

February 27, 2023

Pricol Limited(erstwhile Pricol Pune Limited) - Update on Material Event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Term loans	125.40	125.40	[ICRA]BBB+ (Positive); Outstanding
Long-term fund based	80.00	80.00	[ICRA]BBB+ (Positive); Outstanding
Long-term unallocated	44.88	44.88	[ICRA]BBB+ (Positive); Outstanding
Short-term non-fund based (sublimit)	(80.00)	(80.00)	[ICRA]A2; Outstanding
Total	250.28	250.28	

*Instrument details are provided in Annexure-1

Rationale

On February 17, 2023, Minda Corporation Limited acquired 1,91,40,342 equity shares in Pricol Limited (erstwhile Pricol Pune Limited) (Pricol/the company), representing 15.7% of the latter's issued and paid up equity share capital. The shares were acquired from public shareholders through the open market purchase for a total consideration of Rs. 400.0 crore and there is no change in promoter shareholding in Pricol Limited by virtue of this development.

ICRA notes that the above investment by Minda Corporation Limited is unlikely to have any material impact on Pricol's operations or credit profile. Also, ICRA understands that this does not grant any special rights to Minda Corporation Limited other than those applicable to shareholders. Further, based on discussions with Pricol's management, ICRA understands that Pricol's promoters remain committed to the business and do not intend to dilute their stake in the company, nor is there any change in Pricol's Board composition post this development. ICRA will continue to monitor developments on this front, and take appropriate rating action as and when necessary.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Component Manufacturers
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Pricol Limited (erstwhile Pricol Pune Limited). Details provided in Annexure 2.

About the company

Pricol Limited (erstwhile Pricol Pune Limited) is an auto component supplier headquartered in Coimbatore, Tamil Nadu that manufactures various products such as driver information systems, oil/water pumps, chain tensioners, cab tilts, fuel sensors, temperature/pressure sensors, speed limiting devices, and wiping systems, to name a few. Two-wheelers accounted for 61% of revenues and domestic sales constituted over 90% of its revenues in FY2022.

The company earlier had four direct subsidiaries— one each in Spain (holding company for Brazil, the Czech Republic and Mexico), Indonesia, India (wiping systems) and Singapore (procurement arm); and three step-down subsidiaries through the Spain-based holding company. The Brazil-based entity was acquired in FY2015, and the wiping business (the Czech Republic, Mexico and India) was acquired in FY2018. Pricol divested its stake in the step-down subsidiaries in Brazil and Mexico in February 2020 and its Spain-based subsidiary and Czech-based step-down subsidiary in August 2020. With effect from April 1, 2021, the wiping systems subsidiary in India has been amalgamated with the company. At present, Pricol has only two direct subsidiaries in Indonesia (produces and markets instrument clusters, oil pumps and fuel sensors), and Singapore (procurement arm). Pricol’s management team is headed by promoter, Mr. Vikram Mohan, who has been on the company’s Board since June 2013. The promoters, and related family members/family-owned entities hold a 36.53% stake in Pricol.

Key financial indicators (audited)

Consolidated	FY2021	FY2022
Operating income (Rs. crore)	1,413.1	1,544.7
PAT (Rs. crore)	41.5	55.1
OPBDIT/OI (%)	14.0%	12.1%
PAT/OI (%)	2.9%	3.6%
Total outside liabilities/Tangible net worth (times)	1.4	1.1
Total debt/OPBDIT (times)	1.4	0.8
Interest coverage (times)	4.6	6.8

Amount in Rs crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years							
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2022 (Rs. crore)	Date & rating in FY2023		Date & rating in FY2022		Date & rating in FY2021		Date & rating in FY2020	
				Feb 27, 2023	July 07, 2022	Jan 12, 2022	Mar 11, 2021	Sep 15, 2020	June 25, 2019	Apr 12, 2019	
1	Term loans	Long-term	125.40	125.40	[ICRA]BBB+ (Positive)	[ICRA]BBB+ (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+&	[ICRA]BBB (Negative)
2	Long term fund based	Long-term	80.00	-	[ICRA]BBB+ (Positive)	[ICRA]BBB+ (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+&	[ICRA]BBB (Negative)
3	Long term unallocated	Long-term	44.88	-	[ICRA]BBB+ (Positive)	[ICRA]BBB+ (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+&	[ICRA]BBB (Negative)
4	Short term non-fund based (sublimit)	Short-term	(80.00)	-	[ICRA]A2	[ICRA]A2	[ICRA]A3+	[ICRA]A3+	[ICRA]A4+	[ICRA]A4+&	[ICRA]A3+

&: **Rating Watch with Developing Implications**

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term loans	Simple
Long-term fund based	Simple
Long-term unallocated	Not applicable
Short-term non-fund based (sublimit)	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loans	2019	NA	2027	125.40	[ICRA]BBB+ (Positive)
NA	Cash Credit	NA	NA	NA	80.00	[ICRA]BBB+ (Positive)
NA	Long-term unallocated	NA	NA	NA	44.88	[ICRA]BBB+ (Positive)
NA	Letter of credit	NA	NA	NA	(80.00)	[ICRA]A2

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
PT Pricol Surya Indonesia	100.00%	Full Consolidation
PT Sripri Wiring Systems Indonesia (Step down subsidiary)	100.00%	Full Consolidation
Pricol Asia Pte Limited, Singapore	100.00%	Full Consolidation

Source: Company

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