



PG ELECTROPLAST LIMITED

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August 11, 2025

To,
The Manager (Listing)
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

To,
The Manager (Listing)
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051

Scrip Code: 533581

Scrip Symbol: PGEL

Sub.: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Transcript of the Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed Transcript of the Earnings Conference Call held on August 08, 2025.

This is for your information & Records.

For **PG Electroplast Limited**

Deepesh Kedia
Company Secretary



"PG Electroplast Limited Q1 FY'26 Earnings Conference Call"

August 08, 2025



MANAGEMENT: **MR. VISHAL GUPTA – MANAGING DIRECTOR (FINANCE),
PG ELECTROPLAST LIMITED**
**MR. VIKAS GUPTA – MANAGING DIRECTOR,
(OPERATIONS), PG ELECTROPLAST LIMITED**
**MR. PRAMOD GUPTA – CHIEF FINANCIAL OFFICER, PG
ELECTROPLAST LIMITED**

MODERATOR: **MR. DEEPAK AGARWAL – AXIS CAPITAL**



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Moderator: Ladies and Gentlemen, Good Day and Welcome to the PG Electroplast Q1 FY26 Earnings Conference Call hosted by Axis Capital Limited.

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As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Deepak Agarwal. Thank you and over to you, sir.

Deepak Agarwal: Thanks. Good afternoon, everyone. On behalf of Axis Capital, I welcome you all to PG Electroplast Q1 FY26 Earnings Concall.

Today we have with us the Management, represented by Mr. Vishal Gupta – Managing Director (Finance), Mr. Vikas Gupta – Managing Director, (Operations) and Mr. Pramod Gupta – Chief Financial Officer.

So, without taking much of time, I will hand over the floor to the management for the opening remarks, post which we will open the floor for Q&A. Thanks and over to you, sir.

Vishal Gupta: Thank you. Thank you, Deepak. Good afternoon, everyone. Thank you for sparing your valuable time and joining this call today. Hope all of you are doing well.

Let me start by saying that this quarter was softer than what we expected. We have just come off a year of very strong growth, strong demand and strong execution and naturally we were confident heading into FY26, and our guidance reflected that optimism. But what changed quite quickly and unexpectedly was the weather. The monsoon arrived earlier than usual, and the room AC season



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ended abruptly. Sellout in the trade channel was lower than forecasted and inventory levels stayed higher for longer. In hindsight, we were not fully prepared for that kind of shift in this quarter.

Given this and the visibility we now have for the next couple of months, we have recalibrated our guidance for the full year. We believe this is a responsible thing to do to stay transparent and align with where the market is today. That said, it is also important to look at what did not change.

Our room AC business still grew 15% YoY basis in this quarter despite the season cutting short.

Washing machines grew by 36% with strong volume growth from new platforms.

Our new plant in Bhiwadi is already ramped up now. Our order book is healthy. We are expanding capacities in RACs, washing machines and coolers and client engagement across large and emerging brands remain strong.

FY26 will now likely shape up to be a more measured year and that is fine. We will use this time to consolidate, focus on operational levers and execute our platform and capacity investments with more discipline. These are the foundations we need to get in place for the next phase of growth.

We remain confident in the long-term opportunity in India's consumer durable market and in PGEL's positioning to be a key enabler in that space. Our focus remains on staying to scale profitability, to stay capital efficient and deliver consistent value to our stakeholders.

With this now, I will hand over the call to my colleague, "Mr. Pramod Gupta, our CFO, to Elaborate on the Financials."

Pramod Gupta:

Hi, good afternoon, everyone. I am sure all of you have seen the financials in detail already. Thank you, Vishal ji, for giving the introduction.

Let me take you through the numbers for Quarter 1:

Consolidated quarterly revenue stood at Rs.1,504 crores, which is a 14% increase over Q1 last year. Of this, the product business contributed Rs.1,159 crores or 77% of the total revenue.

AC business contributed Rs.1,015 crores, a growth of nearly 15% and accounted for around 68% of the total revenue.

Washing machines were up 36%.



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Air Cooler sales were slightly lower on account of the shortened season.

Our 100% subsidiary, PG Technoplast reported revenues of Rs.1,211 crores during the quarter.

Coming to profitability:

EBITDA for the current quarter stood at Rs.139 crores and it was up 3.5% year-on-year.

Net profit was at Rs.66.7 crores compared to Rs.84.9 crores in Q1 2025. The drop in net profit is mostly due to negative operating leverage from AC volumes or planned AC volumes and some input cost pressures. Due to the abrupt end of the season, we were left with high inventory level this quarter. To manage our cash flows, we had to get a lot of our receivables discounted, which led to an additional outflow of almost Rs.20 crores of financing costs.

Our overhead remain high during the quarter as we got caught off guard. We are working on optimizing our overhead costs.

From a balance sheet standpoint, the company remains on a strong footing. We have cash and equivalents of around Rs.911 crores and return on capital stands at 25.2% on trailing 12-month basis. Our fixed asset turn remains healthy at over 5x.

Now coming to the revised guidance for FY26:

We expect PGEL standalone revenues to be in the range of Rs.5,700 crores to Rs.5,800 crores. Net profit is expected to be between Rs.300 crores to Rs.310 crores. At the group level, including our joint venture, Goodworth Electronics, we expect consolidated revenues of Rs.6,550 crores to Rs.6,650 crores in sales.

We have also pushed some of our CAPEX plans to next year. We are continuing with our investment in Greater Noida, Supa, Rajasthan, and South India with FY26 CAPEX to be between Rs.700 crores to Rs.750 crores, down from Rs.800 crores to Rs.900 crores planned earlier.

As always, we are watching market trends closely and we will adapt if needed. But our long-term investment, operating model, and growth priorities remain unchanged.

With this, I will be happy to take any questions. Please open the floor for Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Saumil Mehta from Kotak AMC. Please proceed.



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- Saumil Mehta:** Thanks for the opportunity, sir. Two questions from my side. Now, obviously this season is going to be weak, but in terms of our discussion with the larger clients, what sort of pricing actions are being taken – have they asked for a better pricing for us given they themselves are under stress? And in that backdrop, how should the overall margin profile look for the upcoming season for us? That is my first question.
- Vishal Gupta:** I will tell you. Right now, pricing is not being discussed. Right now, there are so many other issues which are being discussed with the clients because of the kind of inventory what we have accumulated for our clients and those materials have not been taken by them. So, we are discussing those things right now. Pricing things are not in discussion right now because even if you are able to offer some discount, there is no demand for the material, because the channel is totally choked up with the inventory. So, that is something which is not being discussed right now. Margin profile will remain under pressure. That is why the guidance has been revised because we believe that there might be some pressure on the pricing. That is why we have factored those things in our guidance.
- Saumil Mehta:** And is there any early indication of cancellation of orders? And if yes, will it come from the larger clients or mid-size clients? Any rough indication or estimates of what we are projecting for this year?
- Vishal Gupta:** What happened was, a lot of cancellations happened for the month of June, July and August. In fact, all the plans which were there, they were cancelled to the tune of 50%-70% across most of the clients for the month of June, July and August. And the situation for the next year or the next season, we will get to know only post-September or maybe sometime in mid-October, because by that time, whole industry is expecting that there will be some moderation in the channel inventory and then they will be able to plan for the next season. Right now, most of the brands as well as contract manufacturers are actually slowing down production to probably get rid of the inventory in the channel and the inventory that they have for the finished goods. Because this year, there is a rating cycle change. And the current inventory which people will be having, especially the brands and the contract manufacturers, will be difficult to sell post-January 1st.
- Saumil Mehta:** Sure. And my last question. Any update on the compressor tie-up? We were going to announce that very soon. At what stage of negotiation that is? And ballpark, any change in economics from where we were earlier looking for that JV? That is my last question. Thank you.
- Vishal Gupta:** So, as far as the economics is there, there is no change. But there is some delay in getting some clearance from the governments on this, especially from the China government on this project. So, we are just waiting for that. There has been a delay, but in the next one or two months, we will have some more clarity on this.



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- Saumil Mehta:** Sure. Sure, sir. Thank you so much.
- Vishal Gupta:** Yes.
- Moderator:** We take the next question from the line of Vishal Dudhwala from Trinetra Asset Managers. Please proceed.
- Vishal Dudhwala:** Thank you for the opportunity. So, can you throw some light on your refrigerator business in the upcoming days here, like installed capacity or utilization or the expected revenue contribution plus, any signed clientele for this?
- Vikas Gupta:** We are in an advanced discussion with our clients. And we are in process of acquiring a land parcel in southern India. We should be able to finalize that within this month. And we have already onboarded a team for development of the complete project. So, the timeline for that project will be tentative. It will take almost around 12 months to 14 months from now to start mass production. So, the revenue will start kicking in and it will have numbers that will accrue in the FY27 only. We are in active discussion with the clients, which are already our common clients in our air-conditioner business as well as in washing machine business. So, we have an overlap of clients there. And we are confident that we should be able to tie with one significant client in the coming days and weeks.
- Vishal Dudhwala:** Okay. And the second thing, can you just tell us how much expectation and expansion of the RAC, air cooler and washing machine capacity?
- Vishal Gupta:** RAC, the capacity expansion has been a little bit curtailed. But the land and building, where we have already started the CAPEX, we are not holding back. But some plant and machinery orders have been held back. And we will closely watch the season, how this 2020 season will pan out. After that, we will decide whether we have to further expand the capacities or not.
- Vikas Gupta:** In case of washing machines, we are seeing a robust growth, and we are further expanding our capacity in washing machines. And so, we will make our capacity... we will take it to the level of more than 2 million washing machines in the current financial year.
- Vishal Dudhwala:** Okay. And what about your air cooler?
- Vishal Gupta:** Air cooler also, sir, this year season has been quite muted. So, we already have enough capacity for that. And creating capacity for air coolers, the lead time is very less. So, I do not see major challenge. Whenever there is demand, we can ramp up the capacity very fast in air cooler.



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- Vishal Dudhwala:** Okay. And one last question on the costing side. Like, AC costing and how much they have inventory in the costing of inventory?
- Vishal Gupta:** Sorry, I did not get your question. Can you repeat?
- Vishal Dudhwala:** So, question is like about the AC costing.
- Vishal Gupta:** Can you repeat your question please?
- Vishal Dudhwala:** Okay. Like unit economics of your inventory about your AC?
- Pramod Gupta:** So, we do not have any finished goods inventory. Large part of the inventory, almost 97%-98% of the inventory is actually the raw material for making AC. Actually, everything is built to order. Basically, depending upon the order from the brands we make, and we do not keep inventory of more than a week or so. So, right now, we do not have much finished goods inventory. It is largely the raw material inventory which we have.
- Vishal Dudhwala:** Okay. That is it from my side as of now. I will join back the queue.
- Pramod Gupta:** Thank you.
- Moderator:** The next question is from the line of Ashish Jain from Macquarie India. Please proceed.
- Ashish Jain:** Hi, sir. Good afternoon. So, my first question is, sir, some of the comments you made in terms of your AC capacity expansion, we are putting on hold and all. This seem like quite serious comments, right, because we are building business for the next three, five, 10 years and one bad season and we are revisiting or even pushing out our expansion. Can you just talk a bit more about that? And secondly, I think earlier we made a comment that we had to do some debtor discounting for cash management and I hope I heard it right. But can you just elaborate a bit more on that as well?
- Vishal Gupta:** So, first question I will take. Second question, Pramod, you will answer. So, as I told earlier in the call, we are not holding back our creation of extra land parcels and creation of buildings where the lead time is much higher. Plant and machinery lead time is four to six months. So, whenever there is a requirement that can be always taken in four to six months lead time, you can manage that capacity. The longer lead time is the land and the building, which we are not holding back those investments. So, in order to conserve also, cash flows, we have tried to hold back some CAPEX in order to conserve cash flows also.



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- Pramod Gupta:** Coming to management of cash flow, see, we had already ordered inventory for the season, which was based on the ordering from the clients. But, as in the month of May, June, July, we saw basically orders were getting cancelled and we were not able to convert that, but we had to pay the payables basically to the vendors. So, what we did was, basically, whatever sales we had, and we started getting those discounted from the bank to pay basically our vendors. And that has actually led to some additional cost because we are having a lot of raw material inventory. If you see the balance sheet, which has been given on the presentation, this year, we are carrying close to Rs.1,300 crores of inventory vis-à-vis last year, Rs.1,356 crores, out of which almost close to Rs.1,200 crores inventory is in AC business, and last year, the same number was only Rs.368 crores, so, Rs.1,000 crores of additional inventory we are carrying. And that actually led to our cash flow getting a bit strained because we have cash, but that cash is for a very specific purpose because of the CAPEX plan which we have and the objective of the QIP issue which we had taken.
- Ashish Jain:** Sir, this inventory number is as of June you are saying is Rs.1,350 crores inventory or March you are saying?
- Pramod Gupta:** No, I am saying June this year.
- Moderator:** We take the next question from the line of Aman Soni from Nvest Analytics Advisory LLP. Please proceed.
- Aman Soni:** Good afternoon, sir. Sir, continuing with the previous participant, we are pushing our investment plan to next year, but what I am not understanding is because you mentioned it is mainly because of the monsoon season, right, so it should be a temporary thing kind of. So, in this case, if we are shifting our CAPEX, there must be some strong reason for it. So, are you people witnessing any kind of change in the customer sentiments which are getting affected as a cascading effect of the global headwind which we are witnessing right now – is that the course which is resulting in the shifting of the CAPEX? So, that is my first question.
- Vishal Gupta:** So, first of all, let me tell you, as I told earlier in the call, we are very confident about the long-term and medium-term potential of consumer durables business in India. There is no issue in that. Coming back to your point, as I explained, we are already going with CAPEX. The earlier CAPEX guidance was around Rs.900 crores, which has been scaled to Rs.700 crores to Rs.750 crores. So, there is not a very big cutback in CAPEX. CAPEX is happening. Some plant and machinery orders are being delayed to next year and the compressor project which was planned was supposed to happen this year, we are estimating it might slip into the next year, right? So, that is why there is some revision in the CAPEX guidance. We are very confident about the long-term and the medium-term potential of this business, because the penetration of the products where we are operating is very low in India. And second point, the next two, three quarters will be very soft, but



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going after that we see very strong growth happening again in this business. At least two quarters, maybe up to November we might see some softness. After that, I think we are going to see a very strong pickup. I will just explain to you one thing. We saw 70% growth on a YoY basis for the month of April. In May, we saw a growth of around 18%. But June and July has been down by 70% YoY degrowth. So, see how volatile is the behavior right now. We are carrying very large inventory. So, we have to be careful now. But let me assure everyone, we are fully geared up and fully prepared for any growth. We are very much focused on that. The idea is to keep our focus on capital efficiency also. We are already carrying a lot of inventory, so we have to be very careful now.

Aman Soni: Understood. And you also mentioned about the price erosion thing and that is why we are estimating it in our margins as well. So, I want to understand more towards it like is it mainly because we have to clear our inventory or is it like we are seeing more of raw material kind of inflation and like you mentioned after November there will be pickup in demand. So, do you see like margins will also start picking up from then?

Pramod Gupta: See, the margin picture will become clear as the new season negotiations start. Right now, the new season negotiations have still not begun. Most of the people and brands are still busy with the last season inventory in the channel. So, we as a cautious sense are saying that pricing is likely to be under little pressure but we do not know exactly how the situation is going to pan out. That will totally depend on the channel inventory and the inventory with the brands till the new season negotiations begin.

Vishal Gupta: I will further add to one more point. So, as we told that June, July has been very soft. So, AC being a seasonal business, the only thing which matter is which months you make money and which months you try to bleed very less. So, what we feel this year those months where we will have little soft financials, those months will be little more. That is why that guidance has been revised accordingly for that.

Aman Soni: Got it, sir. Thank you very much, sir. I will join back the queue.

Moderator: We take the next question from the line of Achal from Nuvama Institutional Equities. Please proceed.

Achal: Yes. Good afternoon, sir. Thank you for the opportunity. Sorry, I am just harping on this industry part. If you could give us a broad sense about the industry from Jan to June... because what is happening is the March quarter was phenomenal and the June quarter has been bit weak, so if you could help us understand Jan to June how the industry volume would have been how much would



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have been the outsourcing percentage and how have we done on a Jan to June period in terms of volume growth, if you could help us understand that part first?

Vishal Gupta:

See, industry did very well up till April actually. Although there was a bit of a weakness in the southern market because this year southern market never picked up, but as per our understanding industry was still growing very well till April and overall the sales to the channel were very good, in the sense probably industry basically brands sold almost close to 20% to 25% growth they posted in the month of January, February, March and April, but then from April-mid or April-end things started becoming slower, and May was a bit of a very bad damper month because towards the end of the May only the monsoon covered the whole country. See till actually May 20th also the sales in North India were pretty decent and North and West were doing okay, then South and East never picked up this year so there was a bit of a slow response on those markets, but post-May I think everything has just collapsed because the channel inventory is high and out sale from the channel were very slow in the month of June and July and that started reflecting on the sales from contract manufacturers to the brands and it is now getting reflected in the numbers also. Although I will say still that the contract manufacturers have still now posted better numbers, probably the growth for the fully built AC or as we call finished goods ACs still in the quarter of April, May, June is positive to the tune of 10%-15% by the contract manufacturing industry, but the brands have mostly posted a negative or a decline from last year anywhere between 10%, 12% to 30% till now and I think we will have to watch out for the quarter ending September and maybe December how the inventory actually is reduced is going to be important.

Achal:

Sir, again, going back to the question, for the six months if you could give a holistic number how much would have been growth for us like 103% YoY in the fourth quarter for RAC and it is 15% for the first quarter, does that mean that our volume growth is 50%, 60% or 70% type?

Vishal Gupta:

Our growth will be to the tune of about 65% or so in the first half this year. But as I am saying for the last three months, for the month of June, July and now even August, we are seeing a decline which is to the tune of 50% to 60%, largely because most of the orders have been canceled because there is the inventory with the channel as well as the brands.

Achal:

If you could help us understand in terms of the channel inventory, because we get to hear that channel inventory for a particular brand is very, very negligible or probably just a month extra considering the monsoon season, any color if you could provide in terms of the channel inventory, and also with the brands, any ballpark number at the industry level if you have?

Pramod Gupta:

I think industry level are probably close to 2-2.5 million which at this point of time should have been less than a million. That is all I can say. But then there is an additional inventory of finished goods with the brands also which in our estimate is to the tune of about 2 million.



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- Achal:** Oh, you are saying it is as large as what is with the channel is with the brands. Have I understood right?
- Pramod Gupta:** Yes.
- Achal:** Right. Does that mean, sir, is there a downside risk to your numbers in that case given the brands are stuffed with so much inventory that you could have a further downside risk to the profit number what you are guiding for?
- Pramod Gupta:** We have taken these numbers on a very realistic basis actually and they are based on some estimations and some calculations. And we are very confident of achieving these numbers. We think that these numbers are base minimum, which we should be able to do.
- Achal:** Got it, sir. Thank you and wish you all the best. I will fall back in the queue.
- Moderator:** We take the next question from the line of Koushik Mohan from Ashika Group. Please proceed.
- Koushik Mohan:** Hi, sir. Sir, I just wanted to understand from the last guidance to this guidance, we have reduced it around Rs.90 crores almost. So, how much in that Rs.90 crores has been perturbed to inventory costing that we are taking? And how much is for the financing costing that we are taking, because it is both the side that is affecting us, right?
- Pramod Gupta:** So, almost close to Rs.40 to 50 crores will be because of the additional inventory which we are carrying. We have about Rs.1,000 crores of additional inventory, which we think we will be able to reduce only in a meaningful way post-October-November. So, for six to seven months, you can imagine the cost of carrying almost Rs.1,000 crores of inventory, which we are carrying.
- Koushik Mohan:** Okay. And remaining around Rs.40 to 50 crores will go for the costing side?
- Pramod Gupta:** Not costing, there is an operating leverage. See, in our business, the way it works is that AC business is highly seasonal. So, you make good money in the season when your plants are running at a good utilization level, and you actually lose money in the off-season because you are never able to cover your fixed costs. In a good season, typically these bad months or the lost months are lower number, and good months where you are running your plant at optimal utilization are high. That situation has changed and we are seeing probably a higher number of lost months because of the very high inventory and very low off-take from, say, June till November, maybe, and therefore, we are taking that negative operating leverage into account, we are guiding for a new set of revised profit numbers.



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- Koushik Mohan:** Got it. On the CAPEX side, we are doing around Rs.700 to 750 crores this year. How much is going for the existing business, and how much is going for the new businesses that we are going to cater for?
- Pramod Gupta:** Almost Rs.400 to 450 crores is for the existing business, and Rs.300 crores is going for the new business, which is refrigerator.
- Koushik Mohan:** Got it. And sir, with the new business coming into line, how much kind of mix in the revenue are we expecting in next year so the contribution of the AC in the overall pie comes down, do we have anything in that side?
- Pramod Gupta:** Overall contribution of AC will be probably coming down because we are hoping other businesses to expand faster. But nonetheless, for the next couple of years, maybe this year and next year, you should assume that the change that will happen is not going to be very significant. Next year is going to be the first year. It is going to be a ramp up year and I do not think we should assume more than a few hundred crores of contribution from the refrigerator. 2028 should be a year when we will see probably a full year for refrigerator and full ramp up capacity utilization in the refrigerator business.
- Koushik Mohan:** Got it. Sir, with the current balance sheet and with the new CAPEX what we are going to do, what is the optimum top line that we can expect, sir, if we are keeping still at a 5x of the fixed assets, what kind of a top line that we can visualize?
- Pramod Gupta:** You should assume about 4.5x to 5x on a fully ramped up basis on a net block. That is typically the asset turn we try to achieve in our business. So, to begin with, it should be at least about 4.5x and then as the ramp up happens and these capacities get optimally utilized, we should be probably close to 5x on the fully ramped up basis.
- Koushik Mohan:** Got it. Got it. I will come back in the queue.
- Moderator:** The next question is from the line of Neel Mehta from Equirus Securities. Please proceed.
- Neel Mehta:** Sir, thank you for the opportunity. Sir, I just wanted to understand one thing that our current inventory levels are at almost Rs.1,400 crores. How much generally will it take time to liquidate those inventories? Because I am assuming in third quarter, because of the star rating, new kind of orders will be assigned, right -?
- Pramod Gupta:** No. That assumption is wrong. I just want to correct you here. That assumption is wrong. There will be good amount of orders for 5 Star ACs of the old rating. And most of the components are



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going to be anyhow used even in the new star rating ACs. So, that obsolescence risk is very minimal, maybe very, very small, maybe not even 0.2% or 0.3% at best of this Rs.1,200 crores of inventory in the AC business which we have.

Neel Mehta: Okay. So, I assume no incremental capital we have to deploy for those orders, right?

Pramod Gupta: Yes. Also, I want to highlight one thing that in the month of April and May, we were running at almost close to Rs.400 crores plus run rate in AC business. So, for both months, when the season was going on, we can actually do a production of more than Rs.500 crores of AC with our existing capacity. So, this inventory levels which are looking high right now are there because there has been order cancellations for the months of June and July and August and especially the month of May and June would have been normal, then the inventory levels would have been much lower.

Neel Mehta: Okay, sir. Got it. And sir, just one last question from my side. Is there any change in unit economics of the compressor plan as of now or is it the same?

Vishal Gupta: No, there has been no change in the unit economics. It is just that the partner is taking some time to get some clearance from their government.

Neel Mehta: Okay. Got it. That is it from my side. Thank you so much, sir.

Moderator: We take the next question from the line of Tanish Vhora from Purnatha Investment Advisors Private Limited please proceed

Tanish Vhora: Hello sir, good afternoon. Actually, I wanted to ask two questions. One is how long will it take for you to actually work with maximum utilization after the CAPEX is done so that we can achieve the ratio of five which you mentioned earlier? And the second question is we have seen inconsistently promoter holding going down. Is there any particular reason for that?

Pramod Gupta: I will take the first question. Typically, whenever you start a new business or new capacity, it is typically one to one and a half years before the optimal capacity utilization levels are reached, because the new product it takes time for getting the product validated and product approved with all the customers and then finally to ramp up the capacity. Coming to the second question, as you were saying the promoter holding has come down, promoters in the last five, seven years have only sold only once, that was in the month of May this year. Before that we have raised capital thrice in this company, once in '21 and then '23 and then '24 December. So, because of those capital raises and QIP, money raised in the company there has been a promoter holding which got diluted.

Tanish Vhora: Okay. Thank you. I wanted to know what is the guidance which you will give in the next year?



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- Pramod Gupta:** It is too early to talk about the next year right now, because even the next season has to start and that will start from November, December. So, let us see how things pan out this year and how the second half goes, we will be talking about the next year sometime in April.
- Tanish Vhora:** Okay. Thank you. All the best
- Moderator:** We take the next question from the line of Vipraw Srivastava from PhillipCapital. Please proceed.
- Vipraw Srivastava:** Thanks for allowing me. How much is the ESOP cost for Q1 FY26?
- Pramod Gupta:** Just give me two minutes I will tell you. You can in the meantime ask me any other questions if you have.
- Vipraw Srivastava:** Sure, sir. Quickly on Q2 sir I mean August has been weak, but are you expecting revival in September and October?
- Pramod Gupta:** I think we will have revival probably from the month of November. October is going to be a festival month. Typically, in a festival month we do not see much uptick. What has been our experience is that if the season is good, typically then the uptick happens in the month of October, November and if season is little slow, then it happens in November, December. Share-based expense this quarter was Rs.3.27 crores.
- Vipraw Srivastava:** Okay, sir. Thanks a lot.
- Moderator:** Thank you. We take the next question from the line of Keyur Pandya from ICICI Prudential Life Insurance Limited. Please proceed.
- Keyur Pandya:** Thank you. Sir, I just want to understand first on the non-RAC side. So, how do you see any impact on the ref, washing machine business and if not so what are the expansion plans? That is first. And second, what growth do you expect in the washing machine business? That is first. And second on the compressor side. I mean it has got delayed for quite some time. So, if you can just let us know what kind of capital has already been deployed and what timeline do you expect or do you think is there any risk to our sunk cost? That is the second question. Thank you and all the best
- Pramod Gupta:** Vikas ji, can you take the first question, second question I will take.
- Vikas Gupat:** So, regarding washing machines business, fortunately, we are seeing a very robust demand like as shown in our Quarter 1 number, the growth is more than 35% in that and we are very hopeful that we should be able to have a growth of almost from 40% to 45% percent in our washing machine



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business for FY26. So, we are expanding our capacity. We are launching new platforms. We are adding new clients. So, we are very confident on the washing machine business.

Pramod Gupta :

Coming to compressor, we are seeing certain delays, but we are very hopeful and we are very confident that this business we will be able to do the CAPEX part will slip to the next year some part of it. We have already done a CAPEX of close to Rs.1.2 billion in constructing the building, building is almost completed. In the coming months we will be utilizing it for our other purposes maybe for keeping some of the inventory and maybe in the season. But as soon as our partner gets go ahead, we will be ordering the plant and equipment and then probably within six months we will start installing that. So, we are not seeing any issue for the building that we have constructed. And by the way that building can also be repurposed for other things if we need.

Vishal Gupta:

This building is part of our existing campus of AC manufacturing. So, this building is being used currently for AC products only right now.

Keyur Pandya:

Understood. Got it. Absolutely clear. So, tentatively what timeline we should work with for compressor business?

Vishal Gupta:

You know we have been always very transparently sharing feedback. I was in China three weeks back and had a discussion with them. So, it is held up at their end right now. Everything is ready. All plants, machinery, technicals, all commercials are closed. We are just waiting for that approval. Once we have that approval, I think then we will put the ball rolling

Keyur Pandya:

Noted sir. Thanks a lot and all the best

Moderator:

We take the next question from the line of Vipraw Srivastava from PhillipCapital. Please proceed.

Vipraw Srivastava:

Thank you for allowing me a follow-up. Quickly sir, any other categories you plan to enter apart from refrigerator and compressors?

Pramod Gupta:

We keep on evaluating several proposals and several opportunities, but then as we have been highlighting we have very strict capital allocation criteria and guard rail and based on those guard rails only if we approve the new capacities or then new category. We are in the process of evaluating certain categories and as and when we decide to go ahead in any of them, we will be able to give you the information.

Vipraw Srivastava:

Right, sir. And sir, lastly one more on the TV segment where PGEL has a JV with China. So, obviously large players in the industry has had a weak commentary, but what is your view on this how is it ramping up as far as TV is concerned?



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- Vikas Gupta:** So, for us the television business is looking very strong, and we have given a guidance of almost around Rs.850 crores to Rs.900 crores of revenue as compared to last year revenue of Rs.540 crores. So, we are maintaining that, and we are currently having a very strong order book and the current festival season is looking very robust in that.
- Vipraw Srivastava:** Noted sir, noted. Thank you.
- Moderator:** We take the next question from the line of Mahesh Kaushal from MN Investment. Please proceed
- Mahesh Kaushal:** Hi, sir, thanks for the opportunity. Sir, just wanted to check, in May end we offloaded a substantial stake. That was a promoter entity. And then from June, July onwards we get such numbers. So, just wanted to understand what was the thought process then and is there something that is being missed, I mean everything fell off a cliff post that. So, just wanted to get your sense on that what happened and what was the thought process then?
- Vishal Gupta:** See, actually as I have stated earlier also, in the month of April we saw 70% growth. So, we were seeing very strong traction in this business. As I have already stated earlier also in this call that it was looking very great, but suddenly there has been a drop in the demand and it is kind of fallen off the cliff... it has just evaporated.
- Mahesh Kaushal:** You were not aware of anything in May end, that is the question, sir.
- Vishal Gupta:** Yes, sir. That is why we are caught up with so much inventory. The cost and all those things have gone for a ride. I will tell you what was happening. Till end of April or middle of May, clients were hoping that season will open up and people were still continuing the manufacturing and then suddenly by end of May they took a call that they have to control their inventories. It was very sudden, sir.
- Mahesh Kaushal:** The reason -
- Pramod Gupta:** I will just tell you the reason. See, this year even in May end the north and west were doing fine. There was high temperatures. See, typically May is the highest selling month in any year for the AC business. This year as the monsoon started getting earlier, first, the southern market closed and then abruptly in a very short period of time in May end itself the whole of the cooling business actually saw end, because the monsoon covered whole of India by May end, and that led to lot of cancellations in June. So, we had budgeted when we were giving a guidance, even the 12th May was our result, we had budgeted that there will be a slow down because there was a slow southern markets in the first half of the season, but we did not expect the season to get abruptly end in month of June itself and over that July and August have also seen very, very low offtake. In fact, I can tell



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you in month of April we had a 70% growth YoY, even in month of May we had a 19% growth, in month of June we had a 70% decline, and in the month of July also we had a 70% decline on a YoY basis in AC business.

Mahesh Kaushal:

Okay. Fair enough, sir. Thanks.

Moderator:

We take the next question from the line of Archit Singhal from Barclays. Please proceed.

Archit Singhal:

Yes, hi. Thanks for the opportunity. So, two questions from my side. Firstly, I mean hypothetically if we were to believe that next year the season would be strong, then would we be able to more than make up for the loss in expired earnings, I mean loss in terms of guidance?

Pramod Gupta:

Next year, yes, if the season will be strong, we will be able to make more than make up. See, if you look at our track record, in the last four years we have shown exceptional growth rate in our AC business. We have had an exceptional execution track record. In fact in a category like AC, we have been growing at 100%-plus. Last year in fact our AC finished goods grew 120%-plus. In fact fourth quarter also we grew 100%-plus in the AC business, because there was an opportunity and we could see. Now the environment is such that there is an inventory in the channel right now, inventory with the brands also, market is very slow right now. So, till the time this inventory gets cleared, we cannot comment or commit on the numbers. But yes, if there will be an opportunity, be rest assured we will be the first one to bounce back and the bounce back will be very sharp, point number one. Point number two is, long term we still remain very bullish and very optimistic in this business. We continue to make significant investments, and we are planning very significant I will say ramp up of the capacities or building up of capacities in the coming years. We are expanding our capacities in both north as well as western area. We are looking at building a new very large campus for AC manufacturing in Western India, and in North, Bhiwadi, we are already going ahead with the CAPEX in the existing plant. So, we have had not any change on our long-term view of the sector of the company. It is just that this year we have got off-guard, caught on the wrong side with huge inventory in the channel and with us also. So, we want to be little cautious for this year.

Archit Singhal:

Understood. And second question, I mean like you mentioned about the long-term thoughts. So, second question is I think in the last call you mentioned the gross block should increase from Rs.1,200 crores to Rs.2,200 crores in the next two years and you also mentioned asset turn of all 4.5x or so. So, fair to understand FY28, if everything remains we should clock a revenue of Rs.9,000 crores, is my understanding right?

Pramod Gupta:

That is what is the internal target that we have for ourselves, and we are doing all our CAPEX and whatever working we are doing internally we are doing based on those assumptions only. So, our long-term assumptions do not change because one season has gone wrong



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- Archit Singhal:** Understood. And if that happens, I mean to achieve that revenue guidance, the margins which we can achieve in FY28 should be better than the FY25 margin because of operating levels, right?
- Pramod Gupta:** Not FY25, but yes, we should be able to match or should be near to FY25 margins. Let us see how it pans out. But yes, we should be able to reach at least FY25 margins.
- Archit Singhal:** Thank you. That is it from my side.
- Pramod Gupta:** Thank you.
- Moderator:** We take the next question from the line of Ruchita Patke from iWealth. Please proceed.
- Ruchita Patke:** Hello, sir. Very good afternoon. So, sir mainly my question was on the other expenses side, right? So, we have seen like a huge bump up from the last two quarters in the other expenses side. So, how do we see this panning across for the remaining quarters of this year?
- Pramod Gupta:** See, what happened was, as I was telling you, that we were caught off guard and we did not actually control the cost and we were still having good commitments and orders which were cancelled at the last moment. So, some of those costs are on the higher side. In the coming quarters you will see good control on some of these costs. We remain very confident that we will be able to control some of these costs in the coming quarters.
- Ruchita Patke:** So, sir, if you could just broadly tell me as a percentage of revenue, how do you see this other expenses for the whole year?
- Pramod Gupta:** See, in the past they have been in the range of about 4-4.5% and in the long term that is what we should be seeing in a normalized year, that is what should be the number this other expense number.
- Ruchita Patke:** This year you are not guiding anything?
- Pramod Gupta:** I am saying in the medium term that should be the number. On a full year basis that 4-4.5% should be the other expense number which should prevail.
- Ruchita Patke:** Okay. And what about the employee cost, sir? How do you see that growing? Should this kind of reflect our revenue growth like in terms of that?
- Pramod Gupta:** This year the employee cost is looking higher, and it will remain probably slightly on the higher side, because of the lower growth and the kind of expenses which we are having because of the



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increases as well as the people which we have added. But it will also get normalized in a normal season which we hope will happen probably from next year.

Ruchita Patke: Okay. Okay. Okay. So, on the EBITDA margin side, like we will see around the 200 bps decline, right, this year?

Pramod Gupta: Well, we have not built in that steep decline, but yes, there will be a decline on a full year basis. Actually, if you see this year from the initial guidance, additional expenses of close to Rs.50 crores-odd will be there on the interest cost because of the inventory which we are carrying, and then there is some cost which will be there additionally, but still we think we should be able to control the margins in the range of about 1.25% to 1.5% from the last year at the EBITDA level.

Ruchita Patke: Okay. Okay, sir. Understood. That is it. Thank you so much.

Pramod Gupta: Thank you.

Moderator: The next question is from the line of Kartik Soni from Soni & Associates, please proceed.

Kartik Soni: Namaste, sir. Sir, I have two questions. First, as you said, suddenly in March and June, the demand collapsed due to early monsoon demand for room air-conditioners ended. That is all fine. There is a downturn in the market. But there are similar effects in the other companies like Blue Star, Voltas and Amber Enterprise. Do you have any guidance on how they are facing such a big headwind?

Pramod Gupta: Sir, I would like to give an answer. Look at all the numbers carefully. I think except for Blue Star and I think Hitachi, everybody posted more than 20% decline in their sales in this quarter. And second thing is even in these companies they have some other businesses also which have been able to probably help them withstand such a huge decline. Voltas also, they have also shown a good decline in the unitary cooling product business here. And I think overall the brands have seen in our opinion at least 20% to 25% decline in the month of April, May, and June in the sales to the channels. June was a total washout for most of the brands in our opinion.

Kartik Soni: Okay. Sir, a follow-up question. We are dependent on AC brand. Is there any diversification? Have you planned to diversify more?

Pramod Gupta: Yes, we are planning a lot of diversifications and the results of those will be visible to you in the coming years.

Kartik Soni: Okay. One last question, sir. You said that your Rs. 300 crores inventory is become Rs. 1300 crores so our Rs. 1000 crores of cash is stuck inventory.



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Pramod Gupta: Yes.

Kartik Soni: Sir, as I can see in the balance sheet of March 31st, the cash position is around Rs. 980 crores.

Pramod Gupta: The cash position is still Rs. 900 crores. We have Rs.910 crores of cash in the balance sheet. But short-term debt has increased for us from March to now.

Kartik Soni: Sir, how much has that increased?

Pramod Gupta: About Rs. 200 crores.

Kartik Soni: Okay. Sir, so the CAPEX plan is still about Rs.750-800 crores?

Pramod Gupta: Yes, earlier we were planning Rs.800-900 crores, now it is about Rs.700-750 crores.

Kartik Soni: And the entire is from internal accruals, no additional debt?

Pramod Gupta: No. We do not require debt. We have cash in the balance sheet, and we will have internal accrual. This inventory will surely get over by the month of December or January in our Opinion.

Kartik Soni: So, that is a long time to hold up, sir. That is why I was asking for the working capital, I hope you don't need to borrow the additional debt.

Pramod Gupta: We are aware of that, sir. It is a long time and that is why we have cut on the guidance, sir.

Kartik Soni: Okay. Thank you, sir. All the very best.

Pramod Gupta: Thank you.

Moderator: The next question is from the line of Arshia Khosla from Nirmal Bang Institutional Equities. Please proceed.

Arshia Khosla: Hi, sir. I am sorry for repeating the question. The call just dropped in between. Have you given any guidance for FY27 on the top line as well as some margin guidance?

Pramod Gupta: No, nothing, we have not talked about FY27.

Arshia Khosla: So, any CAGR that you would like to give from FY25 to FY27, I mean, what kind of growth are you seeing?



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- Pramod Gupta:** No. No. FY27 is too far-fetched right now. We will be still focusing a lot on FY26.
- Arshia Khosla:** Understood, sir. Yes. That is it.
- Moderator:** Due to no questions from the participants, I would now like to hand the conference to the management for closing comments.
- Pramod Gupta:** Thank you all for joining the conference. Please feel free to contact me or the company for any further questions you may have. Thank you all.
- Moderator:** On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.