenues, as Pricol leverages its diversified customer base to reduce P3L's historical reliance on the TVS group and expand its value-added product portfolio. Additionally, the company is investing in next-generation technologies, including E-Cockpit and Battery Management Systems (BMS), both of which are currently undergoing validation with select customers.

Core Segment Momentum and Export-Led Upside

The company has consistently outpaced industry growth across its served segments. In its core businesses, Driver Information Systems (DIS) has seen strong value-led growth driven by premiumization and the transition from mechanical to electronic clusters, a trend expected to continue. The Actuation Control & Fluid Management Systems (ACFMS) segment is also gaining traction, supported by robust export demand from global clients like Caterpillar, Harley-Davidson, Polaris, Generac, and Kohler. The fuel pump vertical, has scaled well in both domestic and export markets. Exports currently contribute ~7–8% of revenue, with further upside expected from new programs in the US and Europe. P3L reported ~7% EBITDA margin in Q1FY26 (vs ~5% in Q1FY25), with a profitability improvement plan underway to deliver stable single-digit margins and support overall consolidated performance.

Key Financials	FY23	FY24	FY25	FY26E	FY27E
Total Income (₹ mn)	19,586	22,718	26,919	37,141	41,871
EBITDA (₹ mn)	2,285	2,731	3,129	4,227	4,993
EBITDA Margins (%)	11.7	12.0	11.6	11.4	11.9
EPS (₹)	9.4	11.5	13.7	19.2	23.0
P/E (x)	45.6	37.3	31.4	22.4	18.7
P/BV (x)	7.4	6.2	5.2	4.2	3.4
EV/EBITDA (x)	23.0	18.9	16.8	12.5	10.2
RoE (%)	17.9	18.1	17.9	20.6	20.1
RoCE (%)	19.2	23.2	22.6	24.3	25.6

BUY

Current Market Price (₹)	429
12M Price Target (₹)	566
Potential Return (%)	32

Stock Data

Sector	:	Auto Components
Face Value (₹)	:	1
Total MCap (₹ bn)	:	53
Free Float MCap (₹ bn)	:	32
52-Week High / Low (₹)	:	599 / 368
BSE Code / NSE Symbol	:	540293 / PRICOLLTD
Bloomberg	:	PRICOL:IN
Sensex / Nifty	:	80,600 / 24,565

Shareholding Pattern

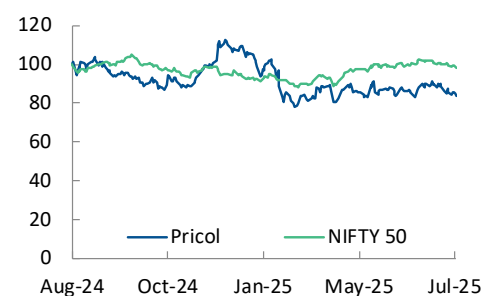
(%)	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	38.51	38.51	38.51	38.51
MF's	11.34	11.23	11.39	9.70
AIF's	1.37	1.39	2.01	2.43
FPIs	16.07	16.26	15.88	15.74
Insurance	2.79	3.04	2.99	3.57
Others	29.92	29.57	29.22	30.05

Source: BSE

Price Performance

(%)	1M	3M	6M	12M
Pricol	-5.4	-2.0	-16.1	-16.0
Nifty 50	-3.8	0.9	4.6	-1.8

* To date / current date : August 1, 2025

Pricol vs Nifty 50

Quarterly Financial Snapshot (Standalone)

YE Mar (₹ mn)	Q1FY26	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
Total Income	6,829	6,238	9.5	6,114	11.7
RM Cost	4,825	4,347	11.0	4,321	11.7
Employees Cost	792	816	-3.0	675	17.3
Other Expenses	429	425	0.8	407	5.3
EBITDA	784	649	20.7	710	10.4
Margin (%)	11.5	10.4	107bps	11.6	-14bps
Depreciation	226	219	3.2	198	14.4
EBIT	558	430	29.7	513	8.8
Finance Cost	40	34	17.3	30	34.6
Other Income	15	32	-54.2	13	17.1
PBT	532	428	24.4	495	7.5
Total Tax	140	148	-5.2	131	7.0
PAT	392	280	40.0	364	7.6
Margin (%)	5.7	4.5	125bps	6.0	-22bps

Source: Company, LKP Research

Quarterly Financial Snapshot (Consolidated)

YE Mar (₹ mn)	Q1FY26	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
Total Income	8,953	7,694	16.4	6,199	44.4
RM Cost	6,241	5,300	17.8	4,253	46.7
Employees Cost	1,077	1,024	5.2	694	55.1
Other Expenses	646	569	13.5	447	44.5
EBITDA	990	801	23.6	805	23.0
Margin (%)	11.1	10.4	65bps	13.0	-193bps
Depreciation	286	264	8.7	203	40.9
EBIT	703	537	31.0	602	16.9
Finance Cost	64	52	23.5	30	113.3
Other Income	22	43	-48.2	22	3.4
PBT	661	528	25.2	593	11.5
Total Tax	163	179	-9.2	138	18.1
PAT	499	349	42.8	456	9.5
Margin (%)	5.6	4.5	103bps	7.3	-178bps

Source: Company, LKP Research

Outlook & Valuation

Pricol, is well-placed to capitalize on industry growth. With its diversified ACFMS portfolio with products like disc brakes and electric coolant pumps and is entering high-margin adjacencies such as e-cockpits and heads-up displays. The company is focused on turning around 3PL. While near-term concerns around 3PL and subsidiaries have led to estimate cuts, we expect Revenue/EBITDA/PAT CAGR of 24.7%/26.3%/27.4% over FY25–27E. Pricol's transition into a multi-product, electronics-driven platform—expanding into telematics, BMS, and driver-assist systems—supports sustained growth. **We maintain a BUY rating and a TP of ₹566 (25x FY27E EPS), implying 32% upside.**

ConCall Key Takeaways

Diversified Segmental Performance

- **Revenue mix:** 2W – ~65%, CV – ~15%, PV – ~10%, Off-road/Tractors – ~10%.
- All segments posted YoY growth, led by:
 - **DIS:** Value-led growth driven by premiumization and shift to electronic clusters.
 - **ACFMS:** Strong momentum backed by domestic and export demand; key customers include Caterpillar, Harley-Davidson, Polaris, Generac, and Kohler.
 - **Fuel Pumps** (launched in 2020) are scaling well in both domestic and international markets.
- **Exports contribute 7–8%** of revenue and are expected to rise with new programs in the US and Europe.

Strategic Initiatives & Product Pipeline

- **Disc Brakes:** Production for a key 2W OEM to begin in Q4FY26, aligned with Jan 2026 ABS mandate.
- **Handlebar Components:** Secured an exclusive technology licensing agreement with Domino (Italy); revenue visibility in 12–16 months.
- **Next-Gen Products:** E-Cockpit and BMS under development/testing; commercialisation timeline to be shared in upcoming quarters.
- **Capex Plan:** ₹5,000 mn over 3 years – ₹2,500–3,000 mn for P3L, remainder for core Pricol.

P3L (Pricol Precision Products) Update

- Q1FY26 revenue of ₹~2,050 mn with EBITDA margin improving to ~7% (vs 5% YoY).
- A profitability improvement roadmap is underway; visibility of better performance from Q2FY26E onwards.
- Post-acquisition, P3L is no longer TVS-dependent; leveraging Pricol's customer base to drive value-added offerings and margin expansion.

Margin Outlook & Risk Management

- Target to maintain 11–12% EBITDA margin despite volatility in forex and rare earth availability.
- Employee costs at ~12% of revenue due to proactive hiring for upcoming growth.
- Majority of Chinese supply risks mitigated since 2020, except displays where full localization is planned within coming quarters.
- Forex exposure is indexed with customers to reduce currency-related volatility.

Income Statement

(₹ mn)	FY24	FY25	FY26E	FY27E
Total Income	22,718	26,919	37,141	41,871
Change (%)	16.0	18.5	38.0	12.7
RM Cost	15,552	18,607	26,087	29,104
Employees Cost	2,626	3,247	4,243	4,739
Other Expenses	1,809	1,936	2,584	3,035
EBITDA	2,731	3,129	4,227	4,993
Margin (%)	12.0	11.6	11.4	11.9
Depreciation	821	898	1,157	1,325
EBIT	1,910	2,231	3,070	3,668
Finance Cost	183	132	208	228
Other Income	132	166	212	239
PBT bef. EO Exp.	1,859	2,266	3,074	3,679
Exceptional Items	-	-	-	-
PBT after EO Exp.	1,859	2,266	3,074	3,679
Total Tax	453	596	737	880
Reported PAT	1,406	1,670	2,338	2,799
Adjusted PAT	1,406	1,670	2,338	2,799
Change (%)	22.3	18.8	40.0	19.7
Margin (%)	6.2	6.2	6.3	6.7

Source: Company, LKP Research

Key Ratios

YE Mar	FY24	FY25	FY26E	FY27E
Per Share				
Adj EPS	11.5	13.7	19.2	23.0
Cash EPS	18.3	21.1	28.7	33.8
BV/Share	69.4	83.4	102.5	125.5
Valuation (x)				
P/E	37.3	31.4	22.4	18.7
P/BV	6.2	5.2	4.2	3.4
EV/Sales	2.3	2.0	1.4	1.2
EV/EBITDA	18.9	16.8	12.5	10.2
Return Ratios (%)				
RoE	18.1	17.9	20.6	20.1
RoCE	23.2	22.6	24.3	25.6
RoIC	16.7	16.4	18.1	17.3
Working Capital Ratios				
Fixed Asset Turnover (x)	5.3	4.6	4.8	4.8
Asset Turnover (x)	1.7	1.6	1.7	1.6
Inventory (Days)	69.5	67.0	66.0	65.0
Debtor (Days)	44.7	51.5	52.0	53.0
Creditor (Days)	71.4	76.5	77.0	78.0
Leverage Ratio (x)				
Current Ratio	1.4	1.3	1.4	1.7
Net Debt/Equity	-0.1	0.0	0.0	-0.1

Source: Company, LKP Research

Balance Sheet

(₹ mn)	FY24	FY25	FY26E	FY27E
Equity Share Capital	122	122	122	122
Reserves & Surplus	8,331	10,038	12,376	15,175
Total Networkth	8,453	10,160	12,498	15,297
Non-current Liabilities				
Long term debt	0	678	1,178	1,678
Other non curent liabilities	648	1,086	1,086	1,086
Total non-current liab & provs	648	1,764	2,264	2,764
Current Liabilities				
Trade payables	3,258	4,546	6,461	5,978
Short term provs+ borrowings	736	874	1,073	1,164
Other current liabilities	1,262	2,150	2,150	2,150
Total current liab and provs	5,256	7,569	9,683	9,292
Total Equity & Liabilities	14,356	19,494	24,445	27,353
Assets				
Net block	4,592	7,065	8,258	9,333
Intangible assets	784	799	799	799
Other non current assets	1,548	1,824	1,824	1,824
Total non current assets	6,924	9,689	10,882	11,957
Cash and cash equivalents	1,125	1,011	1,460	4,093
Inventories	3,203	3,626	5,808	4,558
Trade receivables	2,870	4,727	5,855	6,304
Other current assets	234	440	440	440
Total current Assets	7,432	9,805	13,564	15,396
Total Assets	14,356	19,494	24,445	27,353

Source: Company, LKP Research

Cash Flow

(₹ mn)	FY24	FY25	FY26E	FY27E
Profit/(Loss) before Tax	1,859	2,266	3,074	3,679
Depreciation	821	898	1,157	1,325
Interest & Finance Charges	183	132	208	228
Direct Taxes Paid	-381	-567	-737	-880
(Inc)/Dec in WC	43	437	-1,395	318
Others	24	-72	0	0
CF from Operations	2,548	3,093	2,308	4,670
Capex	-1,433	-2,163	-2,350	-2,400
(Pur)/Sale of Investments	57	155	0	0
Others	83	-1,762	0	0
CF from Investments	-1,293	-3,770	-2,350	-2,400
Inc/(Dec) in Debt	-428	781	699	591
Interest Paid	-182	-133	-208	-228
Dividend Paid	0	0	0	0
Others	-78	-86	0	0
CF from Fin. Activity	-689	562	491	363
Inc/Dec of Cash	566	-115	449	2,633
Opening Balance	560	1,125	1,011	1,460
Closing Balance	1,125	1,011	1,460	4,093

Source: Company, LKP Research

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