RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 600 | ⮝ 7%

PG ELECTROPLAST | Consumer Durables | 13 November 2025

Estimate miss; earlier guidance intact

- **Earnings miss on weak AC demand. Q2 revenue declined 2% YoY led by ~15% YoY decline in the Products business**
- **Within products business, 45% YoY decline in RAC was offset by 55% YoY growth in the sales of washing machines**
- **Tweak estimates, ascribe unchanged multiple (~40x) to arrive at Sept'26 TP of Rs 600; maintain HOLD**

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Weak operating performance resulted in margin miss: Revenue came in at Rs 6.6bn, down 2% YoY (-56% QoQ), marginally trailing our Rs 6.7bn estimate (3% miss). EBITDA declined 47% YoY to Rs 301mn, well below our Rs 416mn forecast (28% miss), as utilisation for ACs remained weak. EBITDA margin compressed 380bps YoY to 4.6%. Adjusted PAT declined sharply to Rs 28mn (-86% YoY). During 1H, revenue grew 8% YoY while EBITDA declined 19% YoY.

Product weakness persists; non-ac segments provide cushion: Products division (RAC + washing machines) posted Rs 3.2bn in revenue, down 15% YoY, as weak AC volumes and elevated channel inventory weighed on performance, partly offset by a robust ~55% YoY surge in washing machines. Plastic & Others revenue moderated YoY, with the fall driven largely by lower realisations on softer resin prices vs underlying volume weakness. In contrast, we estimate the Electronics segment delivering a strong quarter, rising 49% YoY to Rs 1.2bn, supported by broad-based non-AC applications.

Maintains guided growth; H2 recovery tied to inventory normalisation and BEE-led pre-buying: Margins remained under pressure this quarter, weighed down by weak utilisation in the AC business and a sharp swing into a Rs 84mn forex loss (vs a Rs 12mn gain YoY), while elevated working capital, driven by higher inventories and slower collections, continued to constrain cashflows. Nevertheless, management expects a gradual improvement in H2, supported by BEE rating transition led pre-buying, GST-cut led pent up demand, and strong order book visibility leading to 17-21% revenue growth for FY26.

Revise estimates, maintain HOLD: We have tweaked our FY26-28E earnings to factor in the continued weakness in the AC segment and expect demand recovery in FY27, led by the pent-up demand and improving affordability. We ascribe a multiple of 41x to arrive at Sept26 TP of Rs 600 (unchanged). Maintain HOLD.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	PGEL IN/Rs 559
Market cap	US$ 1.8bn
Free float	39%
3M ADV	US$ 25.8mn
52wk high/low	Rs 1,054/Rs 465
Promoter/FPI/DII	49%/10%/16%

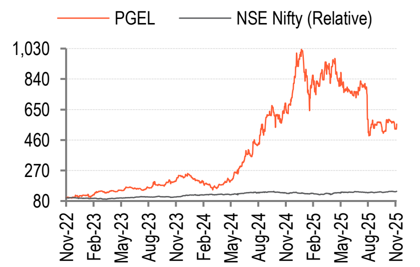
Source: NSE | Price as of 13 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	48,695	54,649	66,979
EBITDA (Rs mn)	4,841	4,978	6,466
Adj. net profit (Rs mn)	2,878	2,671	3,552
Adj. EPS (Rs)	10.2	9.4	12.5
Consensus EPS (Rs)	10.2	9.4	12.5
Adj. ROAE (%)	14.9	9.0	10.9
Adj. P/E (x)	55.0	59.3	44.6
EV/EBITDA (x)	33.2	32.5	24.4
Adj. EPS growth (%)	96.1	(7.2)	33.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY26 performance

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	Q2FY26E	Variance (%)
Revenue	6,554	6,713	(2)	15,039	(56)	21,592	19,920	8	6,740	(3)
EBITDA	301	564	(47)	1,212	(75)	1,513	1,870	(19)	416	(28)
EBITDA Margin (%)	4.6	8.4	(380bps)	8.1	(350bps)	7.0	9.4	(240bps)	6.2	(158bps)
Depreciation	216	154		208		425	305		220	(2)
Interest	167	150		339		506	334		340	(51)
Other Income	146	41		182		328	80		100	46
PBT	63	301	(79)	847	(93)	910	1,312	(31)	(44)	(243)
Tax	39	106		180		219	268		0	#DIV/0!
Adjusted PAT	28	193	(86)	670	(96)	697	1,030	(32)	(34)	(180)
Exceptional item	-	-		-		-	-		-	
Reported PAT	28	193	(86)	670	(96)	697	1,030	(32)	(34.3)	(180)
Adj. PAT Margin (%)	0.4	2.9	(250bps)	4.5	(400bps)	3.2	5.2	(190bps)	(0.5)	93bps
EPS (Rs)	0.8	7.4	(89)	23.5	(96)	24.3	39.9	(39)	(0.4)	(334)

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

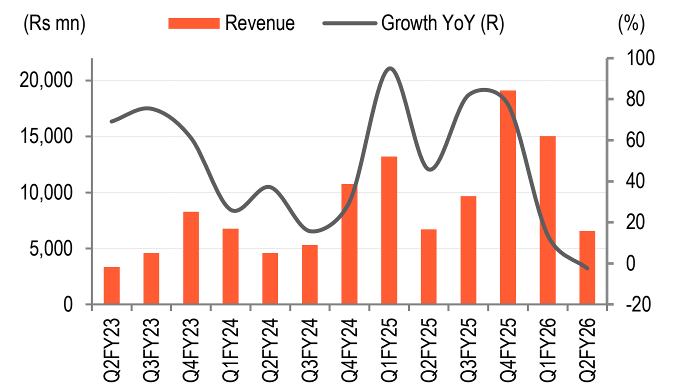
Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment revenue								
Products	3,185	3,735	(15)	11,580	(72)	14,765	13,675	8
Plastic & others	2,176	2,290	(5)	2,300	(5)	4,476	4,590	(2)
Electronics	1,193	800	49	1,159	3	2,352	1,650	43

Source: Company, BOBCAPS Research

Earnings Call Highlights

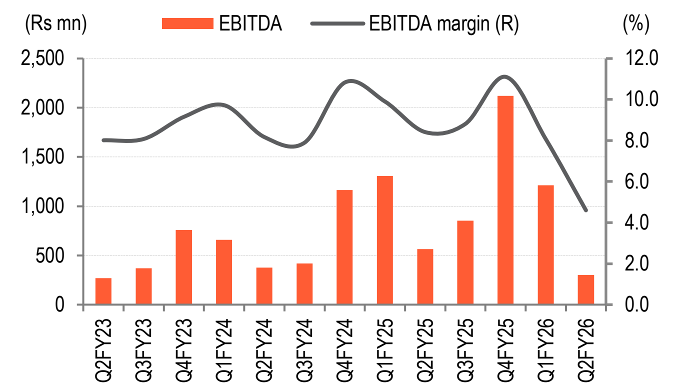
- Management noted that H1 remained challenging for the RAC industry, with secondary demand significantly weaker due to early monsoons, muted sentiment and the mid-August GST transition; despite weakness, PGEL posted ~2.5% AC growth in H1, outperforming the industry's ~25% decline.
- The upcoming energy-label change (effective January) is shaping production schedules across OEMs, with brands set to build new-rating models beginning late December PGEL clarified that its raw-material inventory faces no obsolescence risk, as >99% of the existing inputs are compatible with the new-rating SKUs.
- Channel inventory stays elevated at ~1.5-2.0mn units as of early November, with brands indicating improving throughput. Management expects inventory to normalise through November-December, supported by the GST rate cut and typical pre-season build-up, while the upcoming energy-rating transition is likely to drive broader channel refilling across the industry.
- Commodity inflation has begun to firm up driven by copper, aluminium and FX movement. Brands will likely take price hikes during the upcoming season, albeit with a limited near-term pricing power due to the elevated competitive intensity.
- Diversification efforts continue, led by strong traction in washing machines and selective expansion in components, tooling and coolers. Management reaffirmed its strategy of reducing dependence on AC and scaling non-seasonal categories. PGEL expects washing machines to contribute ~15% of medium-term revenue.
- Component revenues remained stable, with Q2 softness driven by lower raw-material prices rather than volumes. The company continues to invest selectively in higher-ROCE component, tooling and plastics opportunities.
- Working capital remained elevated on inventory build-up and slower receivables in H1, but PGEL expects a gradual improvement through H2 as production schedules strengthen, and GST rationalisation tightens the WC cycle; operating cash flows should improve meaningfully as inventory releases.
- The Goodworth JV has ramped up well, delivering Rs 4.8bn of revenue and Rs 103mn EBITDA in H1; ECMS applications have been filed across camera modules, display modules, mechanical enclosures and PCBs, with approvals pending. Future capex will depend on sanction and securing the required technology partners.
- Management reaffirmed FY26 capex of Rs 7-7.5bn, with Rs 3.8bn already incurred in H1 across refrigerators, washing machines, RAC capacity and specialised plastics/tooling projects. FY27 capex is expected to be meaningfully lower.
- RAC capacity is slated to increase from 0.35 mn to 0.43 mn units/month by December, with cooler capacity expansion planned in FY27. Outsourcing trends across leading RAC brands are expected to remain structurally intact. Management reiterated that seasonality, high capital intensity and low ROIC make standalone captive manufacturing unattractive for most brands, keeping the hybrid outsourcing model firmly in place.

Fig 3 – Revenue growth trend



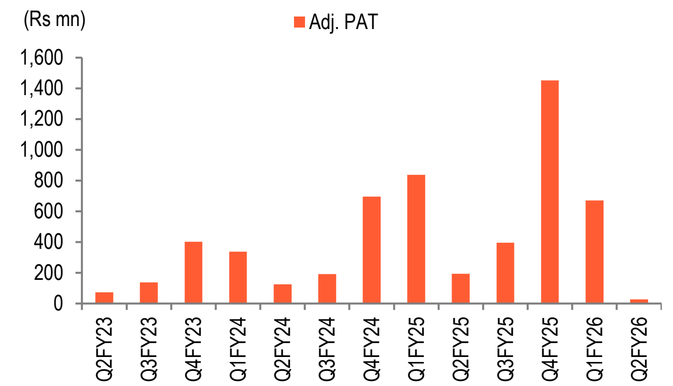
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



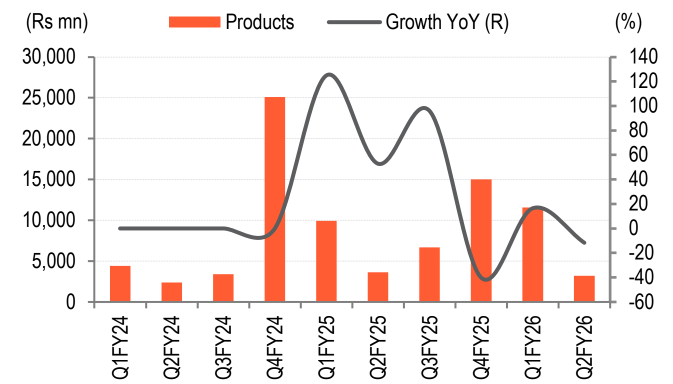
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



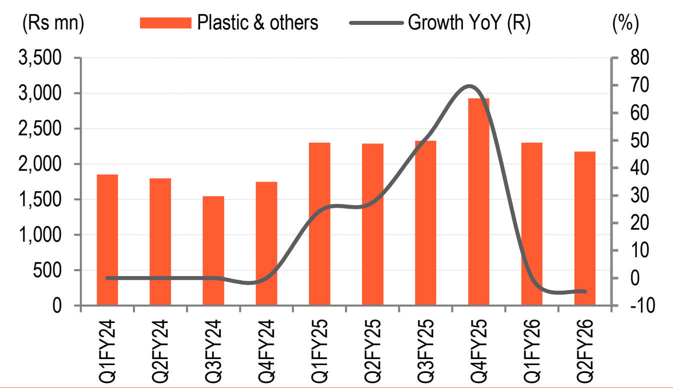
Source: Company, BOBCAPS Research

Fig 6 – Products performance



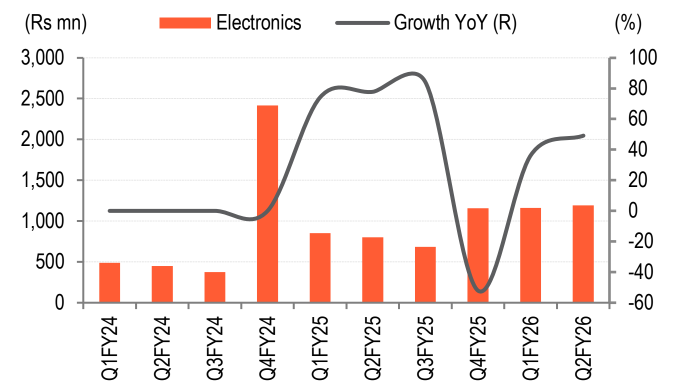
Source: Company, BOBCAPS Research

Fig 7 – Plastic & others performance



Source: Company, BOBCAPS Research

Fig 8 – Electronics performance

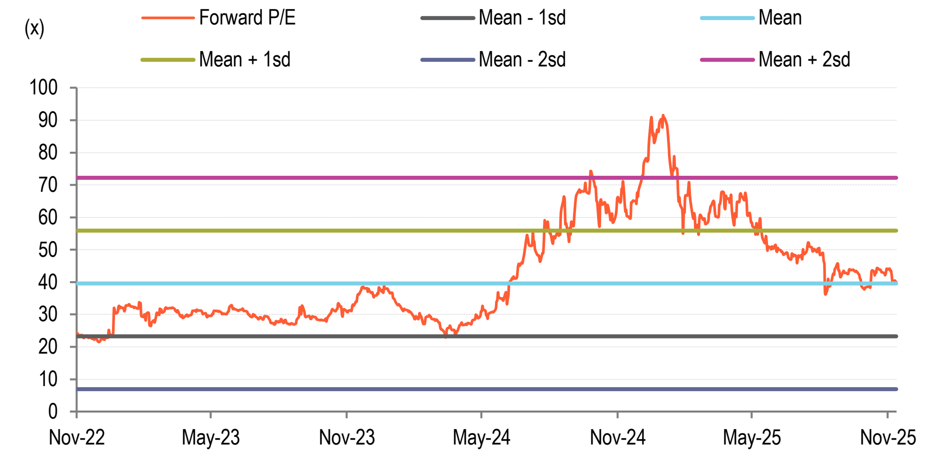


Source: Company, BOBCAPS Research

Valuation Methodology

We have tweaked our FY26-28E earnings to factor in the continued weakness in the AC segment and expect demand recovery in FY27, led by the pent-up demand and improving affordability. We ascribe multiple of 41x to arrive at Sept26 TP of Rs 600 (unchanged). Maintain HOLD.

Fig 9 – PGEL 1YF P/E



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	54,649	66,979	81,442	55,905	68,446	83,090	(2)	(2)	(2)
EBITDA	4,978	6,466	8,338	5,335	6,707	8,300	(7)	(4)	0
EBITDA Margin (%)	9.1	9.7	10.2	9.5	9.8	10.0	(44bps)	(15bps)	25bps
PAT	2,671	3,552	4,761	2,642	3,563	4,714	1	0	1

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**27,465**	**48,695**	**54,649**	**66,979**	**81,442**
EBITDA	2,618	4,841	4,978	6,466	8,338
Depreciation	466	656	941	1,469	1,895
EBIT	2,152	4,184	4,036	4,997	6,443
Net interest inc./(exp.)	(387)	(537)	(727)	(592)	(530)
Other inc./(exp.)	130	351	404	444	489
Exceptional items	0	0	0	0	0
EBT	1,765	3,647	3,309	4,405	5,914
Income taxes	395	738	678	903	1,212
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(21)	(31)	40	50	60
Reported net profit	**1,349**	**2,878**	**2,671**	**3,552**	**4,761**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,349**	**2,878**	**2,671**	**3,552**	**4,761**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	6,464	13,744	15,424	18,904	22,986
Other current liabilities	1,435	4,802	5,389	6,605	8,031
Provisions	0	0	0	0	0
Debt funds	3,606	3,019	4,519	3,769	3,019
Other liabilities	1,194	1,361	1,361	1,361	1,361
Equity capital	260	283	283	283	283
Reserves & surplus	10,121	27,999	30,670	34,221	38,983
Shareholders' fund	10,381	28,282	30,953	34,504	39,266
Total liab. and equities	**23,080**	**51,208**	**57,646**	**65,144**	**74,663**
Cash and cash eq.	1,824	9,797	4,111	2,450	6,880
Accounts receivables	5,530	9,804	11,978	14,680	17,850
Inventories	5,434	13,162	16,470	20,186	20,082
Other current assets	1,269	4,775	5,358	6,567	7,985
Investments	0	0	0	0	0
Net fixed assets	7,813	11,343	12,138	19,669	20,274
CWIP	632	736	6,000	0	0
Intangible assets	34	42	42	42	42
Deferred tax assets, net	0	0	0	0	0
Other assets	543	1,549	1,549	1,549	1,549
Total assets	**23,080**	**51,208**	**57,646**	**65,144**	**74,663**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**1,863**	**(766)**	**(186)**	**2,089**	**7,680**
Capital expenditures	(2,258)	(4,872)	(7,000)	(3,000)	(2,500)
Change in investments	(88)	1	0	0	0
Other investing cash flows	(1,646)	(7,142)	0	0	0
Cash flow from investing	**(3,992)**	**(12,014)**	**(7,000)**	**(3,000)**	**(2,500)**
Equities issued/Others	0	14,899	0	0	0
Debt raised/repaid	(2,091)	(728)	1,500	(750)	(750)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	4,434	(881)	0	0	0
Cash flow from financing	**2,344**	**13,290**	**1,500**	**(750)**	**(750)**
Chg in cash & cash eq.	**215**	**510**	**(5,686)**	**(1,661)**	**4,430**
Closing cash & cash eq.	**1,824**	**9,797**	**4,111**	**2,450**	**6,880**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	51.8	10.2	9.4	12.5	16.8
Adjusted EPS	51.8	10.2	9.4	12.5	16.8
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	398.9	99.9	109.3	121.9	138.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.6	3.3	3.0	2.4	2.0
EV/EBITDA	59.2	33.2	32.5	24.4	19.1
Adjusted P/E	10.8	55.0	59.3	44.6	33.3
P/BV	1.4	5.6	5.1	4.6	4.0

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.4	78.9	80.7	80.6	80.5
Interest burden (PBT/EBIT)	82.0	87.2	82.0	88.2	91.8
EBIT margin (EBIT/Revenue)	7.8	8.6	7.4	7.5	7.9
Asset turnover (Rev./Avg TA)	351.5	429.3	450.2	340.5	401.7
Leverage (Avg TA/Avg Equity)	1.1	0.6	0.4	0.6	0.5
Adjusted ROAE	18.8	14.9	9.0	10.9	12.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	27.2	77.3	12.2	22.6	20.0
EBITDA	48.6	84.9	2.8	29.9	29.0
Adjusted EPS	52.2	96.1	(7.2)	33.0	34.1
Profitability & Return ratios (%)					
EBITDA margin	9.5	9.9	9.1	9.7	10.2
EBIT margin	7.8	8.6	7.4	7.5	7.9
Adjusted profit margin	2.8	2.8	5.3	4.0	4.4
Adjusted ROAE	18.8	14.9	9.0	10.9	12.9
ROCE	16.6	21.3	12.5	11.9	13.8
Working capital days (days)					
Receivables	73	73	80	80	80
Inventory	72	99	110	110	90
Payables	86	103	103	103	103
Ratios (x)					
Gross asset turnover	3.4	4.2	3.8	3.4	3.2
Current ratio	1.5	1.9	1.6	1.6	1.6
Net interest coverage ratio	4.2	4.7	3.6	4.8	6.3
Adjusted debt/equity	0.3	0.1	0.1	0.1	0.1

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

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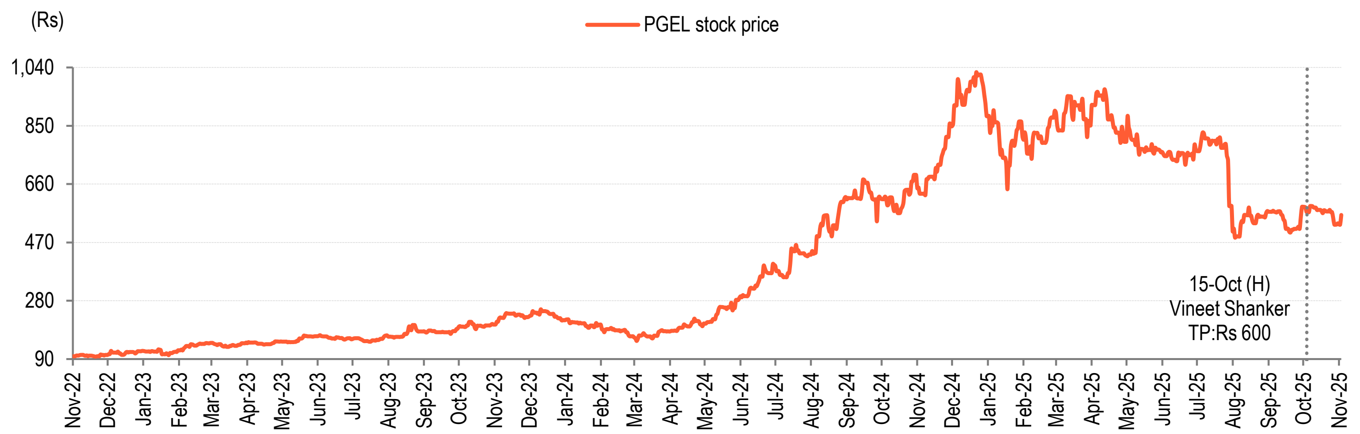
SELL – Expected return <-6%
Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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



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