HOLD
TP: Rs 690 | ⮝ 9%

PG ELECTROPLAST | EMS | 07 August 2026

Volume recovery, input costs cap margins

- **Q1FY27 revenue grew 35% YoY to Rs 20.3bn, near our estimate as Products scaled 41% YoY on RAC and washing machine strength**
- **Profitability lagged the topline; EBITDA rose 22% YoY with margin at 7.3%, down 80bps YoY as pass-through remained incomplete**
- **Revise estimates, ascribe 40x multiple on Jun'28E to arrive at Jun'27 TP of Rs 690. Downgrade to HOLD on rich valuation**

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Revenue rebounds off a disrupted base; margin remains under pressure: Q1FY27 revenue came in at Rs 20.3bn, up 35% YoY and 2% below our estimate of Rs 20.8bn, against a base quarter disrupted by supply-side and demand shocks. EBITDA rose 22% YoY to Rs 1.5bn, also 2% below our estimate, with margin at 7.3%, down 80bps YoY. Adjusted PAT grew 14% YoY to Rs 762mn with margin at 3.7% (-70bps YoY).

RAC drives products; washing machines scale on new capacity: Products revenue rose 41% YoY to Rs 16.3bn, at 80% of consolidated sales. RAC grew 38% YoY to Rs 14.0bn on a weak base, split between 20-22% volume growth and 10-12% ASP gains as commodity costs and rupee depreciation were passed through. Washing machines grew 67% YoY to Rs 2.1bn on the DMIC Greater Noida ramp, with fully automatic up 150% YoY. Coolers grew 3% YoY to Rs 189mn.

Electronics doubles off a low base: Electronics revenue rose 65% YoY to Rs 1.1bn at 5% of sales, though it fell 57% QoQ against an elevated March base. The 50:50 Goodworth TV JV reported revenue of Rs 1.8bn vs Rs 1.5bn a year ago, with EBITDA of Rs 63mn. Plastic & Others grew 5% YoY to Rs 2.9bn and 96% QoQ, recovering from a March quarter hit by weak discretionary moulding demand and a production transition, with facilities now consolidating into Salarpur.

Pass-through timing remains the swing factor: June-end channel and brand inventory stood near normal and below year-ago levels, with secondary sales ahead of primary. Management targets over 20% volume growth for FY27 and reiterated an aspiration, explicitly not guidance, of an 8% EBITDA margin, weighted towards H2 and Q4.

Revise estimates, Downgrade to HOLD: We raise our FY27E/FY28E/FY29E revenue by 3%/5%/8% factoring in a stronger volume recovery and the washing machine and refrigerator ramp-ups. We expect operating leverage to build through FY27 on normalised channel inventory. We ascribe 40x P/E to Jun'28E EPS to arrive at a Jun'27 TP of Rs 690.

Key changes

Target	Rating
▲	▼

Ticker/Price	PGEL IN/Rs 631
Market cap	US$ 1.9bn
Free float	39%
3M ADV	US$ 16.2mn
52wk high/low	Rs 747/Rs 437
Promoter/FPI/DII	49%/10%/16%

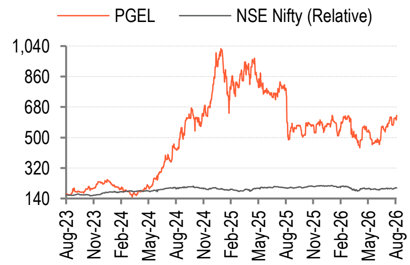
Source: NSE | Price as of 7 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	52,880	65,878	80,454
EBITDA (Rs mn)	3,870	5,493	7,200
Adj. net profit (Rs mn)	1,966	3,076	4,465
Adj. EPS (Rs)	6.9	10.8	15.6
Adj. ROAE (%)	6.7	9.6	12.5
Adj. P/E (x)	91.5	58.5	40.3
EV/EBITDA (x)	47.2	32.3	24.6
Adj. EPS growth (%)	(32.2)	56.5	45.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Q1FY27 Financial Snapshot

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Revenue	20,340	15,039	35	17,167	18	20,768	(2)
EBITDA	1,482	1,212	22	1,188	25	1,505	(2)
EBITDA Margin (%)	7.3	8.1	(80bps)	6.9	40bps	7.2	4bps
Depreciation	265	208		237		265	0
Interest	353	339		260		260	36
Other Income	80	182		128		150	(46)
PBT	944	847	12	818	15	1,130	(16)
Tax	191	180		176		237	(19)
Adjusted PAT	762	670	14	649	18	902	(16)
Exceptional item	-	-		-		-	
Reported PAT	762	670	14	649	18	902	(16)
Adj. PAT Margin (%)	3.7	4.5	(70bps)	3.8	0bps	4.3	(60bps)
EPS (Rs)	2.6	2.3	13	2.2	17	3.1	(16)

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
Products	16,311	11,580	41	13,133	24
Plastic & others	2,946	2,804	5	1,500	96
Electronics	1,083	655	65	2,533	(57)

Source: Company, BOBCAPS Research

Earnings Call Highlights

Commodity costs and pass-through timing

- Management stated that cost inflation remains partially unrecovered. The next price increase with clients is planned for the December quarter, as the July-September lean season does not support repricing. Brands attempted July hikes and rolled them back, leaving pricing brand-specific and pressure across the value chain.
- Following the 10% GST cut, management expects a further 10-15% brand-level price increase to be absorbed without material demand impact, noting entry AC prices remain around Rs 35k and AC has seen little price inflation over a long horizon.

RAC industry demand and volume trends

- Industry primary volumes grew an estimated 10-15% YoY in Q1FY27 with ASP up 10-12%, implying combined primary growth of 20-25%. PGEL's own RAC volumes grew 20-22%, with ASP up 10-12%.
- Management indicated RAC outsourcing continues to rise as a share of industry volumes, with entry-level models largely outsourced and premium models retained in-house by brands.
- Management expects 15-20% growth in H1FY27 and over 20% volume growth for the full year, targeting 20% if the industry grows 15%.

A new rotary compressor manufacturing facility at Supa

- Mass production is targeted for December-January with the 2mn-unit line coming online this financial year. A decision on adding a second 2mn-unit line at the same plant could be taken in April-May once the FY27 season is visible.
- Current compressor realisation in India is around Rs 2.8-3.0k per unit. Management expects the first line to be largely absorbed by in-house AC manufacturing and to be margin-additive.
- India imports 50-60% of its compressors. Imports are capped at 25% of FY25 levels (~2.5mn units) until 31 March 2027, after which the QCO bars them entirely; copper tubing faces similar restriction from November. Management expects domestic availability to tighten from January-February.

The refrigerator manufacturing facility at Sri City

- Capacity is 1.2mn units, with commercial production targeted in Q4FY27 and meaningful revenue from FY28. The anchor customer has committed 30-35% of plant capacity, with discussions under way with additional customers.
- Side-by-side manufacturing is expected to begin in Oct-Nov, with direct-cool in the first phase and frost-free and multi-door in the second. Management indicated 600-700k units in FY28 would represent a meaningful revenue contribution.

Washing machine capacity and outlook

- The new DMIC Greater Noida campus has a capacity of 1.8mn units per annum, taking total washing machine capacity to around 3mn units. The fully automatic sub-segment grew 150% YoY in the quarter.
- A new 18-20kg platform is being launched, taking PGEL into a higher-capacity, higher-value segment it has not previously addressed. Annualised utilisation on the prior capacity base was around 70%, with peak-season utilisation exceeding 100%; management targets 70-80% utilisation of the enlarged base by FY28.

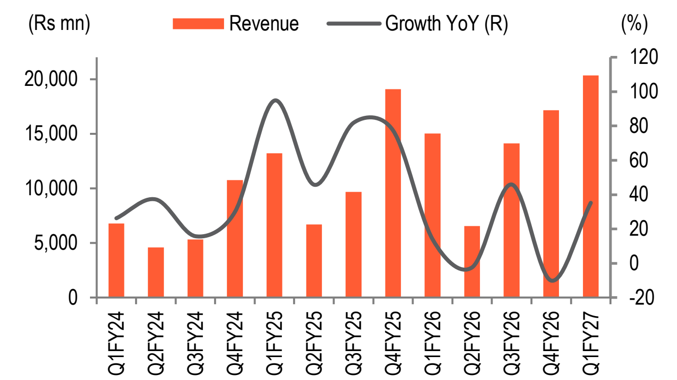
Capex and capital efficiency

- FY27 capex is guided at ~Rs 4.0bn, covering completion of the compressor and refrigerator projects and the new Salarpur parcel in Rajasthan, into which plastic moulding and other Greater Noida operations are being consolidated. Gross block will have more than doubled by end-FY27 vs three years earlier; management targets fixed asset turns above 4x and frames the next 18-24 months as a period of sweating assets rather than adding capacity.

Medium-term positioning

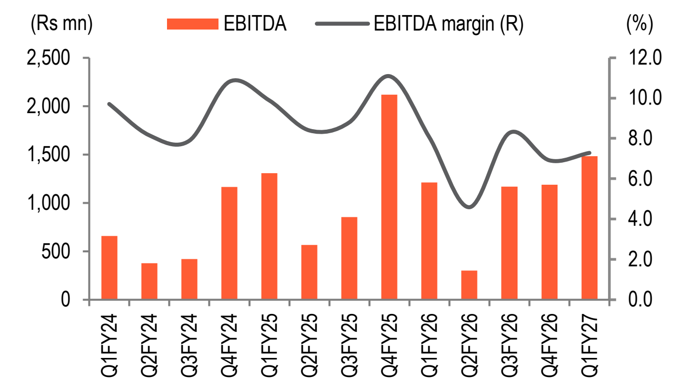
- Management expects 25-30% growth in FY28 and indicated it would accept FY29 as a consolidation year focused on ROCE and ROE improvement if required.
- AC currently accounts for 60-65% of consolidated sales; management aims to reduce this to 50-55% over two to three years as refrigerators, compressors and washing machines scale.

Fig 3 – Revenue growth trend



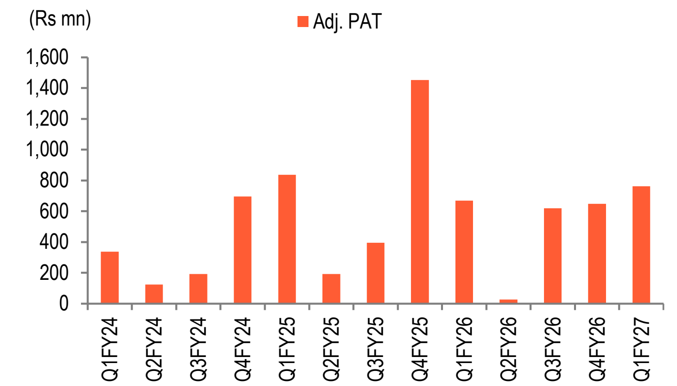
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



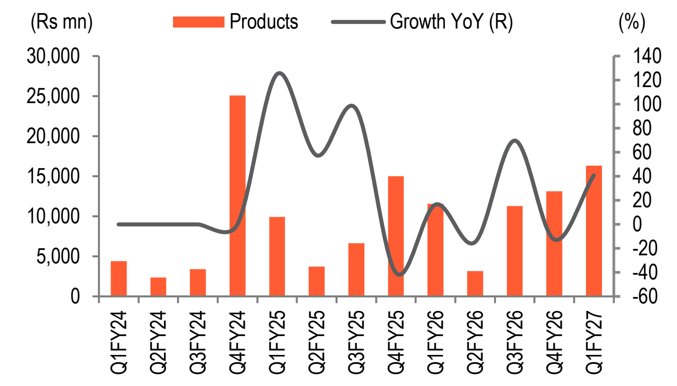
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



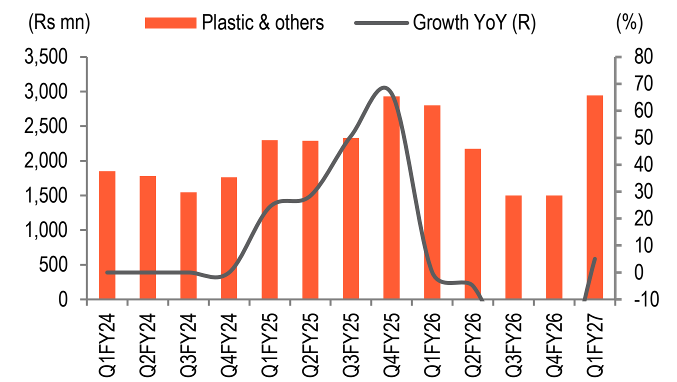
Source: Company, BOBCAPS Research

Fig 6 – Products performance



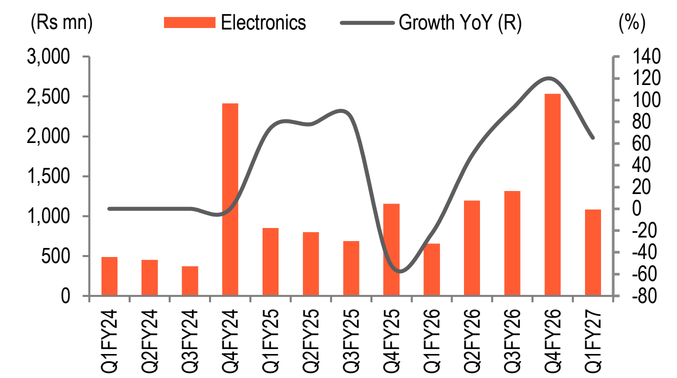
Source: Company, BOBCAPS Research

Fig 7 – Plastic & others performance



Source: Company, BOBCAPS Research

Fig 8 – Electronics performance

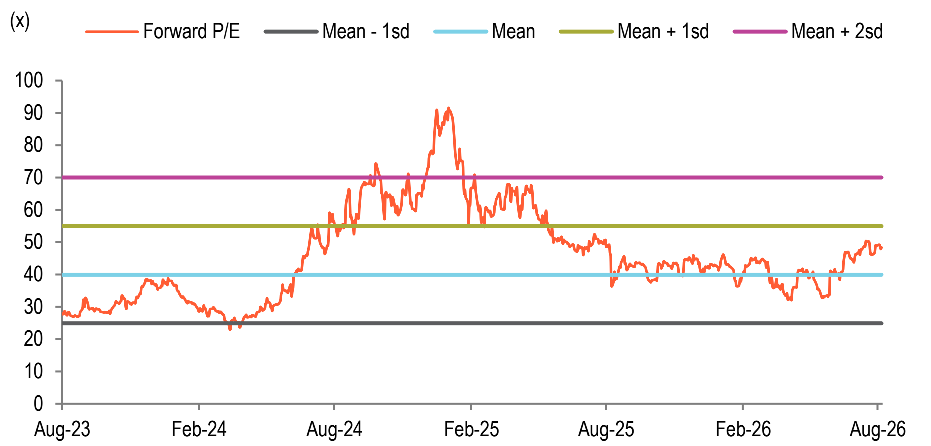


Source: Company, BOBCAPS Research

Valuation methodology

We have raised our FY27E-FY29E earnings to reflect the Q1 volume recovery and the pace of new capacity ramp-ups. We raise our FY27E/FY28E revenue estimates by 3%/5% while cut EBITDA estimates by 3% for FY27E/FY28E. We estimate revenue/EBITDA/PAT to grow at 22%/34%/46% CAGR over FY26-29E, driven by compressor and refrigerator commissioning, washing machine momentum from the DMIC Greater Noida ramp, and normalised channel inventory. We assign 40x multiple to Jun'28E EPS to arrive at a Jun'27 TP of Rs 690. On rich valuations we downgrade to HOLD.

Fig 9 – PGEL 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	65,878	80,454	95,180	64,168	76,823	88,497	3	5	8
EBITDA	5,493	7,200	9,225	5,655	7,412	8,657	(3)	(3)	7
EBITDA Margin (%)	8.3	8.9	9.7	8.8	9.6	10	(48bps)	(70bps)	(9bps)
PAT	3,076	4,465	6,124	3,222	4,633	5,673	(5)	(4)	8

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**48,695**	**52,880**	**65,878**	**80,454**	**95,180**
EBITDA	4,841	3,870	5,493	7,200	9,225
Depreciation	656	882	1,113	1,424	1,606
EBIT	4,184	2,988	4,380	5,777	7,619
Net interest inc./(exp.)	(537)	(469)	(575)	(236)	8
Other inc./(exp.)	351	548	581	616	653
Exceptional items	0	0	0	0	0
EBT	3,647	2,519	3,806	5,540	7,627
Income taxes	738	583	780	1,136	1,564
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(31)	30	50	60	60
Reported net profit	**2,878**	**1,966**	**3,076**	**4,465**	**6,124**
Adjustments	0	0	0	0	0
Adjusted net profit	**2,878**	**1,966**	**3,076**	**4,465**	**6,124**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	13,744	17,573	21,893	26,736	31,630
Other current liabilities	4,802	4,755	5,923	7,234	8,558
Provisions	0	0	0	0	0
Debt funds	3,019	4,997	4,247	3,497	2,947
Other liabilities	1,361	1,656	1,656	1,656	1,656
Equity capital	283	285	285	285	285
Reserves & surplus	27,999	30,201	33,276	37,741	43,864
Shareholders' fund	28,282	30,486	33,561	38,026	44,150
Total liab. and equities	**51,208**	**59,467**	**67,280**	**77,149**	**88,941**
Cash and cash eq.	9,797	3,894	358	2,264	5,882
Accounts receivables	9,804	11,840	14,439	17,634	19,558
Inventories	13,162	16,013	19,854	19,838	23,469
Other current assets	4,775	6,193	7,715	9,422	11,147
Investments	0	0	0	0	0
Net fixed assets	11,343	15,348	20,860	23,936	24,831
CWIP	736	3,124	1,000	1,000	1,000
Intangible assets	42	52	52	52	52
Deferred tax assets, net	0	0	0	0	0
Other assets	1,549	3,003	3,003	3,003	3,003
Total assets	**51,208**	**59,467**	**67,280**	**77,149**	**88,941**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(766)**	**(782)**	**1,714**	**7,157**	**6,668**
Capital expenditures	(4,872)	(7,832)	(4,500)	(4,500)	(2,500)
Change in investments	1	5,296	0	0	0
Other investing cash flows	(7,142)	560	0	0	0
Cash flow from investing	**(12,014)**	**(1,977)**	**(4,500)**	**(4,500)**	**(2,500)**
Equities issued/Others	14,899	167	0	0	0
Debt raised/repaid	(728)	1,978	(750)	(750)	(550)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(881)	(1,327)	0	0	0
Cash flow from financing	**13,290**	**818**	**(750)**	**(750)**	**(550)**
Chg in cash & cash eq.	**510**	**(1,941)**	**(3,536)**	**1,907**	**3,618**
Closing cash & cash eq.	**9,797**	**3,894**	**358**	**2,264**	**5,882**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	10.2	6.9	10.8	15.6	21.5
Adjusted EPS	10.2	6.9	10.8	15.6	21.5
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	99.9	106.8	117.6	133.3	154.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.7	3.5	2.7	2.2	1.9
EV/EBITDA	37.7	47.2	32.3	24.6	19.6
Adjusted P/E	62.0	91.5	58.5	40.3	29.4
P/BV	6.3	5.9	5.4	4.7	4.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	78.9	78.0	80.8	80.6	80.3
Interest burden (PBT/EBIT)	87.2	84.3	86.9	95.9	100.1
EBIT margin (EBIT/Revenue)	8.6	5.7	6.6	7.2	8.0
Asset turnover (Rev./Avg TA)	429.3	344.5	315.8	336.1	383.3
Leverage (Avg TA/Avg Equity)	0.6	0.5	0.7	0.7	0.6
Adjusted ROAE	14.9	6.7	9.6	12.5	14.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	77.3	8.6	24.6	20.0	18.3
EBITDA	84.9	(20.1)	41.9	31.1	28.1
Adjusted EPS	96.1	(32.2)	56.5	45.2	37.2
Profitability & Return ratios (%)					
EBITDA margin	9.9	7.3	8.3	8.9	9.7
EBIT margin	8.6	5.7	6.6	7.2	8.0
Adjusted profit margin	2.8	5.4	3.0	3.8	4.7
Adjusted ROAE	14.9	6.7	9.6	12.5	14.9
ROCE	21.3	10.3	11.5	13.0	15.0
Working capital days (days)					
Receivables	73	82	80	80	75
Inventory	99	111	110	90	90
Payables	103	121	121	121	121
Ratios (x)					
Gross asset turnover	4.2	3.3	3.0	2.9	3.1
Current ratio	1.9	1.5	1.4	1.3	1.4
Net interest coverage ratio	4.7	2.9	3.8	6.8	11.8
Adjusted debt/equity	0.1	0.2	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Note: Recommendation structure changed with effect from 21 June 2021

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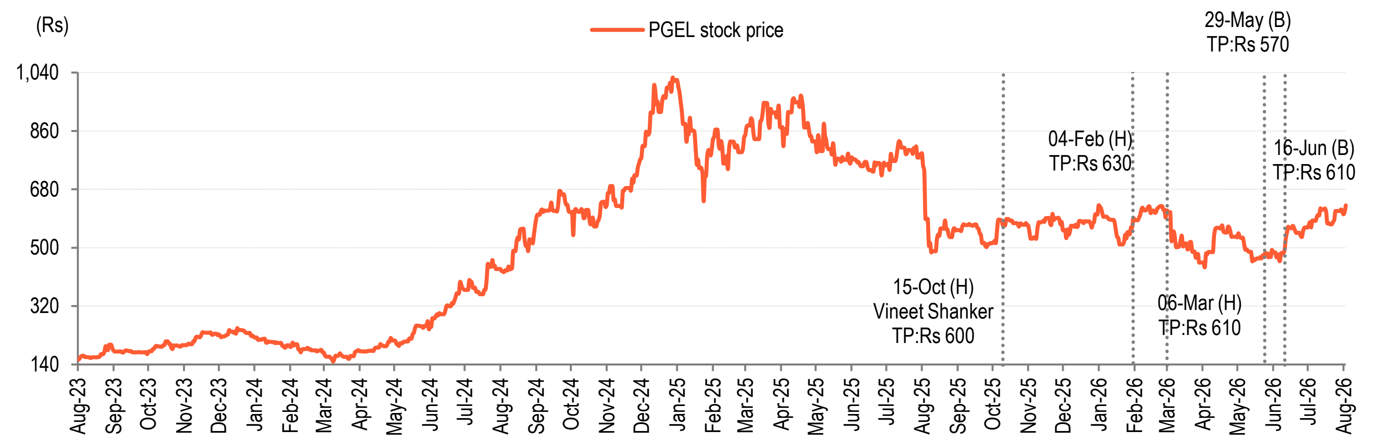
Ratings and Target Price (3-year history): PG ELECTROPLAST (PGEL IN)



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