

PRICOL LTD.

Buy at CMP: Rs 559 | Target: Rs 640 (14%) | SL: Rs 527

Sector

Jan 13, 2024

Automobile & Ancillaries

Script Details

BSE Group	A
BSE Code	540293
NSE Code	PRICOLLTD
Bloomberg Code	PRICOL IN
Market Cap (INR Cr.)	6,772
Free Float (%)	61.5%
52wk Low/High	599/331
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/0
Total paid Up Shares (Mn.)	121.9

Share Holding Pattern (%)

Promoters	Public	Others
38.5%	61.5%	-

Share Price Relative Performance



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Pricol Limited, established in 1975 in Coimbatore, South India, is a global leader in automotive components. Guided by its core values, it delivers precision-engineered solutions to leading automobile and industrial brands across 45+ countries.

Investment Rationale

- ◆ **Pricol has leading market share and diverse product portfolio across range of offerings:** Pricol, a leader in dashboard instruments with five decades of expertise, increased its revenue share in the segment to 68% in FY24, driven by product mix improvements and 2W industry growth. It holds 55-60% market share in domestic instrument clusters and 65% in 2W clusters. With strong R&D, Pricol plans to expand into sensors and battery management systems, enhancing its diverse product portfolio. Globally, it ranks second in instrument cluster volumes after Nippon Seiki, Japan.
- ◆ **Key levers to drive margins in pricol going ahead:** Pricol has achieved significant structural improvement in profitability over the past five years, with EBITDAM rising to 13% in Q1FY25 from 6.9% in FY20. The company aims to further enhance margins to the 13.5-14% range, driven by a better product mix, such as digital clusters now contributing 80% of cluster revenue compared to 20% earlier, along with increased value-added content, high vertical integration and automation, with 90% of PCBA assembly handled in-house, and additional efficiency gains, including in-sourcing initiatives like securing long-term semiconductor chip supply agreements.
- ◆ **Driving innovation and growth with advanced solutions for EV and DIS segments:** Pricol's robust new product pipeline provides strong growth visibility for the company. Integrated solutions like advanced telematics and e-cockpit systems are expected to boost content per vehicle in the Driver Information System (DIS) segment. Furthermore, the company is focused on expanding its EV portfolio with products such as electric coolant pumps, electric oil pumps, disc brakes, and Battery Management Systems (BMS), which are anticipated to drive a significant increase in revenue contribution from the EV segment.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 12%/4% and estimate PRICOL to clock PAT of Rs 189 Cr by FY27E. PRICOL is trading at forward PE (x) of 35.8 and we value at 41(x) FY27E and Recommend BUY on PRICOL with Target Price of Rs. 640 (14%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	2,446	293	166	40.8	21.4
FY25E	2,739	370	151	45.0	47.4
FY26E	3,068	414	169	40.1	42.3
FY27E	3,436	464	189	35.8	37.8

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- PRICOLLTD has been in a consistent uptrend on the monthly scale since 2020, maintaining its position above the 12-month EMA, which underscores a positive long-term trend.
- In the prior month, the stock broke out of a long-wick bullish candlestick pattern on the monthly chart, signaling strong buying interest.
- On the weekly scale, the stock has displayed a change in polarity, with the prior resistance level from August 2024 now acting as a support zone.
- On the daily scale, the stock is forming a flag-and-pole pattern, and a breakout above the 564 level could accelerate upward momentum.
- Momentum indicators, particularly the MACD, remain in buy mode, reinforcing the bullish outlook.
- Additionally, during the ongoing uptrend, the stock has consistently found support at its 20-week and 40-week EMAs, further solidifying its positive trajectory.



- Inference & Expectations
- Considering these factors, it can be inferred that PRICOLLTD stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 640 level.
- The stop loss must be at 527 level, strictly on the closing basis.

Source: Tradingview.in, GEPL Research

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