PRICOL LIMITED

Strong execution and strategic investments to sustain growth momentum

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Pricol Ltd. (Pricol) delivered a very strong Q2FY26 performance, coming in slightly ahead of our expectations, supported by both organic and inorganic growth. Consolidated revenue rose 52% YoY and 12.5% QoQ to ₹10.1 bn, driven by healthy demand across OEM customers, contribution from Pricol Precision Products Ltd. (P3L-the recently acquired injection moulding division of Sundaram Auto), and strong growth in core businesses such DICVS & ACFMS businesses as driver information systems and fluid control modules. EBITDA grew 41.6% YoY to ₹1.23 bn, with margins at 11.7%, impacted marginally by the lower-margin plastics business but benefiting from cost rationalization and operational efficiencies. PAT stood at ₹640 mn, up 42% YoY, reflecting improved operating leverage and stable finance costs. On a standalone basis, revenue increased 14.1% YoY to ₹7.6 bn with EBITDA margin at 11.6%, supported by softening raw material prices and higher value-added content. Management highlighted that the strong topline growth was aided by volume recovery, new customer additions, and product diversification. Despite short-term headwinds such as semiconductor supply constraints and seasonally weaker Q3, the company expects margins to remain steady, aided by raw material cost moderation, efficiency gains, and incremental profitability from the acquired plastics division. Overall, Pricol reported another quarter of robust performance with solid execution, healthy balance sheet, and sustained improvement in operating metrics.

Operational Efficiency Drives Margins

Pricol reported a strong operating performance during the quarter, supported by broad-based growth across its core divisions. The P3L continues to show steady improvement, with EBITDA margin now reaching >9% from 6.3% at the end of FY25 through focused restructuring, automation, and cost control initiatives. Capacity utilization remains elevated at >94–95% in the P3L business and around ~80–85% in the ACFMS vertical, prompting management to initiate capacity expansion over the next few quarters. The ACFMS & DICVS segments are also witnessing healthy traction from new model additions and increasing content per vehicle. Management noted that supply constraints related to rare earth magnets have normalized, while semiconductor shortages could temporarily defer dispatches by ~2–3 weeks. Nonetheless, internal growth targets are expected to be met, supported by strong demand visibility and continued operational efficiency.

Key Financials	FY24	FY25	FY26E	FY27E	FY28E
Total Income (₹ mn)	22,718	26,919	38,975	44,133	50,253
EBITDA (₹ mn)	2,731	3,129	4,599	5,364	6,273
EBITDA Margins (%)	12.0	11.6	11.8	12.2	12.5
EPS (₹)	11.5	13.7	21.7	25.2	29.8
P/E (x)	49.2	41.4	26.2	22.5	19.1
P/BV (x)	8.2	6.8	5.4	4.4	3.5
EV/EBITDA (x)	25.1	22.2	15.2	12.5	10.6
RoE (%)	18.1	17.9	23.0	21.4	20.5
RoCE (%)	23.2	22.6	26.7	27.7	29.3

BUY

Current Market Price (₹)	566
12M Price Target (₹)	681
Potential Return (%)	20

Stock Data		
Sector	:	Auto Components
Face Value (₹)	:	1
Total MCap (₹ bn)	:	69
Free Float MCap (₹ bn)	:	42
52-Week High / Low (₹)	:	599 /368
BSE Code / NSE Symbol	:	540293 / PRICOLLTD
Bloomberg	:	PRICOL:IN
Sensex / Nifty	:	83,216 / 25,492

Shareholding Pattern

(%)	Sep-25	Jun-25	Mar-25	Dec-24
Promoter	38.51	38.51	38.51	38.51
MF's	11.55	11.34	11.23	11.39
AIF's	1.95	1.37	1.39	2.01
FPIs	15.40	16.07	16.26	15.88
Insurance	1.05	2.79	3.04	2.99
Others	31.54	29.92	29.57	29.22

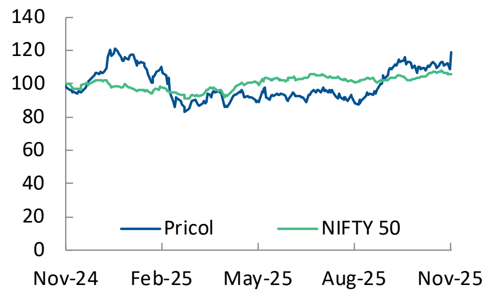
Source: BSE

Price Performance

(%)	1M	3M	6M	12M
Pricol	7.5	32.2	32.2	18.7
Nifty 50	1.5	3.6	4.4	5.3

** To date / current date : November 7, 2025*

Pricol vs Nifty 50



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Technology Partnerships to Broaden Product Portfolio

The company has entered a global technology licensing agreement for advanced switch and throttle systems, aimed at enhancing its electronic product portfolio and deepening localization. Two leading OEMs have already been identified as anchor customers, with commercial roadshows underway across additional client programs. Management expects this new vertical to begin contributing revenues within 24 months. Concurrently, Pricol is pursuing backward integration into optical bonding and display screen manufacturing to strengthen cost competitiveness and reduce import dependence. The company has guided for CapEx of ₹2,500–3,000 mn in FY26E and a similar outlay in FY27E to fund capacity expansion and modernization. Recent order wins from Honda, Hero, Bajaj, and Yamaha, coupled with increasing opportunities in EV and premium 2W categories, position Pricol for sustained growth and margin stability over the medium term.

Quarterly Financial Snapshot (Standalone)

YE Mar (₹ mn)	Q2FY26	Q1FY26	*QoQ*	Q2FY25	*YoY*
Total Income	10,069	8,953	*12.5*	6,688	*50.5*
RM Cost	6,993	6,241	*12.0*	4,679	*49.5*
Employees Cost	1,148	1,077	*6.6*	750	*53.0*
Other Expenses	748	646	*15.7*	487	*53.6*
EBITDA	1,180	990	*19.2*	772	*52.8*
Margin (%)	*11.7*	*11.1*	*66.6bps*	*11.5*	*17.0bps*
Depreciation	300	286	*4.8*	207	*45.2*
EBIT	880	703	*25.1*	566	*55.5*
Finance Cost	68	64	*5.7*	27	*151.4*
Other Income	34	22	*50.0*	61	*-45.0*
PBT	845	661	*27.8*	600	*40.9*
Total Tax	206	163	*26.5*	149	*37.7*
PAT	640	499	*28.3*	451	*42.0*
Margin (%)	*6.4*	*5.6*	*78.3bps*	*6.7*	*-38.3bps*

Source: Company, LKP Research

Quarterly Financial Snapshot (Consolidated)

YE Mar (₹ mn)	Q2FY26	Q1FY26	*QoQ*	Q2FY25	*YoY*
Total Income	7,575	6,829	*10.9*	6,638	*14.1*
RM Cost	5,370	4,825	*11.3*	4,744	*13.2*
Employees Cost	852	792	*7.6*	729	*17.0*
Other Expenses	476	429	*11.0*	427	*11.5*
EBITDA	877	784	*11.9*	739	*18.7*
Margin (%)	*11.6*	*11.5*	*10.2bps*	*11.1*	*44.7bps*
Depreciation	240	226	*6.0*	201	*19.2*
EBIT	638	558	*14.3*	538	*18.5*
Finance Cost	41	40	*1.2*	27	*52.4*
Other Income	17	15	*14.9*	57	*-70.2*
PBT	614	532	*15.3*	568	*8.0*
Total Tax	159	140	*12.9*	144	*10.4*
PAT	455	392	*16.2*	425	*7.2*
Margin (%)	*6.0*	*5.7*	*27.2bps*	*6.4*	*-38.8bps*

Source: Company, LKP Research

Outlook and Valuation

We maintain a positive view on Pricol, supported by its strong execution track record, operational discipline, and expanding technological capabilities. The company's continued improvement in operating margins, driven by restructuring at the P3L division and sustained efficiency initiatives across core businesses, underpins healthy earnings visibility. Strategic initiatives such as the global technology licensing agreement for advanced switches, backward integration into display manufacturing, and increasing presence in EV and premium 2W components are expected to enhance product mix and medium-term growth prospects. With a strengthening business portfolio, rising localization, and robust order inflows, we believe Pricol is well positioned to deliver sustainable double-digit earnings growth and margin resilience. We estimate Revenue/EBITDA/PBT to grow at a CAGR of 23%/26%/28% over FY25–FY28E, and value the stock at 27x FY27E EPS, and maintain our BUY rating with a TP of ₹681.

Con-Call Key Takeaways

Segment-wise commentary

- P3L (Precision Products) division: Steady-state EBITDA margin expected around 9.5–10%. Moderate growth of ~11–15% YoY likely until capacity expansion is completed.
- DICVS: Expected to grow around ~15% YoY with margins near ~12–12.5%. The ongoing semiconductor shortage (Nexperia crisis) may cause short-term disruption, though the company expects minimal revenue loss due to alternative sourcing.
- ACFMS: Poised for ~30–35% annual growth in the next 2–3 years, driven by three product lines: disc brakes (supported by ABS mandate effective January 2026 for all two-wheelers), FPM and switches (new technology license signed with 24-month commercialization timeline).

New product and technology initiatives

- Technology license for switches and throttle assemblies: Two large OEMs identified as anchor customers. Product demonstrations and validation are underway; revenue contribution expected after roughly 24 months.
- Smart E-cockpit and battery management systems: Products developed and showcased to customers; currently under evaluation. No immediate revenue, but expected to be margin accretive once commercialized.

Operational insights

- P3L division is operating at about ~94–95% utilization; expansion required.
- ACFMS utilization stands at around ~80–85%, also undergoing capacity ramp-up.
- DICVS utilization will settle near ~70% after planned expansions, creating room for future growth.
- The company announced its first dividend of ₹2 per share for FY26; management emphasized that capital reinvestment for business expansion takes precedence over higher payouts.
- Pricol is entering a new capex cycle, planning investments of about ₹2.5–3bn in FY26 and a similar outlay in FY27.

New client wins

- In the P3L, new business wins have been secured from Autoliv, Hanon, and Schneider.
- Active engagement is ongoing with major OEMs such as Hero MotoCorp, Bajaj Auto, and Tata Motors, with discussions in the final stages of order confirmation.

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Income Statement

(₹ mn)	FY25	FY26E	FY27E	FY28E
Total Income	**26,919**	**38,975**	**44,133**	**50,253**
Change (%)	*18.5*	*44.8*	*13.2*	*13.9*
RM Cost	18,607	27,095	30,484	34,665
Employees Cost	3,247	4,511	5,020	5,602
Other Expenses	1,936	2,770	3,266	3,712
EBITDA	**3,129**	**4,599**	**5,364**	**6,273**
Margin (%)	*11.6*	*11.8*	*12.2*	*12.5*
Depreciation	898	1,157	1,325	1,493
EBIT	**2,231**	**3,442**	**4,039**	**4,780**
Finance Cost	132	212	257	281
Other Income	166	226	256	291
PBT bef. EO Exp.	**2,266**	**3,457**	**4,037**	**4,790**
Exceptional Items	0	0	0	0
PBT after EO Exp.	**2,266**	**3,457**	**4,037**	**4,790**
Total Tax	596	811	961	1,163
Reported PAT	**1,670**	**2,645**	**3,076**	**3,627**
Adjusted PAT	**1,670**	**2,645**	**3,076**	**3,627**
Change (%)	*18.8*	*58.4*	*16.3*	*17.9*
Margin (%)	*6.2*	*6.8*	*7.0*	*7.2*

Source: Company, LKP Research

Key Ratios

YE Mar	FY25	FY26E	FY27E	FY28E
Per Share				
Adj EPS	13.7	21.7	25.2	29.8
Cash EPS	21.1	31.2	36.1	42.0
BV/Share	83.4	105.1	130.3	160.1
Valuation (x)				
P/E	41.4	26.2	22.5	19.1
P/BV	6.8	5.4	4.4	3.5
EV/Sales	2.6	1.8	1.5	1.3
EV/EBITDA	22.2	15.2	12.5	10.6
Return Ratios (%)				
RoE	17.9	23.0	21.4	20.5
RoCE	22.6	26.7	27.7	29.3
RoIC	16.4	20.2	18.5	17.6
Working Capital Ratios				
Fixed Asset Turnover (x)	4.6	5.1	5.0	5.1
Asset Turnover (x)	1.6	1.7	1.7	1.6
Inventory (Days)	67.0	66.0	65.0	65.0
Debtor (Days)	51.5	52.0	53.0	53.0
Creditor (Days)	76.5	77.0	78.0	78.0
Leverage Ratio (x)				
Current Ratio	1.3	1.4	1.7	1.8
Net Debt/Equity	0.0	0.0	-0.1	-0.1

Source: Company, LKP Research

Balance Sheet

(₹ mn)	FY25	FY26E	FY27E	FY28E
Equity Share Capital	122	122	122	122
Reserves & Surplus	10,038	12,684	15,760	19,388
Total Networth	10,160	12,806	15,882	19,509
Non-current Liabilities				
Long term debt	678	1,178	1,678	2,178
Other non curent liabilities	1,086	1,086	1,086	1,086
Total non-current liab & provs	1,764	2,264	2,764	3,264
Current Liabilities				
Trade payables	4,546	6,886	6,143	8,673
Short term provs+ borrowings	874	1,112	1,212	1,338
Other current liabilities	2,150	2,150	2,150	2,150
Total current liab and provs	7,569	10,148	9,504	12,160
Total Equity & Liabilities	**19,494**	**25,218**	**28,150**	**34,934**
Assets				
Net block	7,065	8,258	9,333	10,240
Intangible assets	799	799	799	799
Other non current assets	1,824	1,824	1,824	1,824
Total non current assets	9,689	10,882	11,957	12,864
Cash and cash equivalents	1,011	1,345	4,629	5,813
Inventories	3,626	6,173	4,685	7,662
Trade receivables	4,727	6,378	6,439	8,155
Other current assets	440	440	440	440
Total current Assets	9,805	14,336	16,194	22,070
Total Assets	**19,494**	**25,218**	**28,150**	**34,934**

Source: Company, LKP Research

Cash Flow

(₹ mn)	FY25	FY26E	FY27E	FY28E
Profit/(Loss) before Tax	**2,266**	**3,457**	**4,037**	**4,790**
Depreciation	898	1,157	1,325	1,493
Interest & Finance Charges	132	212	257	281
Direct Taxes Paid	-567	-811	-961	-1,163
(Inc)/Dec in WC	437	-1,856	683	-2,162
Others	-72	0	0	0
CF from Operations	**3,093**	**2,158**	**5,341**	**3,239**
Capex	-2,163	-2,350	-2,400	-2,400
(Pur)/Sale of Investments	155	0	0	0
Others	**-1,762**	**0**	**0**	**0**
CF from Investments	**-3,770**	**-2,350**	**-2,400**	**-2,400**
Inc/(Dec) in Debt	781	738	600	626
Interest Paid	-133	-212	-257	-281
Dividend Paid	0	0	0	0
Others	-86	0	0	0
CF from Fin. Activity	**562**	**527**	**343**	**345**
Inc/Dec of Cash	**-115**	**334**	**3,284**	**1,184**
Opening Balance	1,125	1,011	1,345	4,629
Closing Balance	1,011	1,345	4,629	5,813

Source: Company, LKP Research

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