



Prime Stock

Short Term Fundamental Pick

Pricol Ltd



TODAY'S PRIME STOCK (SHORT-TERM INVESTMENT)

Company Name: Pricol Ltd

BSE CODE: 540293

NSE CODE: PRICOLLTD

Sector: Auto Ancillary

Industry: Auto Ancillary

Mrkt Cap (Cr)	6254
P/E (x) TTM	40.6
Industry P/E(x) TTM	34.4
P/B (x) TTM	7.44
EV/EBITDA (x)	20.6

CMP (Rs): 512 | Buy Range: 505-512 | Target Price: 590 | Potential Upside: 15%
Duration of Recommendation: 3 Months

Pricol Limited is an Indian company that manufactures and sells a range of automotive components, including instrument clusters, sensors, and fluid management systems. It primarily serves OEMs, with a strong focus on two-wheelers. The company operates multiple manufacturing facilities in India and Indonesia, supplying products to 16 countries. Pricol is known for its innovation, with a significant investment in R&D and a robust portfolio of patents.

INVESTMENT RATIONALE

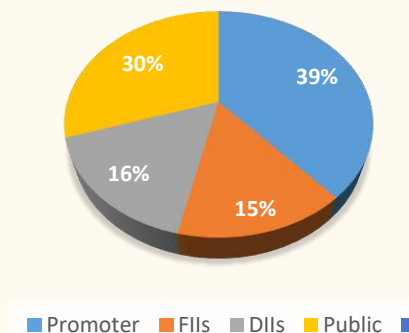
- Strong Market Position:** Pricol Ltd holds a dominant position in the two-wheeler (2W) instrument cluster market, with a 65% market share. Globally, it's the second-largest instrument cluster maker, just behind Nippo Seiki & Co. Ltd. This leadership position provides a competitive edge and ensures steady demand from OEMs.
- Diverse Product Portfolio:** The company's extensive range of products, including driver information systems, connected vehicle solutions, and fluid management systems, caters to various segments within the automobile industry. This diversified product base reduces dependency on any single segment, spreading the risk and providing multiple revenue streams.
- Strategic Partnerships and Innovation:** Pricol's five strategic partnerships and ongoing investment in R&D (4.5% of total revenues) reflect its commitment to innovation. The company's recent developments, such as the Battery Management System and telematics platform, position it well for future growth in the rapidly evolving automotive industry.
- Capacity Expansion Plans:** The company has a clear capex plan of ₹600 crore from FY23-25, focused on capacity enhancement and new product lines under the PLI scheme. This investment is expected to boost production capabilities and support long-term growth, particularly in high-demand segments.
- Positive Market Outlook:** Management is optimistic about maintaining double-digit revenue growth, driven by a robust order book and new product launches. This confidence is backed by confirmed business from various customers and the potential to outperform the market through product value addition.
- Strong Performance in Q1FY25:** Consolidated Revenue/EBITDA/PAT increased by 15.4%/24.5%/43% YoY to Rs. 620 cr/Rs. 80 cr/Rs. 46 cr YoY respectively. EBITDA margins improved by 95 bps to 13% from 12% last year. On QoQ basis, Revenue/EBITDA/PAT are up by +6.1%/+8.6%/+10% respectively.
- Focus on High-Margin Products:** Pricol is focusing on high-margin products such as e-cockpits and disc brakes, currently under intense testing. The expected start of production within the next 12-18 months could significantly enhance profitability.

Valuations: Pricol is on the right trajectory for future growth, supported by a strong order book and ongoing product development initiatives. At CMP, stock is currently trading at P/E multiple of 31.6x/25.2x its FY25/FY26E earnings.

1-Year Price Performance



Shareholding Pattern



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