Pricol Ltd (PRCO.BO)

Digitization play on 2W instrument clusters + diversification into display screens; initiate at Buy

PRCO.BO	12m Price Target: **Rs780.00**	Price: **Rs626.45**	Upside: **24.5%**

We initiate coverage of Pricol Ltd (PRCO), India's largest player in the **Driver Information & Connected Vehicle** Space (DICVS), across 2W+4W+CV with a dominant presence in 2W and CV clusters/displays. We like Pricol's leverage to the digitization of instrument clusters in the India 2W / 4W markets and its transition into more precision focused plastic injection molds. We believe the announced demerger of the DICVS business (c.61% of revenue in FY26) into a separate listed entity could unlock valuation potential. We see a +25% upside (vs. +11% for our coverage on average; see our companion piece on India Auto Precision Machining + Auto Parts (Part 1, Part 2) to our Rs780 12m P/E-based target price.

We conduct differentiated analysis on: (1) Structural tailwind from the shift towards more expensive **LCD** and **TFT** displays in 2Ws, in line with global trends; (2) Few key high-volume (c.21% of industry volume) models likely to shift to **Hybrid**/LCD **displays**; (3) Sizing the opportunity of this shift from Analog to LCD to TFT displays with c.30% revenue growth over the medium term, excluding ICE 2W volume growth assumptions; (4) Incremental order opportunity set from **Honda** – India's 2nd largest 2W OEM.

We forecast 15% / 31% / 24% yoy EPS growth in FY27E / FY28E / FY29E, an FY29E EBITDA margin of 12% (vs. 11.6% in FY26), and an ROE of 22% by FY29E vs 22% in FY26. **Valuation**: PRCO trades at 24x 12m fwd P/E, vs 33x for powertrain-agnostic India Auto ancillaries. **Catalysts**: any positive developments related to the DICVS demerger, BOE Varitronix production commencement, capacity expansion, disc brake + EV BMS commercialization, and Honda order win. **Risks**: unexpected developments related to the demerger, slowdown in 2W market (high concentration), overseas competition with change in import duties, and commodity inflation.

BUY

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Key Data

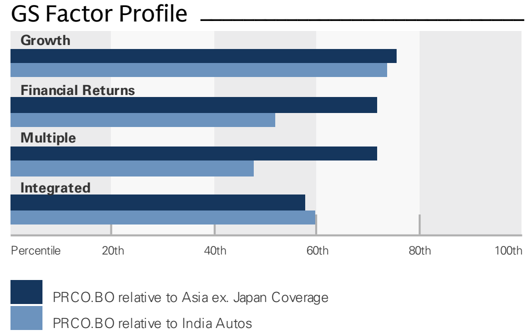
Market cap: Rs76.4bn / $791.3mn
Enterprise value: Rs82.4bn / $853.0mn
3m ADTV: NA
India
India Autos
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	3/26	3/27E	3/28E	3/29E
Revenue (Rs mn)	40,408.0	47,860.5	57,281.3	67,794.1
EBITDA (Rs mn)	4,693.7	5,361.7	6,738.4	8,151.7
EPS (Rs)	20.56	23.66	30.91	38.31
P/E (X)	25.3	26.5	20.3	16.4
P/B (X)	5.1	5.0	4.0	3.2
Dividend yield (%)	0.0	0.0	0.0	0.0
N debt/EBITDA (ex lease,X)	0.5	1.1	0.8	0.5
CROCI (%)	25.3	22.4	22.6	23.6
FCF yield (%)	(0.6)	(4.1)	1.3	2.3

	3/26	6/26E	9/26E	12/26E
EPS (Rs)	6.00	4.34	6.03	6.21

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

BUY

Pricol Ltd (PRCO.BO)

Rating since Jul 23, 2026

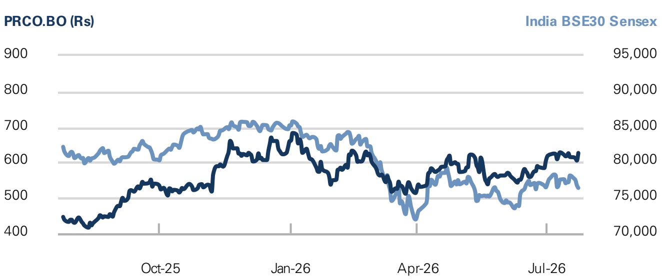
Ratios & Valuation

	3/26	3/27E	3/28E	3/29E
P/E (X)	25.3	26.5	20.3	16.4
P/B (X)	5.1	5.0	4.0	3.2
FCF yield (%)	(0.6)	(4.1)	1.3	2.3
EV/EBITDAR (X)	14.1	15.4	12.1	9.9
EV/EBITDA (excl. leases) (X)	14.0	15.4	12.1	9.9
CROCI (%)	25.3	22.4	22.6	23.6
ROE (%)	22.1	20.6	21.8	21.7
Net debt/equity (%)	19.9	38.6	27.7	16.7
Net debt/equity (excl. leases) (%)	19.5	38.3	27.4	16.5
Interest cover (X)	11.6	11.5	13.5	15.1
Days inventory outst, sales	40.7	44.9	44.7	44.9
Receivable days	47.4	48.1	47.9	48.1
Days payable outstanding	70.0	65.5	65.4	65.9
DuPont ROE (%)	20.0	18.7	19.6	19.6
Turnover (X)	1.6	1.5	1.6	1.6
Leverage (X)	2.0	2.0	1.9	1.8
Gross cash invested (ex cash) (Rs)	21,967.2	29,650.0	34,295.9	39,344.7
Average capital employed (Rs)	12,718.4	18,170.8	22,911.8	26,157.3
BVPS (Rs)	102.87	126.47	157.39	195.70

Growth & Margins (%)

	3/26	3/27E	3/28E	3/29E
Total revenue growth	50.1	18.4	19.7	18.4
EBITDA growth	50.0	14.2	25.7	21.0
EPS growth	50.1	15.1	30.7	23.9
DPS growth	NM	NM	NM	NM
EBIT margin	8.6	8.4	9.1	9.5
EBITDA margin	11.6	11.2	11.8	12.0
Net income margin	6.2	6.0	6.6	6.9

Price Performance



	3m	6m	12m
Absolute	1.2%	7.7%	44.4%
Rel. to the India BSE30 Sensex	2.9%	15.0%	56.3%

Source: FactSet. Price as of 23 Jul 2026 close.

Income Statement (Rs mn)

	3/26	3/27E	3/28E	3/29E
Total revenue	40,408.0	47,860.5	57,281.3	67,794.1
Cost of goods sold	(27,938.6)	(33,228.7)	(39,665.5)	(46,842.1)
SG&A	–	–	–	–
R&D	–	–	–	–
Other operating inc./(exp.)	(3,071.9)	(3,674.5)	(4,273.5)	(4,980.5)
EBITDA	**4,693.7**	**5,361.7**	**6,738.4**	**8,151.7**
Depreciation & amortization	(1,199.6)	(1,339.3)	(1,507.4)	(1,696.6)
EBIT	**3,494.1**	**4,022.4**	**5,231.0**	**6,455.1**
Net interest inc./(exp.)	(300.4)	(350.3)	(386.7)	(426.8)
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**3,309.4**	**3,827.6**	**5,030.5**	**6,248.7**
Provision for taxes	(801.3)	(940.3)	(1,257.6)	(1,572.8)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**2,508.0**	**2,887.4**	**3,772.9**	**4,675.9**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**2,508.0**	**2,887.4**	**3,772.9**	**4,675.9**
EPS (basic, pre-except) (Rs)	**20.56**	**23.66**	**30.91**	**38.31**
EPS (diluted, pre-except) (Rs)	**20.56**	**23.66**	**30.91**	**38.31**
EPS (basic, post-except) (Rs)	**20.56**	**23.66**	**30.91**	**38.31**
EPS (diluted, post-except) (Rs)	**20.56**	**23.66**	**30.91**	**38.31**
DPS (Rs)	–	–	–	–
Div. payout ratio (%)	0.0	0.0	0.0	0.0

Balance Sheet (Rs mn)

	3/26	3/27E	3/28E	3/29E
Cash & cash equivalents	1,179.0	222.9	857.2	2,180.8
Accounts receivable	5,778.0	6,843.6	8,190.7	9,694.0
Inventory	5,393.3	6,388.0	7,645.4	9,048.6
Other current assets	571.9	571.9	571.9	571.9
Total current assets	**12,922.2**	**14,026.4**	**17,265.2**	**21,495.3**
Net PP&E	9,331.3	11,447.5	12,170.5	12,917.3
Net intangibles	2,518.3	5,692.6	6,777.1	7,897.3
Total investments	167.8	167.8	167.8	167.8
Other long-term assets	(186.6)	(186.6)	(186.6)	(186.6)
Total assets	**24,753.0**	**31,147.8**	**36,194.1**	**42,291.1**
Accounts payable	5,462.3	6,469.7	7,743.2	9,164.3
Short-term debt	2,657.6	2,657.6	2,657.6	2,657.6
Short-term lease liabilities	–	–	–	–
Other current liabilities	2,583.1	2,583.1	2,583.1	2,583.1
Total current liabilities	**10,703.0**	**11,710.4**	**12,983.9**	**14,405.0**
Long-term debt	971.6	3,471.6	3,471.6	3,471.6
Long-term lease liabilities	48.4	48.4	48.4	48.4
Other long-term liabilities	481.1	481.1	481.1	481.1
Total long-term liabilities	**1,501.1**	**4,001.1**	**4,001.1**	**4,001.1**
Total liabilities	**12,204.1**	**15,711.5**	**16,985.0**	**18,406.1**
Preferred shares	–	–	–	–
Total common equity	12,548.9	15,436.3	19,209.1	23,885.0
Minority interest	**--**	**--**	**--**	**--**
Total liabilities & equity	**24,753.0**	**31,147.8**	**36,194.1**	**42,291.1**
Net debt, adjusted	2,450.2	5,906.3	5,272.0	3,948.4

Cash Flow (Rs mn)

	3/26	3/27E	3/28E	3/29E
Net income	2,508.0	2,887.4	3,772.9	4,675.9
D&A add-back	1,199.6	1,339.3	1,507.4	1,696.6
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(2,104.9)	(1,993.2)	(2,588.6)	(3,058.1)
Other operating cash flow	1,209.9	1,290.6	1,644.3	1,999.6
Cash flow from operations	**2,812.6**	**3,524.0**	**4,335.9**	**5,314.0**
Capital expenditures	(3,195.1)	(6,629.8)	(3,314.9)	(3,563.5)
Acquisitions	–	–	–	–
Divestitures	–	–	–	–
Others	215.9	–	–	–
Cash flow from investing	**(2,979.2)**	**(6,629.8)**	**(3,314.9)**	**(3,563.5)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(243.8)	–	–	–
Inc/(dec) in debt	878.8	2,500.0	–	–
Other financing cash flows	(309.6)	(350.3)	(386.7)	(426.8)
Cash flow from financing	**325.4**	**2,149.7**	**(386.7)**	**(426.8)**
Total cash flow	**158.8**	**(956.1)**	**634.3**	**1,323.6**
Free cash flow	(382.5)	(3,105.8)	1,021.0	1,750.4

Source: Company data, Goldman Sachs Research estimates.

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Company Snapshot - Pricol Ltd

Exhibit 1: Company Snapshot - Pricol Ltd

Company Summary

pricol

Pricol Limited operates three verticals: **Driver Information** and **Connected Vehicle** Solution (DICVS); **Actuation**, **Control** and **Fluid Management** System (ACFMS), and **Precision Products**. It offers over 5200+ product variants, which are supplied to Auto OEMs in two /three-wheelers, passenger vehicles, commercial vehicles and off-highway vehicles across India and in international markets. Its products include Airduct, TFR Type Fuel Level Sensor, Coolant Pump, Oil Pumps, Cabin Tilting System, Disc Brake System, Piece Radiator, Electronic Purge Valve, and E-Cockpit. The Company's subsidiaries include PT Pricol Surya, Pricol Asia Pte Limited, and Pricol Asia Exim DMCC

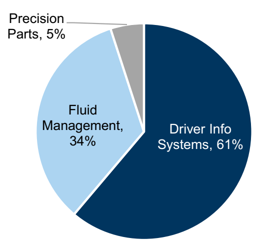
Financial Summary

Metric	FY24	FY25	FY26
Revenue	22,718	26,919	40,408
yoy		18%	50%
EBITDA	2,731	3,129	4,694
margin	12.0%	11.6%	11.6%
PAT	1,406	1,670	2,508
margin	6.2%	6.2%	6.2%

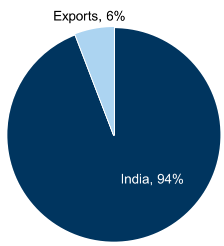
Metric	FY24	FY25	FY26
ROE	18%	18%	22%
Asset Turnover (x)	1.6x	1.4x	1.6x

Metric	FY24	FY25	FY26
Net debt / EBITDA (x)	-0.2x	0.0x	0.0x
FCF to Sales	6%	0%	0%

Segmental Split (FY26 - GSe)



Geographical Split (FY26)



Key products

DICVS	TFT, Cluster, LCD Cluster, E-Cockpit, Hybrid Cluster, Telematics Heads Up Display, Fuel Level Sensors, BMS
ACFMS	Electrical Oil Pump, Electrical Coolant Pump, Disc Brake System Cabin Tilt System, Fuel Pump Module, Electronic Purge Valve
Precision Products	Dash Board Assembly, Pierce Radiator, Radiator Grill, Roof Rack Dash Board,DAB Cover,Garnish,Windshield,Front Finisher,Fuel Tank

Competitors

DICVS	Spark Minda, Uno Minda, Continental, Bosch India, Visteon Endurance Tech, SAMIL, Valeo, Magna International
ACFMS	Bosch Ltd, Uno Minda, Continental Phinia Delphi (former BorgWarner), SAMIL, AQUA Group
Precision Products	SJS Enterprises, Spark Minda, FIEM industries Suprajit Engineering

End market split	FY26 - GSe
2Ws	70%
PV	9%
CV / Others	16%
Aftermarket	5%

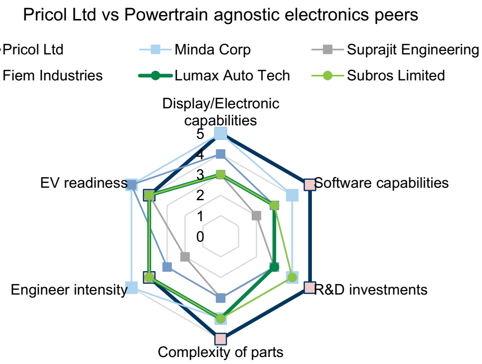
Source: Company data, Data compiled by Goldman Sachs Global Investment Research

Competitive Advantage - Pricol Ltd vs Peers

We analyze the competitive advantage Pricol Ltd has over similarly sized, powertrain agnostic peers with exposure to electronic parts. We factor into consideration the following parameters: Display/Electronic capabilities, Software capabilities, R&D investments, Complexity of parts, Engineer intensity, and EV readiness. Engineer intensity represents the density of technical talent relative to revenue scale, indicating how engineering-driven a company's business model is. Higher complexity of parts, more R&D investments and better capabilities in software+electronics+displays create a moat for the business.

Pricol fares well on these parameters, particularly in display/electronic capabilities, software integration, and R&D investments. Pricol has spent up to 4.5% of their revenues as R&D costs, 2x the industry average. This R&D focus, supported by 470+ product and process engineers, has enabled Pricol to pioneer high-end TFT displays and secure strategic software partnerships with Candera (for HMI) and Sibros (for telematics). While Pricol leads in software and display complexity, some of its peers do better on EV readiness and engineer intensity.

Exhibit 2: Pricol fares better than peers on Capabilities, Part complexity & R&D



Data for Not Covered companies such as Minda Corp, Suprajit Engineering, Fiem Industries, Lumax Auto Tech, Subros Limited is based on company data and our industry analysis.

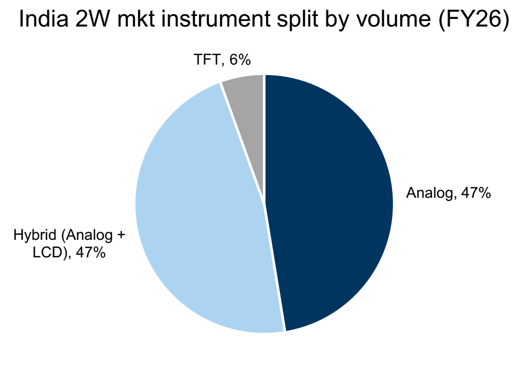
Source: Company data, Goldman Sachs Global Investment Research

1) More digitization ahead for 2Ws that are electrifying + premiumizing

India is still early in 2W display premiumization. As vehicles continue to move up the technology curve and premiumize, clusters or displays used for driver information system are likely to shift from basic Analog dials to Hybrid Analog+LCD screens and then TFT displays. Analog clusters make up 47% of the market today vs Hybrid 47% and TFT 6% (per GSe). For context, analog displays are lower in technology and ASP and use needle/dial gauges; Hybrid displays add a small LCD for digital readouts; TFT is a full-color digital screen.

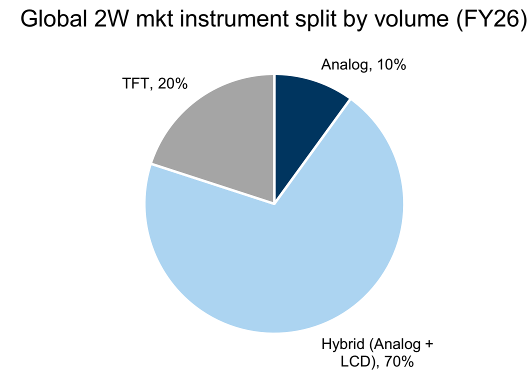
Globally, the market is already more advanced with Hybrid at 70% followed by TFT 20% and Analog last at 10% (per GSe). The mix shift and trajectory should be similar for India over a medium to long term as OEMs add connected features, navigation, richer UI, and premium variants. This expands the value pool for the Indian 2W cluster market and benefits Pricol which supplies parts across all 3 segments. This trend will be accelerated as E2W penetration increases, which are more feature rich and connected than analog displays in commuter and entry level ICE 2Ws (Explained further in Section - 3).

Exhibit 3: Indian 2W market is still dominated by analog displays c47% ...



Source: SIAM, Bikedekho, Data compiled by Goldman Sachs Global Investment Research

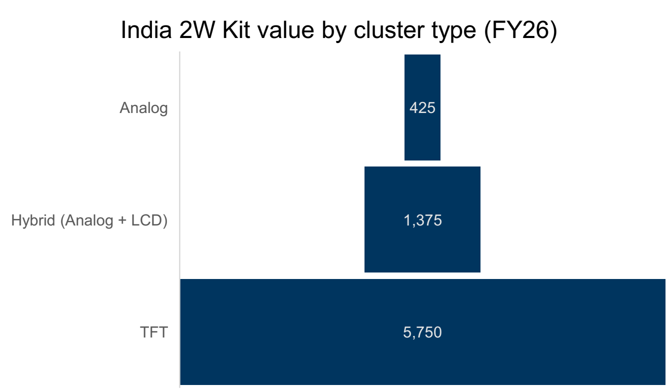
Exhibit 4: ... While the global market has pivoted to Hybrid & TFT (<10% analog displays)



Source: SIAM, Bikedekho, Goldman Sachs Global Investment Research, Technavio

As the market moves towards higher end displays the ASP uplift is large, with average Analog kit value at Rs425 vs Hybrid at Rs1,375 (3x) and TFT at Rs5,750 (>10x). As the mix shifts upward, Pricol, which is present across all segments with a dominant market share in 2W space, levering higher revenue per unit growth on top of the overall 2W market growth. Additionally, premium 2Ws which would use these technologies are outgrowing the overall 2W market while the entry level 2Ws continue to drag, providing stronger volume growth possibility on top of the realization uplift.

Exhibit 5: Kit value increases by >3x and >10x as clusters move from Analog to Hybrid to TFT



Source: Goldman Sachs Global Investment Research, India Mart, Boodmo

2) ~26% of India 2W market likely to shift from Analog to Digital instrument clusters

India's two-wheeler (2W) market still maintains a large base of high-volume models running legacy Analog (47%) or basic clusters, in our view. However, a granular analysis of model-wise data, upcoming launch pipelines, and OEM upgrade roadmaps indicates that approximately 25% of this market—representing roughly 6.8 million vehicles—is poised to transition from analog systems to digital instrument clusters utilizing Hybrid or TFT technology, in our view.

This structural shift is highly concentrated within the mainstream commuter segment.

Four dominant models—Hero Splendor, Honda Activa, Hero HF Deluxe, and Honda Shine—collectively account for ~83% of our estimated migration away from analog displays, representing 21% of the entire Indian 2W industry volume (per GSe). Upgrading these high-volume platforms to advanced displays will provide a massive structural tailwind to players across the display manufacturing ecosystem.

While the near-term growth will be heavily driven by high-volume **Hybrid LCD** (not TFT in the near-term) upgrades in mass-market commuter models, the premium and retro motorcycle segments—though smaller in volume—will provide critical support for the long-term, high-margin TFT premiumization trend.

Exhibit 6: 26% of India 2W market can shift from Analog to LCD clusters (data as of FY26)

India 2W Analog-to-LCD Cluster Shift Opportunity

Medium-term opportunity based on identified Indian two-wheeler models likely to move from analog/basic clusters to LCD or hybrid LCD clusters

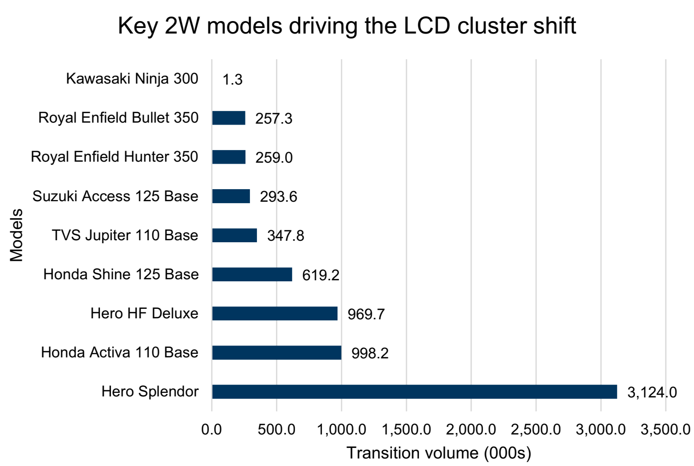
Shift opportunity (000s)	(000s)	Transitionable market share
6,870.2	26,882.8	25.6%

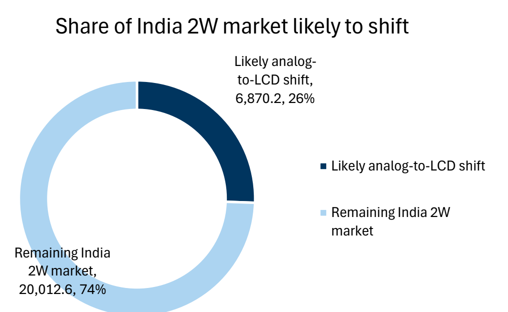
Key model	Transition volume (000s)	Share of opportunity
Hero Splendor	3,124.0	45.5%
Honda Activa 110 Base	998.2	14.5%
Hero HF Deluxe	969.7	14.1%
Honda Shine 125 Base	619.2	9.0%
TVS Jupiter 110 Base	347.8	5.1%
Suzuki Access 125 Base	293.6	4.3%
Royal Enfield Hunter 350	259.0	3.8%
Royal Enfield Bullet 350	257.3	3.7%
Kawasaki Ninja 300	1.3	0.0%

What this shows

- About one-quarter of the India 2W market is represented by models that could migrate from analog/basic clusters to LCD or hybrid LCD over the medium term.
- Hero Splendor, Honda Activa, Hero HF Deluxe, and Honda Shine are the largest volume drivers of that transition.
- TVS Jupiter and Suzuki Access strengthen the upgrade case in commuter scooters.
- Premium and retro motorcycles add smaller volume, but support the ongoing digital-cluster premiumization trend.

Market segment	Volume (000s)
Likely analog-to-LCD shift	6,870.2
Remaining India 2W market	20,012.6





Source: Bikdekho, SIAM, Data compiled by Goldman Sachs Global Investment Research

Exhibit 7: Large opportunity set within existing mass market 2Ws to move to LCD displays

#	Model	Brand	2W Type	Analog	LCD (Digital / Semi-Digital)	TFT
1	Destini 125	Hero	ICE Scooter	1	1	
2	Pleasure	Hero	ICE Scooter	1		
3	Xoom	Hero	ICE Scooter		1	
4	Xoom 160	Hero	ICE Scooter			1
5	Dio	Honda	ICE Scooter		1	
6	Activa	Honda	ICE Scooter	1	1	
7	Dio 125	Honda	ICE Scooter		1	
8	Ray	Yamaha	ICE Scooter		1	
9	Fascino	Yamaha	ICE Scooter		1	
10	Vespa	Piaggio	ICE Scooter	1	1	
11	Avenis	Suzuki	ICE Scooter		1	
12	Access	Suzuki	ICE Scooter	1	1	
13	Burgman	Suzuki	ICE Scooter		1	
14	Jupiter	TVS	ICE Scooter	1	1	
15	Ntorq	TVS	ICE Scooter		1	
16	450X	Ather Energy	Electric Scooter			1
17	Rizta	Ather Energy	Electric Family Scooter		1	1
18	iQube	TVS	Electric Scooter		1	1
19	Chetak	Bajaj	Electric Scooter		1	1
20	S1 Pro	Ola Electric	Electric Scooter			1
21	S1 X / Roadster (Roadster X)	Ola Electric	Electric Motorcycle		1	1
22	Boxer	Bajaj	Entry Commuter (100cc)	1		
23	CT	Bajaj	Commuter (110-125cc)	1	1	
24	Super Splendor	Hero	Entry Commuter (100cc)	1		
25	HF Deluxe	Hero	Entry Commuter (100cc)	1		
26	Passion	Hero	Commuter (110cc)	1	1	
27	Splendor	Hero	Commuter (100-110cc)	1	1	
28	Shine	Honda	Entry Commuter (100cc)	1		
29	Shine 125	Honda	Commuter (125cc)	1	1	
30	Star City	Yamaha	Commuter (110-125cc)	1		
31	Sport	TVS	Entry Commuter (100cc)	1		
32	Radeon	TVS	Commuter (110cc)	1	1	
33	Discover 125	Bajaj	Commuter (125cc)	1	1	
34	Platina 125	Bajaj	Entry Commuter (125cc)	1		
35	Pulsar 125	Bajaj	Sport Commuter (125cc)		1	
36	Freedom	Bajaj	CNG Commuter (125cc)	1	1	
37	Xtreme 125R	Hero	Sport Commuter (125cc)		1	
38	Star City 125	Yamaha	Commuter (125cc)	1		
39	HD X440	KTM	Premium Naked (250cc)			1
40	Dominar	Bajaj	Sport Tourer (400cc)		1	
41	Triumph	Triumph (Bajaj)	Modern Classic (398cc)	1	1	
42	H'Ness	Honda	Modern Classic (350cc)	1	1	
43	Bullet 350 Twinspark	Royal Enfield	Cruiser (350cc)	1	1	
44	Classic 350	Royal Enfield	Modern Classic (350cc)	1	1	
45	Hunter 350	Royal Enfield	Retro Roadster (350cc)	1	1	
46	Meteor 350	Royal Enfield	Cruiser (350cc)	1	1	
47	BMW G310	BMW Motorrad	Premium Naked / ADV (313cc)		1	
48	Apache RR 310	TVS Apache	Sport (312cc)			1
49	KTM 390	KTM	Premium Naked (390cc)			1

Source: Bikedekho, SIAM, Data compiled by Goldman Sachs Global Investment Research

3) excluding 2W volume growth - cluster premiumization still a ~30% medium-term growth opportunity

To size the opportunity from this mix shift without taking into account 2W volume growth assumptions, we used the analysis done in the previous section for current ICE volume shift to LCD displays. To this we add E2W volume growth and penetration assumptions. Finally, based on ASP differential (between Analog and Hybrid) from mix shift and addition from E2Ws, we arrive at Rs15.3bn opportunity over the medium term. This assumes no growth in the ICE 2W market, which will be additive to our estimates.

The largest driver is the Analog to Hybrid LCD migration. Around 6.9mn units are expected to shift, with an incremental ASP uplift of Rs1,425 per unit, creating ~Rs9.8bn of incremental industry opportunity.

A second growth lever comes from the Electric 2W transition as E2Ws do not have Analog displays, in fact EVs jump one step ahead directly to TFT displays, in-line with EVs being a higher tech, higher price offering. With c1.2mn units likely to shift, at an incremental ASP uplift of Rs3,900 per unit, we get another ~Rs5.6bn of opportunity.

Together, these transitions imply ~29% growth potential over the current 2W instrument cluster market size of ~Rs53.8bn.

Exhibit 8: excluding 2W volume growth still 29% growth opportunity from cluster transitioning

Over the medium term, Instrument Cluster premiumization (from Analog to Hybrid-LCD and Hybrid-LCD to TFT) in itself represents ~29% growth potential. If Pricol gains market share and the India 2W mkt grows, this is incremental to such premiumization opportunity

Pricol (Current Instrument Cluster Volume - 2Ws) - GSe	10.4
Pricol (Current Instrument Cluster Volume - Total) - Gse	12.0
2W Cluster ASP per unit (Rs 000s) - GSe	2,000
Medium term instrument cluster premiumization opportunity	
# of Units likely to shift to Hybrid LCD Clusters (000s)	6,870
ASP of 2W clusters	2,000
Incremental ASP per unit of Hybrid LCD 2W Clusters vs Analog (Rs)	1,425
Incremental industry opportunity (Rs mn)	9,790
# of Units likely to shift to Electric 2Ws	1,197
ASP of 2W clusters	2,000
Incremental ASP per unit of Hybrid LCD 2W Clusters vs Hybrid LCD (Rs)	3,900
Incremental industry opportunity (Rs mn)	5,558
2W Industry Instrument Cluster Market Size (Rs mn)	53,760
Incremental industry opportunity from Analog to Hybrid LCD and Hybrid LCD to E2W transition (Rs mn)	15,347
% growth opportunity (in Value terms from transition) over medium term	29%

** all numbers above are based on FY26

Source: Goldman Sachs Global Investment Research

4) Honda (India's second largest 2W OEM): Business contribution poised to grow

Pricol was, for a long time, a limited supplier to Honda (India's 2nd largest 2W OEM) with no model additions or wins. They were supplying displays only for the entry level Shine 125 bike along with Honda's electric scooter - QC1. As Honda is now outsourcing more business to Pricol, based on the modelwise volume analysis there is potential for Pricol to 3.6x its volumes. On top of this, since Shine 125 sits at the bottom end of the range in terms of average cluster ASP for Honda as Pricol expands and moves upwards in terms of Honda Models they supply to their realization on these parts is also likely to increase.

Exhibit 9: Pricol has an opportunity to expand Honda business by 3.6x

Pricol has opportunity to multiply its Honda India 2W cluster supplies business by 3.6x

Model	Engine capacity	Mkt segment	Volume (FY26)
Activa	90-125cc	Scooter	2,851,907
Shine 125	110-125cc	MC	1,769,278
Dio	90-125cc	Scooter	375,066
Shine	75-110cc	MC	297,088
CB Unicorn 160	150-200cc	MC	237,692
NAVI	90-125cc	Scooter	172,790
CB Unicorn	125-150cc	MC	156,401
Dio 125	90-125cc	Scooter	112,153
CB 125 Hornet	110-125cc	MC	68,095
LIVO	75-110cc	MC	55,905
HORNET 2.0	150-200cc	MC	50,282
CB 350	250-350cc	MC	47,162
SP 160	150-200cc	MC	43,880
CB 200X	150-200cc	MC	36,015
H'Ness	250-350cc	MC	33,338
Dream	75-110cc	MC	22,200
X BLADE	150-200cc	MC	20,580
MC 300N	250-350cc	MC	7,671
CB HORNET 160R	150-200cc	MC	4,956
QC1	250-350cc	Electric Scooter	2,773
CB Twister	75-110cc	MC	1,128
CB 500	350-500cc	MC	306
CBR 650F	500-800cc	MC	305
XL750	500-800cc	MC	210
CB300F	250-350cc	MC	55
CBR 1000RR	800-1000cc	MC	15
GL1800	>1600cc	MC	12

Honda Total India Production Volume	6,367,263
Volume of Honda 2W Models that Pricol supplies to (Shine 125 and QC1)	1,772,051
Volume of Honda 2W models that Pricol is likely to start supplies on	4,595,212
Pricol has opportunity to multiply its Honda India 2W cluster supplies business by	**3.6x**

Source: SIAM, Data compiled by Goldman Sachs Global Investment Research

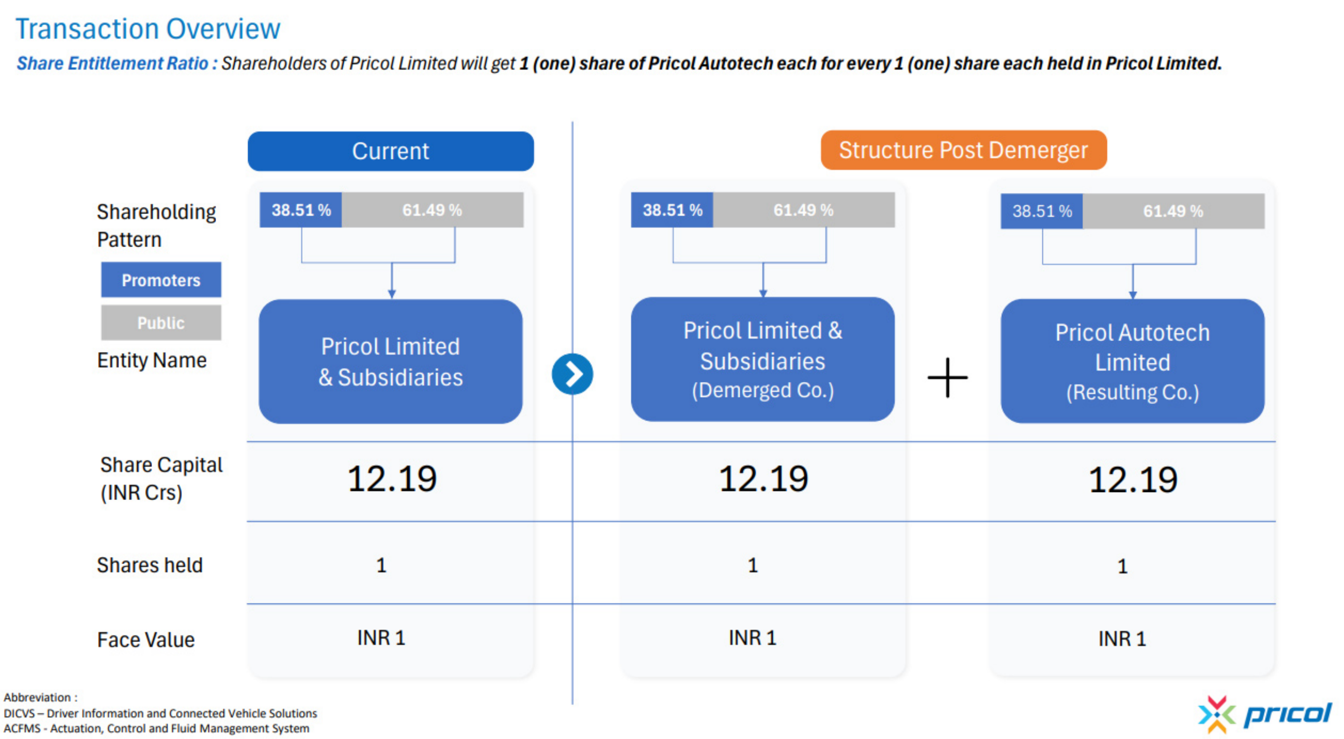
5) Demerger of DICVS into Pricol Autotech pending approval

On June 27, 2026, the Board of Directors of Pricol Limited approved a Scheme of Arrangement to demerge its flagship Driver Information & Connected Vehicle Solutions (DICVS) business undertaking into its wholly-owned subsidiary, Pricol Autotech Limited. Post-demerger, Pricol Limited announced that it will continue to focus on its Actuation, Control & Fluid Management Systems (ACFMS) and Precision Products (P3L) businesses.

The DICVS business represents the largest segment of the company accounting for 61.17% of Pricol's consolidated revenue in FY26. Under the approved entitlement ratio, the transaction involves no cash consideration, and existing shareholders of Pricol Limited will receive one fully paid-up equity share of Pricol Autotech Limited (face value of ₹1) for every one fully paid-up equity share of Pricol Limited (face value of ₹1) held on the record date.

The resulting company, Pricol Autotech Limited, is proposed to be listed on both the National Stock Exchange of India (NSE) and BSE Limited. The scheme remains subject to requisite statutory, regulatory, and stakeholder approvals, including clearances from the stock exchanges, the National Company Law Tribunal (NCLT) Chennai Bench, and the company's shareholders and creditors.

Exhibit 10: Pricol Ltd to be demerged into Pricol Ltd and Pricol Autotech Ltd



Source: Company data

Valuation: Our 12-m TP of Rs780 implies +25% upside

We value Pricol based on its post-COVID historical average P/E multiple relative to its own 10-year history, implying a 25% upside. The historical multiple for Pricol has remained suppressed because of losses it incurred in its overseas business which it had to restructure. However, over the past few years, it has remained a pure-play story on the premiumization trend, driven by clusters and displays, followed by diversification into ACFMS and the P3L acquisition. Given the pending contingencies, including regulatory approvals and limited company disclosures, we do not factor in the demerger into our estimates or valuation.

Our P/E-based valuation methodology captures PRCO's upcoming cyclical pickup led by the 8th pay commission volume visibility in FY28E, expansion into a broader range of auto parts beyond clusters, and new business opportunities from the recently added customer Honda. Our 12-month P/E-based target price for Pricol is Rs780. We apply a 24x P/E (average P/E multiple relative to its own 10-year history) to our Q5 - Q8 estimates to derive our TP.

We assign an M&A Rank of 3 (implying less than a 15% probability of acquisition), as we believe the company's high promoter ownership, cyclical business profile, and modest net leverage reduce the likelihood of it being acquired.

Exhibit 11: Pricol Ltd Valuation Methodology

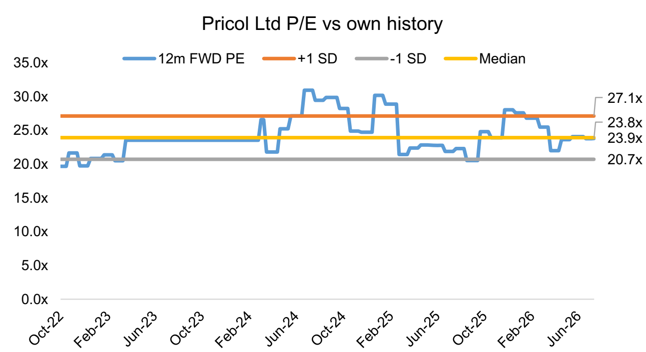
Pricol Valuation Methodology

P/E Valuation Pricol	
Target Price Methodology	Consolidated Q5 to Q8
# shares (mn)	122.1
EPS (Rs.)	**31.7**
Target P/E Multiple	**24x**
Target price per share (Rs)	**780**

Rationale for multiple
Apply historical average P/E Multiple vs own history (10 year)

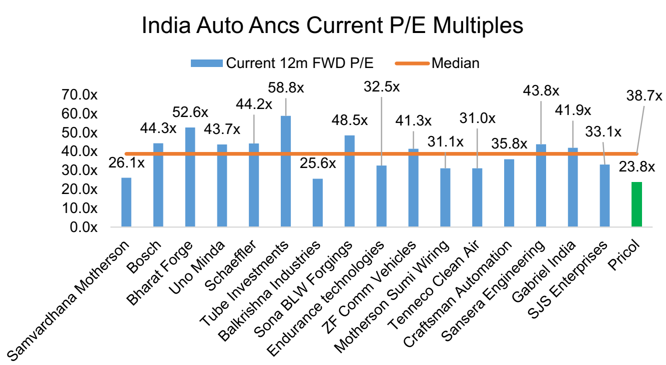
Source: Goldman Sachs Global Investment Research

Exhibit 12: Pricol Ltd P/E fwd vs own History



Source: LSEG Data & Analytics

Exhibit 13: Pricol vs Peers' P/E fwd multiple
P/E fwd based on IBES consensus estimates



Source: LSEG Data & Analytics

Scenario Analysis: 72% / -36% upside / downside in Bull / Bear scenarios

Based on the scenarios set out below, we calculate an implied upside of +72% in a bull case and -36% implied downside in a bear case. For our scenarios, we value the entire business in one, applying a P/E multiple.

In our Bull case scenario, we assume a faster execution on Pricol's current order book in both the Driver Information & Connected Vehicle Solutions (DICVS) and Actuation, Control & Fluid Management Systems (ACFMS) segments, as well as additional orders in the newly acquired Precision Products (P3L) segment, leading to 23% overall revenue growth—with subsequent improvement in margins in the export-oriented and high-end TFT display businesses. For the implied valuation, we apply a P/E re-rate to 27x (a 10% premium over our base case valuation implied P/E of 24.6x).

In our bear case scenario, we factor in delays in execution and the possibility of some order losses, implying 17% revenue growth and lower margins at 9.7% compared to a base case PAT margin of 11.7%. For valuation, we apply a P/E of 18.4x (a 25% discount vs. our base case valuation implied P/E of 24.6x).

Exhibit 14: Pricol - Scenario Analysis (GSe)

	Bear	Base	Bull
	Q5 to Q8	Q5 to Q8	Q5 to Q8
Sales	57,774	59,258	60,742
yoy gr	16.8%	19.8%	22.8%
Assumptions			
PAT	2,620	3,873	4,881
margin	4.5%	6.5%	8.0%
EBITDA	5,593	6,922	8,007
margin	9.7%	11.7%	13.2%
Applied P/E	18.4x	24.6x	27.0x
Premium / Discount	-25%	0%	10%
Equity Value	48,308	95,199	131,979
# shares	122	122	122
Implied valuation	**400**	**780**	**1,080**
Upside / Downside	**-36%**	**25%**	**72%**

Remarks
Base case: Assumes that Pricol gets +20% topline growth.
Bear case: Assumes that Pricol witnesses 300bps slower topline growth vs base case and margins are impacted by slowdown in auto sales & content per vehicle addition. Apply 25% lower P/E in Bear case.
Bull case: Assumes that Pricol gets 300bps faster topline growth vs Base case and margins benefit from pickup in market share in auto sales & content per vehicle addition. Apply 10% higher P/E in Bull case.

Last close price as on 23 July

Source: Goldman Sachs Global Investment Research

Catalysts

- **Any positive developments related to the DICVS demerger:** We believe the announced demerger of the DICVS business into a separate listed entity could unlock valuation potential as the company expects the demerger to help PRCO and the demerged entity to focus on core activities, business priorities, and commercial objectives.
- **BOE Varitronix:** Pricol is partnering with BOE Varitronix - one of the worlds' largest instrument cluster supplier to localize optical bonding for LCD/TFT displays expected to start production in FY28.
- **Capacity expansion:** Pricol is expanding capacity with c Rs 7bn worth capex as it is currently running at 90% capacity in key segments. With more capacity onboarding revenue pickup should also follow.
- **Disc brake and EV BMS commercialization:** While the size of order is still not known, Pricol is targeting a sharp ramp-up in its disc brake vertical with OEM orders

expected to start in 1Q FY27.

- **Honda order win:** Recent major inroads and successful audits with leading Japanese OEMs like Honda, Suzuki, and Yamaha are expected to drive significant revenue accretion starting in FY28.

Key Risks

- **Unexpected developments related to the demerger:** The announced demerger of the DICVS business is subject to various regulatory approvals and any unexpected developments could pose a risk.
- **Slowdown in the 2W market:** Pricol continues to derive approximately 65% to 68% of its revenue from the domestic 2W segment, with a high concentration among its top three OEM customers. Any domestic slowdown in 2W demand, or underperformance of its key OEM partners (such as TVS, Hero, or Bajaj) poses a direct threat to its volume growth.
- **Overseas competition:** Pricol competes with imports from China and MNCs, if import duty on display systems were reduced as was recently done on smartphone parts, Pricol could lose market share and customers to overseas competition.
- **Commodity Inflation:** Ongoing geopolitical tensions in West Asia have led to rising input costs, with polymer prices up by ~55% and aluminum prices up by ~62% in early FY27. While Pricol has historically been able to pass on raw material price increases to customers with a lag, but prolonged commodity inflation or semiconductor/rare-earth magnet shortages could compress operating margins.

Financial Snapshot

Income statement

Growth: We forecast sales to grow at a +19% CAGR (FY26-FY29E), driven by mix shift to higher ASP LCD displays, business win from OEMs including Honda and Pay Commission (expected FY28) to provide tailwind to premiumization trend.

Margin outlook: We estimate EBITDA margins to expand marginally from 11.6% in FY26 to 12% by FY29E driven by (1) Near-term compression in margins driven by partial absorption of higher plastics and commodity cost; (2) Turnaround and margin expansion in P3L; (3) Better margins from higher-ASP premium displays.

Cash flow statement

Capex: Capex intensity has picked up in FY26 as Pricol acquired new assets and expanded current capacity organically. Going forward, we expect annual capex in FY27R of Rs 6.6bn moderating in FY28E-FY29E between Rs3.3-3.5bn, given the near-term capacity expansion at P3L where it is running at >90% capacity utilization, followed by capex for BOE Varitronix JV for optical bonding. Part of this capex can be front-loaded in FY27.

Dividends: We do not expect dividend payout in the near term as the company focuses on reinvesting its earnings for growth.

Balance sheet

Gearing: We forecast net debt / equity to increase from 0.2x to 0.4x in FY27E, given our capex assumptions, before coming back to 0.2x in FY29E as revenue scale up and free cash flow is generated to pay back the debt.

Returns: We expect ROE to remain rangebound - largely in the 22% range with a slight dip in FY27E - owing to lower margins amidst inflationary cost pressure (some of which the company might have to absorb).

Exhibit 15: Pricol Ltd - Summary Financials (GSe)

Profit model (Rs mn)	3/26	3/27E	3/28E	3/29E
Total revenue	40,408	47,861	57,281	67,794
Cost of goods sold	(27,939)	(33,229)	(39,666)	(46,842)
SG&A				
R&D				
Other operating profit/(expense)	(3,072)	(3,674)	(4,273)	(4,981)
EBITDA	4,694	5,362	6,738	8,152
Depreciation & amortization	(1,200)	(1,339)	(1,507)	(1,697)
EBIT	3,494	4,022	5,231	6,455
Interest income				
Interest expense	(300)	(350)	(387)	(427)
Income/(loss) from uncons. subs.				
Others	116	156	186	220
Pretax profits	3,309	3,828	5,031	6,249
Income tax	(801)	(940)	(1,258)	(1,573)
Minorities				
Net income pre-preferred dividends	2,508	2,887	3,773	4,676
Preferred dividends				
Net income (pre-exceptionals)	2,508	2,887	3,773	4,676
Post-tax exceptionals				
Net income	2,508	2,887	3,773	4,676
EPS (basic, pre-except) (Rs)	20.6	23.7	30.9	38.3
EPS (basic, post-except) (Rs)	20.6	23.7	30.9	38.3
EPS (diluted, post-except) (Rs)	20.6	23.7	30.9	38.3
DPS (Rs)				
Dividend payout ratio (%)	0.0%	0.0%	0.0%	0.0%
Free cash flow yield (%)	-0.6%	-4.1%	1.4%	2.3%

Balance sheet (Rs mn)	3/26	3/27E	3/28E	3/29E
Cash & equivalents	1,179	223	857	2,181
Accounts receivable	5,778	6,844	8,191	9,694
Inventory	5,393	6,388	7,645	9,049
Other current assets	572	572	572	572
Total current assets	12,922	14,026	17,265	21,495
Net PP&E	9,331	11,448	12,171	12,917
Net intangibles	2,518	5,693	6,777	7,897
Total investments	168	168	168	168
Other long-term assets	(187)	(187)	(187)	(187)
Total assets	24,753	31,148	36,194	42,291
Accounts payable	5,462	6,470	7,743	9,164
Short-term debt	2,658	2,658	2,658	2,658
Other current liabilities	2,583	2,583	2,583	2,583
Total current liabilities	10,703	11,710	12,984	14,405
Long-term debt	972	3,472	3,472	3,472
Other long-term liabilities	481	481	481	481
Total long-term liabilities	1,501	4,001	4,001	4,001
Total liabilities	12,204	15,712	16,985	18,406
Preferred shares				
Total common equity	12,549	15,436	19,209	23,885
Minority interest				
Total liabilities & equity	24,753	31,148	36,194	42,291
BVPS (Rs)	102.9	126.5	157.4	195.7

Growth & margins (%)	3/26	3/27E	3/28E	3/29E
Sales growth	50%	18%	20%	18%
EBITDA growth	50%	14%	26%	21%
EBIT growth	57%	15%	30%	23%
Net income growth	50%	15%	31%	24%
EPS growth	50%	15%	31%	24%
Gross margin	30.9%	30.6%	30.8%	30.9%
EBITDA margin	11.6%	11.2%	11.8%	12.0%
EBIT margin	8.6%	8.4%	9.1%	9.5%

Ratios	3/26	3/27E	3/28E	3/29E
CROCI (%)	25%	22%	23%	24%
ROE (%)	22%	21%	22%	22%
ROA (%)	11%	10%	11%	12%
ROACE (%)	21%	17%	18%	19%
Inventory days	58.9	64.7	64.6	65.0
Receivables days	47.4	48.1	47.9	48.1
Payable days	70.0	65.5	65.4	65.9
Net debt/equity (%)	0.2	0.4	0.3	0.2
Interest cover - EBIT (X)	11.6	11.5	13.5	15.1

Cash flow statement (Rs mn)	3/26	3/27E	3/28E	3/29E
Net income pre-preferred dividends	2,508	2,887	3,773	4,676
D&A add-back	1,200	1,339	1,507	1,697
Minorities interests add-back				
Net (inc)/dec working capital	(2,105)	(1,993)	(2,589)	(3,058)
Other operating cash flow	1,210	1,291	1,644	2,000
Cash flow from operations	2,813	3,524	4,336	5,314
Capital expenditures	(3,195)	(6,630)	(3,315)	(3,564)
Acquisitions				
Divestitures				
Others	216			
Cash flow from investments	(2,979)	(6,630)	(3,315)	(3,564)
Dividends paid (common & pref)	(244)			
Inc/(dec) in debt	879	2,500		
Common stock issuance (repurchase)				
Other financing cash flows	(310)	(350)	(387)	(427)
Cash flow from financing	325	2,150	(387)	(427)
Total cash flow	159	(956)	634	1,324

Valuation	3/26	3/27E	3/28E	3/29E
P/E (analyst) (X)	25.3	26.0	19.9	16.0
P/B (X)	5.1	4.9	3.9	3.1
EV/EBITDA (X)	14.1	15.1	11.9	9.7
EV/GCI (X)	3.0	2.7	2.3	2.0
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%

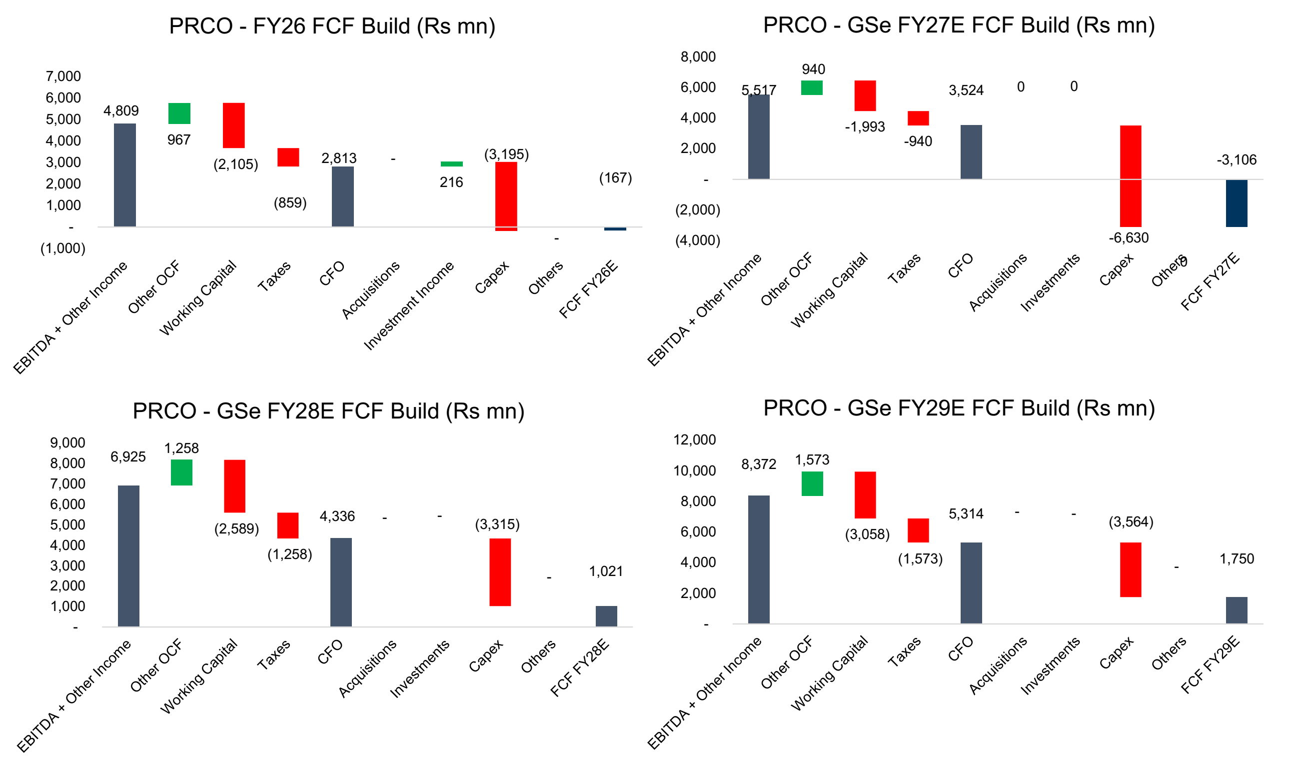
Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Global Investment Research

Cashflow Bridge

We estimate Free Cash Flow generation, which was Rs -167mn in FY26, could go up to Rs1.75bn in FY29E mostly driven by revenue growth and slight margin expansion.

Exhibit 16: Cashflow Bridge - Pricol Ltd



Source: Company data, Goldman Sachs Global Investment Research

Investment Thesis, Price Target, Risks and Methodology

Investment Thesis - Pricol Ltd.

Pricol Ltd is a leading automotive technology and parts provider specializing in driver information systems, connected vehicle solutions, and actuation/fluid management systems. Historically recognized for its domestic market leadership in mechanical instrument clusters, Pricol has established itself as a vertically integrated, in-house software and technology company, developing proprietary HMI, telematics, and display systems. Acquisition of Pricol Precision Products (P3L) has expanded its capabilities in high-precision injection-molded polymer solutions.

We like the investment case on Pricol Ltd as we see: 1) Long runway for shift in 2W clusters to LCD and TFT displays, 2) Opportunity from mass market 2W transition to Hybrid displays, 3) EV transition aiding the case for even higher end TFT displays, 4) New customer addition and wallet share expansion at Honda.

Price Target, Risks, and Methodology - Pricol Ltd.

We are Buy rated on Pricol with our 12-month P/E-based target price of Rs780. We apply a 24x P/E (average P/E multiple relative to its own 10-year history) to our Q5 - Q8 estimates to derive our TP. Key risks: 1) unexpected developments related to the demerger; 2) slowdown in the 2W market; 3) competition from imports; 4) commodity inflation.

Disclosure Appendix

Reg AC

We, Chandramouli Muthiah, Kota Yuzawa and Rishabh Rathi, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

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Disclosures

Logo disclosure

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Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by Goldman Sachs Global Investment Research and referred to in this research.

There are no company-specific disclosures for: Pricol Ltd (Rs626.45)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	34%	16%	65%	59%	43%

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