BOBCAPS
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BUY
TP: Rs 570 | ⮝ 20%

PG ELECTROPLAST | Consumer Durables | 29 May 2026

Margins tighten amid supply disruptions and rising costs

- **Q4FY26 revenue declined 10% YoY, missing estimates by 20%, as March production was impaired by LPG crisis and logistics disruptions**
- **Profitability declined sharply; EBITDA margin compressed 420bps YoY to 6.9% on production disruptions and operating deleverage**
- **Cut estimates, ascribe 35x multiple to arrive at Mar'27 TP of Rs 570. Upgrade to BUY**

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Revenue misses sharply; margins compress to cyclical lows: Q4FY26 revenue came in at Rs 17.2bn, down 10% YoY and 20% below our estimate of Rs 21.5bn, dragged by supply disruptions and weak Jan–Feb offtake. EBITDA declined 44% YoY to Rs 1.2bn, with margin at 6.9% down 420bps YoY on input cost inflation, forex headwinds, and negative operating leverage. Adjusted PAT fell 55% YoY to Rs 649mn with margin at 3.8% (-380bps YoY). For FY26, revenue grew 9% YoY to Rs 52.9bn, while EBITDA declined 20% to Rs 3.9bn with margin at 7.3% and adjusted PAT fell 32% to Rs 2.0bn.

RAC weighs on Products; washing machine scale-up gains traction: Products revenue fell 13% YoY to Rs 13.1bn in Q4, with RAC declining 12% to Rs 12.1bn on weak January–February offtake and March production losses. For FY26, RAC revenue grew 9% YoY to Rs 32.9bn against an estimated ~15% industry primary volume decline, implying continued wallet share gains. Washing machines grew 51% YoY for FY26 and 70% in Q4 as the new Greater Noida facility ramped and semi-automatic outsourcing momentum built further.

Electronics doubles on Goodworth JV ramp; Plastics contracts on weak demand and facility restructuring: Electronics revenue more than doubled YoY to Rs 2.5bn in Q4, driven by the Goodworth TV JV which reported quarterly revenue of Rs 1.6bn (+44% YoY) with EBITDA inflecting to Rs 62mn from near-breakeven a year ago signalling the JV is now past the gestation phase. Plastics & Others halved YoY to Rs 1.5bn, weighed by softer demand in discretionary moulding categories and a production transition as multiple facilities are being consolidated into a new Salarpur campus to drive scale efficiencies.

FY27 outlook improving but recovery pace uncertain: Channel inventory has normalised by mid-May with early summer sellout tracking ahead of year-ago levels, setting up a favourable base. However, risks persist from rupee volatility, commodity cost pass-through lags, and competitive intensity in the final year of industry PLI targets. Management is targeting EBITDA margins towards 8% as operating leverage returns, though the trajectory remains demand-dependent.

Key changes

Target	Rating
▼	▲

Ticker/Price	PGEL IN/Rs 476
Market cap	US$ 1.4bn
Free float	39%
3M ADV	US$ 21.0mn
52wk high/low	Rs 836/Rs 437
Promoter/FPI/DII	49%/10%/16%

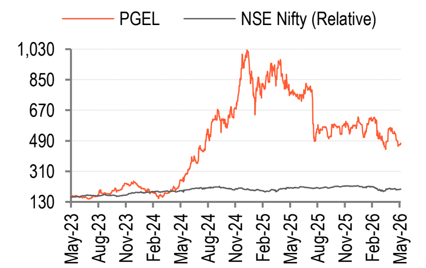
Source: NSE | Price as of 27 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	52,880	64,168	76,823
EBITDA (Rs mn)	3,870	5,655	7,412
Adj. net profit (Rs mn)	1,966	3,222	4,633
Adj. EPS (Rs)	6.9	11.3	16.2
Adj. ROAE (%)	6.7	10.0	12.9
Adj. P/E (x)	69.1	42.2	29.3
EV/EBITDA (x)	35.8	23.6	18.1
Adj. EPS growth (%)	(32.2)	63.9	43.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Cut estimates, Upgrade to BUY: We have cut our FY27E/FY28E earnings to factor in a slower margin recovery and persistent input cost and forex headwinds. We expect operating leverage to gradually return through FY27, supported by normalised channel inventory and new capacity ramp-ups. We ascribe 35x P/E to Mar'28E EPS to arrive at a Mar'27 TP of Rs 570. Given a significant room for upside, we upgrade to BUY.

Fig 1 – Quarterly & FY26 financial highlights

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	Q4FY26E	Var (%)
Revenue	17,167	19,099	(10)	14,121	22	52,880	48,695	9	21,455	(20)
EBITDA	1,188	2,119	(44)	1,169	2	3,870	4,841	(20)	2,151	(45)
EBITDA Margin (%)	6.9	11.1	(420bps)	8.3	(140bps)	7.3	9.9	(260bps)	10.0	(311bps)
Depreciation	237	187		220		882	656		224	6
Interest	260	331		250		1,016	889		374	(31)
Other Income	128	199		92		548	351		107	20
PBT	818	1,799	(55)	791	3	2,519	3,647	(31)	1,659	(51)
Tax	176	335		188		583	738		393	(55)
Adjusted PAT	649	1,452	(55)	620	5	1,966	2,878	(32)	1,283	(49)
Exceptional item	-	-		-		-	-		-	
Reported PAT	649	1,452	(55)	620	5	1,966	2,878	(32)	1,283.4	(49)
Adj. PAT Margin (%)	3.8	7.6	(380bps)	4.4	(60bps)	3.7	5.9	(220bps)	6.0	(220bps)
EPS (Rs)	2.2	5.2	(56)	2.1	6	68.2	111.2	(39)	13.4	(83)

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Segment revenue								
Products	13,133	15,014	(13)	11,306	16	39,204	35,350	11
Plastic & others	1,500	2,930	(49)	1,500	0	7,476	9,850	(24)
Electronics	2,533	1,155	119	1,315	93	6,201	3,490	78

Source: Company, BOBCAPS Research

Earnings Call Highlights

- Management highlighted the sharp Q4 revenue shortfall was attributed to two specific supply-side disruptions in March: a commercial LPG shortage arising from the Gulf conflict forced nearly two-week plant shutdowns at the Supa facility, causing an estimated Rs 3.0bn in lost RAC production, while a concurrent diesel-driven truck shortage stranded finished goods at plants, deferring an additional ~Rs 1.2bn in dispatches into April. Together, these disruptions accounted for ~Rs 4.2bn of lost sales in the quarter.

- The Indian rupee depreciated ~20% YoY against the USD during FY26, driving a full-year forex loss of Rs 388mn versus a gain of Rs 180mn in FY25. Mark-to-market losses on unhedged liabilities at the quarter-end rate of Rs 94.8/USD amplified the Q4 hit. Management acknowledged currency remains a key FY27 uncertainty, with internal budgeting assuming up to Rs 97/USD.

- The RAC industry saw an estimated ~15% decline in primary volumes during FY26, hit by three sequential shocks an early prolonged monsoon collapsing the Q1 season, a GST rate cut announcement in August freezing channel purchases until late September, and BEE rating transition anticipation depressing January–February offtake.

- EBITDA margins are guided to improve towards 8% in FY27 as operating leverage returns with higher volumes, input cost pressures moderate, and cost discipline initiatives take effect. Management cautioned, however, that the pace of margin recovery is contingent on demand outcomes, rupee stability, and competitive dynamics in the final year of industry PLI targets.

- **A new rotary compressor manufacturing facility** is being set up at the Supa plant, with machinery already ordered, installation planned from August 2026, and operations targeted by Q4FY27. Phase-1 capacity is 2mn units, expandable to 4mn, with ~60% of value localised and ~40% imported. Management expects the facility to be profitable in its first full year of operations (FY28) at over 70% capacity utilisation and has secured a tie-up with the anchor customer.

- The refrigerator manufacturing facility in Sri City (Andhra Pradesh) is progressing well, with commercial production targeted by Q4FY27. An anchor customer tie-up is already in place, and management expects 50–55% capacity utilisation in the first full year (FY28), with plans to launch frost-free, direct-cool, and side-by-side models from inception.

- Total inventory stood at Rs 16.0bn at end-March, of which ~Rs 13.0bn was in the RAC business (including ~Rs 4.5bn of finished goods). Management is targeting a reduction of Rs 6.0–7.0bn in total inventory by June-end, bringing it below Rs 9.0bn. April and May have already seen meaningful drawdown as sellout momentum improved.

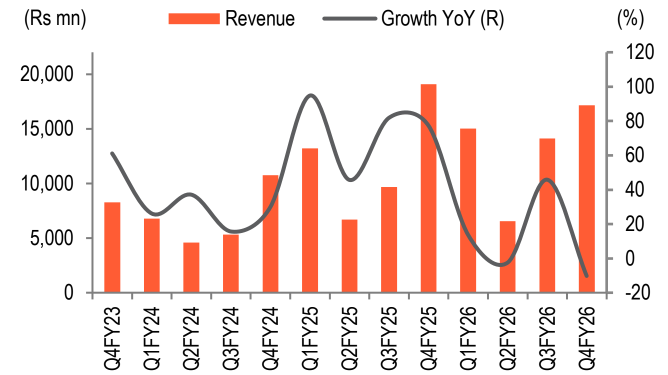
- Total capex in FY26 was Rs 7.9bn, of which ~Rs 5.0bn was deployed in land and building including the Greater Noida washing machine factory, Sri City land and early construction, compressor building completion at Supa, and a new 72-acre land acquisition in Kamargaon, Ahmednagar. Plant and machinery for RAC expansion absorbed ~Rs 1.7bn, the washing machine plant ~Rs 700mn, and remaining businesses ~Rs 350mn. FY27 capex is guided at ~Rs 4.0bn, and management targets restoring fixed asset turns to 4x+ by FY29 as new capacities ramp.

- PLI income of Rs 710mn pertaining to FY26 achievements (including NGM's entitlement) will be recognised in FY27 upon receipt, expected around February–March 2027. Management flagged that the final year of PLI targets for competing brands could create pricing pressure, as some players may resort to aggressive outsourcing volume push to meet steep thresholds.

- Total RAC production in FY26 was ~1.75mn sets (plus ~200k standalone IDUs), against an annual capacity of ~4.5mn, implying utilisation of ~40–45%.

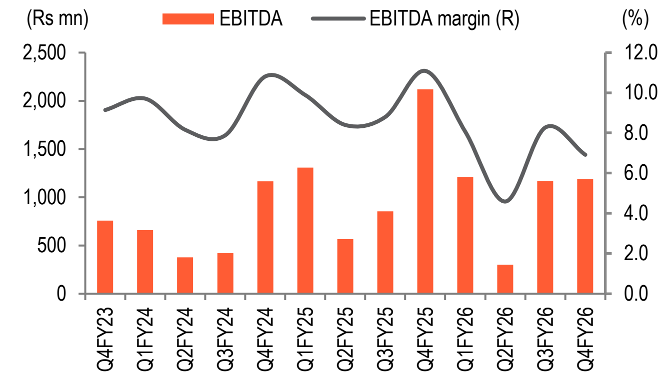
- Management highlighted that the washing machine business is expected to sustain strong momentum, with growth of upwards of 30-35% targeted in FY27, supported by a robust order book and deepening outsourcing relationships. The expanded Greater Noida facility is now operational, and the semi-automatic top-load segment continues to see structural outsourcing gains.

Fig 3 – Revenue growth trend



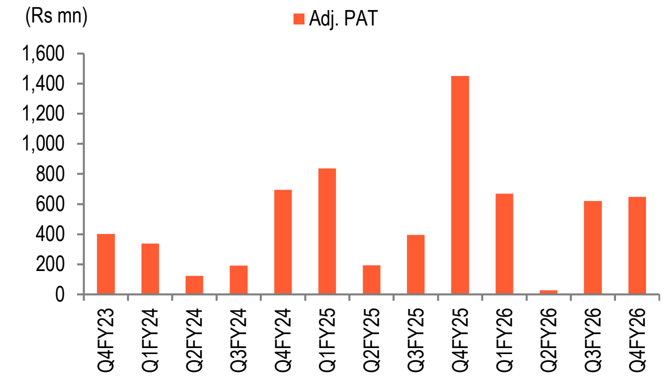
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



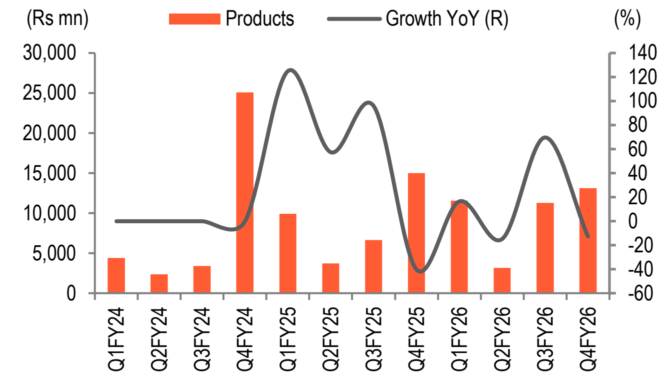
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



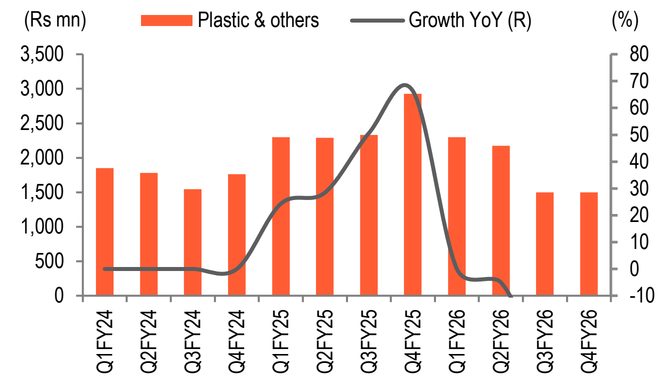
Source: Company, BOBCAPS Research

Fig 6 – Products performance



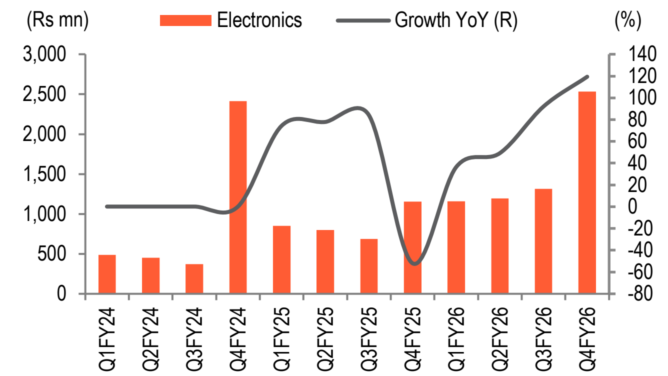
Source: Company, BOBCAPS Research

Fig 7 – Plastic & others performance



Source: Company, BOBCAPS Research

Fig 8 – Electronics performance

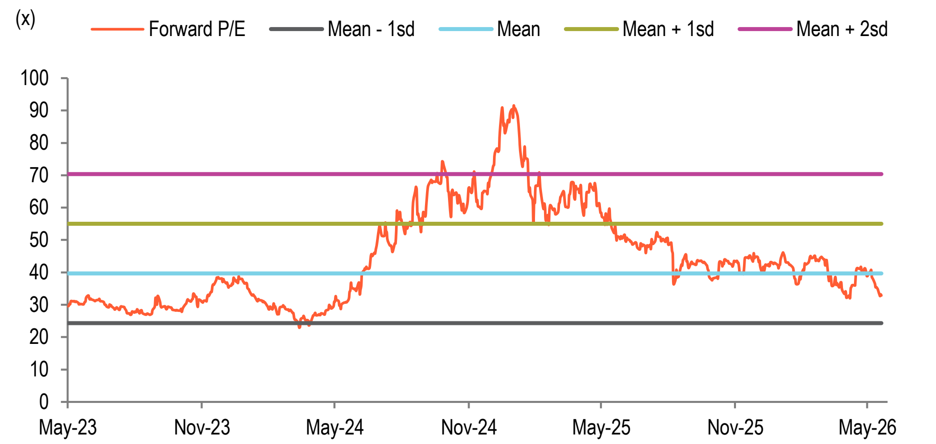


Source: Company, BOBCAPS Research

Valuation methodology

We have lowered our FY27E/FY28E earnings to reflect the Q4 margin compression and a gradual recovery in operating leverage. We lower our FY27E/FY28E revenue estimates by 4%/6% respectively and PAT by 8% and 3%. We estimate revenue/EBITDA/PAT to grow at 19%/31%/42% CAGR over FY26-29E, driven by new capacity ramp-ups in compressors and refrigerators, washing machine momentum, and normalising channel dynamics. We apply 35x multiple to Mar'28E EPS to arrive at a Mar'27 TP of Rs 570. Given significant upside from cmp we upgrade to BUY.

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	64,168	76,823	88,497	66,704	81,649	NA	(4)	(6)	NA
EBITDA	5,655	7,412	8,657	6,425	8,369	NA	(12)	(11)	NA
EBITDA Margin (%)	8.8	9.6	9.8	9.6	10.3	NA	(79bps)	(65bps)	NA
PAT	3,222	4,633	5,673	3,519	4,786	NA	(8)	(3)	NA

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**48,695**	**52,880**	**64,168**	**76,823**	**88,497**
EBITDA	4,841	3,870	5,655	7,412	8,657
Depreciation	656	882	1,091	1,424	1,606
EBIT	4,184	2,988	4,565	5,988	7,052
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	3,990	5,752	7,060
Income taxes	738	583	818	1,179	1,447
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(31)	30	50	60	60
Reported net profit	**2,878**	**1,966**	**3,222**	**4,633**	**5,673**
Adjustments	0	0	0	0	0
Adjusted net profit	**2,878**	**1,966**	**3,222**	**4,633**	**5,673**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	13,744	17,573	21,325	25,530	29,409
Other current liabilities	4,802	4,755	5,770	6,907	7,957
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	33,423	38,055	43,728
Shareholders' fund	28,282	30,486	33,708	38,341	44,013
Total liab. and equities	**51,208**	**59,467**	**66,705**	**75,931**	**85,983**
Cash and cash eq.	9,797	3,894	851	3,140	6,705
Accounts receivables	9,804	11,840	14,064	16,838	18,184
Inventories	13,162	16,013	19,338	18,943	21,821
Other current assets	4,775	6,193	7,515	8,997	10,364
Investments	0	0	0	0	0
Net fixed assets	11,343	15,348	20,882	23,958	24,853
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**	**66,705**	**75,931**	**85,983**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(766)**	**(782)**	**2,207**	**7,540**	**6,615**
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)**	**(3,043)**	**2,290**	**3,565**
Closing cash & cash eq.	**9,797**	**3,894**	**851**	**3,140**	**6,705**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	10.2	6.9	11.3	16.2	19.9
Adjusted EPS	10.2	6.9	11.3	16.2	19.9
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	99.9	106.8	118.1	134.4	154.2

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.8	2.6	2.1	1.7	1.6
EV/EBITDA	28.6	35.8	23.6	18.1	15.9
Adjusted P/E	46.8	69.1	42.2	29.3	23.9
P/BV	4.8	4.5	4.0	3.5	3.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	78.9	78.0	80.8	80.5	80.3
Interest burden (PBT/EBIT)	87.2	84.3	87.4	96.1	100.1
EBIT margin (EBIT/Revenue)	8.6	5.7	7.1	7.8	8.0
Asset turnover (Rev./Avg TA)	429.3	344.5	307.3	320.7	356.1
Leverage (Avg TA/Avg Equity)	0.6	0.5	0.7	0.7	0.6
Adjusted ROAE	14.9	6.7	10.0	12.9	13.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	77.3	8.6	21.3	20.0	15.2
EBITDA	84.9	(20.1)	46.1	31.1	16.8
Adjusted EPS	96.1	(32.2)	63.9	43.8	22.4
Profitability & Return ratios (%)					
EBITDA margin	9.9	7.3	8.8	9.6	9.8
EBIT margin	8.6	5.7	7.1	7.8	8.0
Adjusted profit margin	2.8	5.4	3.1	4.2	5.2
Adjusted ROAE	14.9	6.7	10.0	12.9	13.8
ROCE	21.3	10.3	11.9	13.3	13.9
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	2.9	2.8	2.9
Current ratio	1.9	1.5	1.4	1.4	1.4
Net interest coverage ratio	4.7	2.9	4.0	7.0	10.9
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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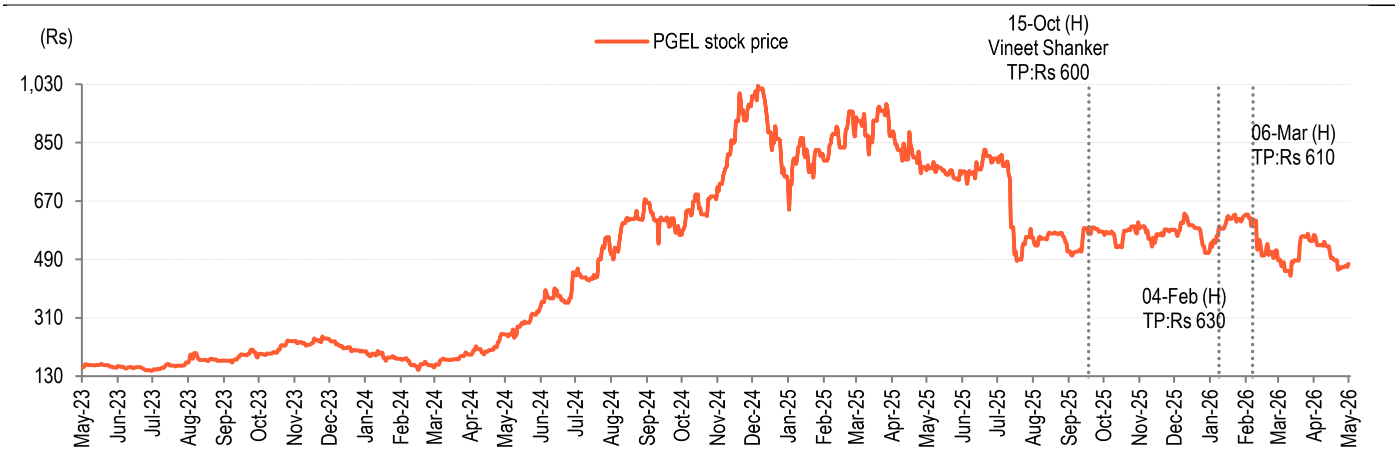
Ratings and Target Price (3-year history): PG ELECTROPLAST (PGEL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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