



PG ELECTROPLAST LIMITED

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May 16, 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 May 12, 2025.

This is for your information & Records.

For **PG Electroplast Limited**

Deepesh Kedia
Company Secretary



“PG Electroplast Limited Q4 FY-25 Earnings
Conference Call”

May 12, 2025



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

**MODERATORS: MR. SHALIN CHOKSY – JM FINANCIAL INSTITUTIONAL
SECURITIES LIMITED**



*PG Electroplast Limited
May 12, 2025*

Moderator:

Ladies and gentlemen, good afternoon, everyone and welcome to the PG Electroplast Limited Q4 FY25 earnings conference call hosted by JM Financial Institutional Securities Limited. As a reminder all participants' 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 has been recorded.

This presentation has been prepared for informational purposes only. This presentation does not constitute a prospectus, offering, circular or offering memorandum and is not an offer or initiation to buy or sell any security. Nor shall part or all of this presentation form the basis of or to be relied on in connection with any contract or investment decision in relation to any securities. This presentation contains forward-looking statements based on the currently held beliefs of the management of the Company which are expressed in good faith and in the management's opinion are reasonable. The forward-looking statements may involve known and unknown risks, uncertainty and other factors which may cause the actual results, financial condition, performance or achievements of the Company or industry to differ materially from those in forward-looking statements. Those forward-looking statements represent only the Company's current intentions, beliefs or expectations. And any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

I now hand the conference over to Shalin. Thank you. And over to you sir.

Shalin Choksy:

Thank you, Anushka. Good afternoon, everyone and on behalf of JM Financial, I welcome you all to the Q4 FY25 Earnings Call of PG Electroplast Limited.

We have with us the Management represented by Mr. Vishal Gupta – Managing Director, Finance and Mr. Pramod Gupta – Chief Financial Officer.

I will now hand over the call to the management for their opening remarks, post which we can open up the floor for question and answers. Thank you and over to you, Mr. Gupta.

Vishal Gupta:

Thank you, Shalin. Good evening, everyone. Thank you for sparing your valuable time and joining this call today. Hope you all are doing well. I am being joined on this call by Mr. Pramod Gupta – our CFO. We have already shared our Results Presentation and hope you have gone through that.

Financial Year 2025 has been another remarkable year in the growth journey of PG with several milestones. The Company has done capacity enhancements and scaled up its product business significantly in FY25. Now the Company is leveraging its size and partnerships to drive innovation, reduce cost and elevate quality standards and as client expectations for faster turnarounds and greater customization continue to grow, scale has become a defining



*PG Electroplast Limited
May 12, 2025*

competitive advantage enabling PGEL to optimize sourcing, streamline production and deliver exceptional value.

For this financial year our operating revenues for the Company has grown by 77% and crossed Rs. 4,869 crores with the product business contributing around 72.4% of the total operating revenue. EBITDA increased by 81% and stood at Rs. 519 crores and net profit rose by 112% to Rs. 291 crores.

The Company has posted an industry leading growth in product businesses and operating revenues for the product businesses cross Rs. 3,525 crores in FY25 with 111% growth. This is even though when ASPs in certain categories are down by up to 5% on a YOY basis.

The room AC business contributed Rs. 3,009 crores which is a 128% growth on a YOY basis. The washing machine business had growth of 43% on a YOY basis and air cooler business has also grown by 80%.

Order book and visibility for the product business remains robust and the Company is on track to grow the product business significantly again in FY26. Our new product offerings in washing machines and room ACs have received a very good response, and the Company continues to see increased interest in its product offerings from new and existing clients and we remain very confident in the future growth prospects of our business.

Business momentum is underpinned by our disciplined approach to efficient capital allocation with a strong focus on enhancing asset turnover through sustained growth in product business. This strategy has been the foundation of our success, fueling industry leading expansion while ensuring best in class return ratios. As we accelerate forward, we remain committed to achieving market leadership, leveraging our strengths to set new benchmarks in operational excellence and financial performance.

For FY26 our operating revenue guidance stands at Rs. 6,355 crores in PG Electroplast which is a 30% growth over FY25 numbers and at Rs. 855 crores in our JV Company Goodworth Electronics which is a 57% growth over FY25 numbers. This implies an operating revenue of Rs. 7,200 crores at a group level which is a growth of around 33% over our FY25 numbers. We are also guiding for a net profit of Rs. 405 crores in PG Electroplast which is a growth of 39% over FY25 net profit of Rs. 291 crores. The growth in product business is expected to be around 35% from Rs. 3,526 crores to Rs. 4,770 crores in FY26. The CAPEX guidance for FY26 is in the range of Rs. 800 to 900 crores. The Company has planned to further expand the RAC capacity with a new Greenfield plant in Bhiwadi. Also, a new Greenfield facility is being planned in Greater Noida for washing machines. The Company is on the verge of finalizing a land parcel for its refrigerator plant in South India. The SUPA facilities will be expanded further with a new building and further capacity enhancement for the RAC business.



*PG Electroplast Limited
May 12, 2025*

Also, our Board of directors today have approved the final dividend of Rs. 0.25, that is 25 paisa per share. 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 evening, everyone and I welcome you all to this conference call. I am sure all of you have seen the financials in detail already.

We had a very good scale up during FY25. From operational point of view, all our businesses have reported very significant growth over the last financial year. The Company's operating revenues for 4th Quarter FY25 were up 77% to Rs. 1910 crores. EBITDA grew 93% to Rs. 232 crores and net profit rose 105% to Rs. 146.4 crores. During Q4 and Financial Year '25 operating margins have seen slight improvement due to cost control, lower commodity prices and operating leverage.

On the balance sheet side, if you look, we are now net cash Company with almost Rs. 980 crores of cash. During the year the Company has done significant CAPEX of almost Rs. 488 crores in commissioning new Greenfield plant in Bhiwadi, CAPEX in Supa for RAC manufacturing and also the Company has issued capital advances for land and building in Greater Noida for new washing machine facilities. As stated by Vishalji, we have guided for Rs. 800 to 900 crores of further CAPEX in FY26. This will be funded largely by the operating by the cash that we have on the balance sheet today.

Also, we hope that going forward the growth momentum will be good. And again, I am reiterating here that the capital efficiency by sweating existing and new assets will be the key focus area for the Company in the coming years.

Our net fixed asset turn has crossed 5 this year and we hope to sustain that in coming years as our CAPEX get commissioned and we are able to fully sweat them. We remain very optimistic on the growth opportunities in our focus area and we believe the Company is well placed to expand its market presence further in coming years.

With this I would like to open the floor for Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP. Please proceed.

Garvit Goyal:

Good evening, sir. Congrats for a good set of numbers. My first question is on industry demand. Basically, our customers like Blue Star and Voltas are a bit cautious regarding the near-term demand particularly due to early monsoon or we can say delayed summer, and they are facing some rising inventory levels at the channel. So, but we are on the other side pretty much confident which is reflected in our numbers as well for FY26. So, sir, please help us to



*PG Electroplast Limited
May 12, 2025*

understand what is giving us this level of confidence. Is it because we are further looking for increasing our market share or what is this exact growth driver for us for FY25?

Vishal Gupta: So basically, as we told that we are serving (+35) brands so it is the market situation is always very dynamic. Sometimes some brands are doing well, sometimes some brands may not have their own issues. So, for us this business is looking very strong as of now also, in spite of the fact that overall industry is facing certain inventory issues because of the early arrival of the rains. But for us as a Company we are not seeing a major challenge as far as the June quarter is concerned and going forward also, we have the guidance that we have given, we are very confident that we will be able to meet those guidance. The only reason is because we are serving (+35) brands, so we are able to diversify the risk and diversify those issues with us that normally some customers face.

Garvit Goyal: Understood sir. And so secondly on our segment side, you mentioned product business is going to do well and electronic also. But looking at your plastic division, so you are estimating a growth of around 10% for next year. So why this slower growth we are targeting for next year in this particular segment sir?

Vishal Gupta: Basically, the issue is petroleum prices are on a lower trend right now. And all plastic businesses the prices are driven by a petroleum crude price. So, we are seeing that the drop in the raw material prices and this business being a straight passed to business to our clients. So, what we see the ASPs will drop, overall volume growth will be good but at a value level growth we are targeting around 5% to 10% only.

Garvit Goyal: Got it sir. And lastly on the CAPEX side, any new product that we are going to launch via this CAPEX that we are going to do next year?

Vishal Gupta: The only product that we are talking about right now is refrigerator that is already guided. That is what I have told in the call also right now. So, we are planning to put up a refrigerator plant in South India.

Garvit Goyal: Understood sir. Thank you very much sir. All the best for the future.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please proceed.

Achal Lohade: Good afternoon, sir. Thank you for the opportunity. Congratulation for fabulous set of numbers. Just two questions sir. First with respect to the 35% revenue growth guidance for product, is it fair to say that in washing machine given the Whirlpool tie up now, this can grow in triple digit in the current year given the capacity, addition etc.?



*PG Electroplast Limited
May 12, 2025*

Vishal Gupta: We will stick to the guidance what we have given to you. We will not go into those details. So, at a product business level we are guided for 35% growth, and we will stick to those numbers as of now sir and we don't go for customer specific numbers.

Achal Lohade: Sure. The second question I had, with respect to the PLI and the state incentives if you could help us, what has been the quantum which is booked in the 4th Quarter? For the 4th Quarter sir, what is the state and central government incentives we have booked?

Pramod Gupta: Rs. 31.5 crores. Rs. 30 crores is a PLI and Rs. 1.5 crores is the state government incentive which we have booked.

Achal Lohade: Okay, so Rs. 30 crores for FY25 and which is accounted for in 4th Quarter. Have I understood right?

Vishal Gupta: It is FY24 number which we received in '25. So, in our case in PLI we book this on the basis of the cash only. On the basis once we get the sanction and the money is just about to receive, we book in our books of course.

Achal Lohade: Understood. And one last question with respect to the compressors, any update on the status for the compressor manufacturing perspective?

Vishal Gupta: The building is already being made, and the contract is on the verge of finalization right now.

Achal Lohade: Okay, understood. All right sir. Great. I will fall back in the queue for follow ups. Thank you so much.

Vishal Gupta: Thank you so much.

Moderator: Thank you. The next question is from the line of Dhananjai Bagrodia from ASK. Please proceed.

Dhananjai Bagrodia: Hi, sir. Most of my questions are answered. Just wanted to ask you now when we are looking ahead are we seeing that now competitive barriers for other EMS players because of now PLI now becoming more and more advanced? So, the players who have gone through now we are in a very strong position to continue with that growth.

Pramod Gupta: I mean the PLI was just an enabler to gain scale and now I think PLI is over in a sense that in next 2-3 years PLI will be over. Now obviously the companies which have been able to take advantage of the PLI and grow and make, scale up their business will surely have a leadership position in the segment. And as you know the scale itself becomes a good competitive edge if it can be rightly harnessed by leveraging your strengths of customer relationships, sourcing relationship and doing the right product development. So, we think that now for any new player to come and enter and scale up to the scale is going to be relatively difficult, much more difficult.



PG Electroplast Limited
May 12, 2025

And given the fact that the players are now already established, at least for the foreseeable future we don't see any big threat from any new player to emerge in this segment.

Dhananjai Bagrodia: Sir now in EVs we have already got a foot into the door. Are we seeing more growth in that along coming or how are we seeing that?

Vishal Gupta: The EV partner has still to get some clearances from Government of India and AIRIA for launching their products. So, once they get that go ahead then only, we will be putting up the plant for them to start doing the assembly and manufacturing. We are still awaiting that those clearances for that our client partner.

Dhananjai Bagrodia: And so, what's the CAPEX you are looking for next year?

Pramod Gupta: The total CAPEX is going to be in the range of Rs. 800 to 900 crores. We are actually going to put up a refrigerator plant, Rs. 300 crores is earmarked for that. We are going to be spending a significant amount in compressor, and we are going to start a new Greenfield facility for washing machines in Greater Noida and we are also looking for a Greenfield plant near Bhiwadi in Rajasthan for components, coolers and maybe at some stage doing the tool room there. So, these are the plans there. In the next year we are going to have a very heavy CAPEX, and we think that in the next 2 years we will be actually doubling our gross block from currently about Rs. 1,200 odd crores to something like Rs. 2,200 crores odd.

Dhananjai Bagrodia: But the majority of that is coming in FY26 and because if you are saying 900 will be.

Pramod Gupta: Yes, large part of it is going to be coming in '26.

Dhananjai Bagrodia: Okay, fantastic. Actually, this is very good. Congratulations again on a very strong set of numbers. Kudos to you all.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Ashish Kumar from Ampersand Capital Investment Advisors. Please proceed.

Ashish Kumar: Thanks for the opportunity. My first question is on PLI again. What kind of PLI incentive can we expect next year for FY26? And my second question is on the Goodworth business; how do we see it in FY26? Do we expect breakeven and what kind of profit margin can we expect from this? Thanks.

Pramod Gupta: Yes, so next year we expect to have a PLI of Rs. 37.5 crores which is what is going to be our share for meeting the targets in 2025 financial year. Coming to Goodworth this year we did Rs. 544 crores turnover and we had a small loss there. At EBITDA level though we profit about 1%



*PG Electroplast Limited
May 12, 2025*

margin, next year we hope to improve that. We are budgeting in about 1.5% to 2% kind of the EBITDA margin in that business and you can assume that next year we should see some profitability. Going forward about 2% kind of a margin at EBITDA is what is sustainable in that business.

Ashish Kumar:

Thank you.

Moderator:

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

Arshia Khosla:

Thanks for taking my question and congratulations on a strong performance, sir. Most of my questions have been answered. I actually just want to understand the Rs. 800-900 CAPEX guidance. Is it including the backward indication that we are looking for RAC or it's just the refrigerator and washing machine part?

Pramod Gupta:

No, no, it includes everything, RAC, washing machine, refrigerator and the new plant for basically coolers as well and new tool room which we are looking at, everything. And compressors also.

Arshia Khosla:

Okay, understood. And sir, how the demand, obviously because of the delayed summer the demand of April has been a complete washout. So how is the demand, how are we looking forward to like May and June for this quarter?

Pramod Gupta:

April has been a good month for us. We were on track of our budgeted numbers; In May also we have not seen any significant cancellation as of yet. June, month we will see, we will watch out how things pan out. But from whatever kind of inputs we have, we think at our end we have yet to see some very significant impact. But nonetheless we have been hearing the stories of South being very slow and also because of some intermittent rains in the last two weeks there has been slower sales. But on the other hand, I will just say that the summer in North India lasts till July. So, we are still in May-mid, and I think there is still some room to go. More importantly, we think that because of several other changes which are happening including this tax reduction, etc., which happened in the budget and also AC being a secular product, this seasonality will probably impact this or next month. But it is surely not going to kind of derail the long-term story. And we do not actually put up the capacity for business only for one year. In our opinion we still remain very optimistic and very bullish on the long-term growth prospects of AC business.

Arshia Khosla:

Great. Thanks for that. Understood. And quickly on the margin side, would you like to guide something on the EBITDA margin side as well?

Pramod Gupta:

I think you can assume them to be remaining flattish this year. We think the sustainable margins that we have are sustainable.



*PG Electroplast Limited
May 12, 2025*

- Arshia Khosla:** Okay. Thank you, sir and congratulations, once again.
- Moderator:** Thank you. The next question is from the line of Koushik Mohan from Ashika Group. Please proceed.
- Koushik Mohan:** Congratulations on this great set of numbers. Sir, I just wanted to understand, you mentioned now that you are going to get Rs. 37.5 crores on the PLI for FY26 and in the last year you got Rs. 31.5 crores on the PLI. That means on Rs. 405 crores we are expecting 42% growth on the full year, right?
- Pramod Gupta:** Rs. 31.5 crores what we got in the last quarter, out of that Rs. 30 crores was a PLI which was accrued to us in FY24. But since we received the sanction and the money in FY25 that's why it has been booked in that way. In FY25 the sales, what we have done, the PLI, what has accrued to us is Rs. 37.5 crores which will be accounted for in FY26. We expect to receive that money in FY26. I hope this clears this. There is also One more thing, out of the Rs. 31.5 crores, Rs. 1.5 crores was a state government incentive in the 4th Quarter. For the full year that state government incentive was Rs. 6 crores. It is going to continue at Rs. 6 crores even next year.
- Koushik Mohan:** That was very clear sir. And sir we can see that we are going for Greenfield. So how much in this Rs. 800-900 crores is allocated for land acquisition and how much is for machinery acquisitions? Any calculated numbers do you have?
- Vishal Gupta:** I think almost close to Rs. 600 crores over the next 2 years are going to actually go for land building across all the four locations in India. Like Supa in the West, in South, in basically North India and in Bhiwadi basically, Bhiwadi, Greater Noida.
- Vishal Gupta:** So out of Rs. 800 to 900 crores the land and building CAPEX is around Rs. 350-400 crores.
- Koushik Mohan:** Sorry sir, I can't hear you.
- Vishal Gupta:** See I will tell you exactly. As I was telling you over the next 2 years, we think that we will be almost doubling our gross block. Today our gross block stands at something like Rs. 1,200 crores. Now next 2 years we think that is the kind of CAPEX we will be doing. And we are starting four Greenfield facilities as I told you and the total amount of money which we will be spending in land and building across these four places is going to be in the region of about Rs. 600 crores. A large part of this money is going to be accounted for in the first year. Those lands you have to purchased initially and buildings also you have to do construction initially and then plants and machinery follows. I am not going to actually be able to give you exact number of how much land and building out of this Rs. 800 to 900 crores which I expect to be spent this year, is going to be land and building but I think it will be significant portion. But over the next 2 years almost Rs. (+600) crores is going to be in land and building.



*PG Electroplast Limited
May 12, 2025*

- Koushik Mohan:** Got it. The push 2 years down the line, the current year CAPEX and the next year CAPEX will be started giving us revenue. That means that if we maintain asset turns to be 5 then we are talking about Rs. 1,000 crores on the sales, is my understanding right?
- Pramod Gupta:** No, your understanding is right. But this 5 is what we have achieved, this internally We target 4 to 4.5. That is a good number, and we think that once we actually scale up all the facilities that is what we should be able to achieve.
- Vishal Gupta:** See we are targeting a growth of around 30% to 35% for next 3 years and this CAPEX has been planned on for that.
- Koushik Mohan:** Got it. Great. Thanks sir. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Navneet Singh, an individual investor. Please proceed.
- Navneet Singh:** Can you please give us some color on some forecast on the margin expansion or the products we have higher margin?
- Pramod Gupta:** No, see we are in the business of contract manufacturing. Please appreciate, margins are not likely to see a major increase. Whatever gains we will get are likely to come only because of the productivity and efficiency gains. And I think as from an investor point of view I will suggest strongly that you should focus more on the scaling up of business in terms of volume and value and not on margins specifically. Margins if happen is added bonus and I will refrain from guiding for margin expansion in the long to medium term.
- Navneet Singh:** All right. On research and development side, so on the R&D side do we have any moat on that front, any unique product that we are planning to launch?
- Pramod Gupta:** We have been actually augmenting our R&D team very significantly over the last 3-4 years. In fact, the products which we have launched all in the last 3 years have been becoming industry benchmark. In fact, some of the brands have copied our products. In fact, the innovations which we have done, some of the innovations which we have done in our products have been very well appreciated by some of our clients and we continue to invest very aggressively in the product side and product development and R&D side. We have been actually increasing and strengthening our team on R&D in both AC and washing machine very significantly over the last 2 years.
- Navneet Singh:** So, what is the expenditure over R&D in terms of sales?
- Vishal Gupta:** Right now, that number will be pretty small because see our sales comes largely from doing the contract manufacturing. So right now, that number on an overall basis including maybe whatever



*PG Electroplast Limited
May 12, 2025*

expenditure we are doing on other than manpower maybe just about 0.5% to 0.75% of our turnover but it is likely to see increase in terms of absolute amount. See you also have to appreciate that we have grown very rapidly over the last 4 years, from Rs. 700 crores turnover going to Rs. 4,800 crores turnover, 4,800 crores. It's not a small number and out of that today what we are spending is a decent amount of the budget for the kind of business which we do in our opinion. Now obviously it will scale up going forward.

Navneet Singh: Understood. That is all from my end and congrats for the great numbers and hope we see even greater heights in future.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Pranay Roop Chatterjee from Burman Capital Management. Please proceed.

Pranay Roop Chatterjee: Hello sir. Good evening. Firstly, on the RAC business, obviously plenty of questions have already been asked. So, I will try to ask in some other way. So obviously both the Q4 numbers that PG has shown, obviously it was a positive surprise any way. But what was more surprising is the commentary on the growth in upcoming year. So, what I wanted to understand it's actually it might help us track your business better in case you can disclose it. In terms of secondary sales, obviously you are giving the primary offtake to your clients. In terms of secondary sale can you like to throw some more color on your RAC business as to how it is split geographically? So South, West, East, North, if you can give some color on that. And on the same lines are these big guys who we investors keep listening to like Voltas and Blue Star. Voltas, I know is not as big for you as it was before, but Voltas, Blue Star, Havells, Johnson, Hitachi and all these guys, are these really good proxies to track your AC business?

Pramod Gupta: Well, first of all I will tell you I do not have any numbers on North, South, West and East even for my own products. The reason is that when I supply from my factory in the West or a factory in North, I don't know which model is going to which destination because it depends upon the brand which where are they sending. That is point number one. Point number two is, my business actually doesn't depend only on the growth of particular brand or Industry in particular year. We are servicing more than 35 brands. And also, you have to understand, there are multiple drivers in our business. It's not only the industry growth; it is also how much outsourcing is happening versus how much insourcing is happening. That also is a very important driver for us in terms of the growth and the business to us. So, in the last 3 years or previous to FY25 actually the industry was doing lot more insourcing. This year I think the outsourcing trend has reversed. And we think and we still believe that economic sense is actually, or economic rationale is to do more outsourcing till the time this business in India remains highly seasonal. It doesn't make sense for brands to put up large capacities in such a high seasonal business. It makes much more sense to outsourcing especially given the fact that none of the Indian brands and some of the large foreign brands are still local players. They are not still global players who are exporting



*PG Electroplast Limited
May 12, 2025*

and having huge round-the-year demand. That is point number one. Point number two is also that every 2 to 3 years there's BE rating change which also puts a lot of development and product R&D cost, I will say investment onus on the brands because every 3 years they have to come up with new models and new categories to take care of the BEE rating. So, taking all this into account, I think still outsourcing makes much more sense. Yes, but because of the PLI and the other reasons, some of the brands actually decided to put up their own facilities and they were doing lot more insourcing. In our case we are working with also e-commerce, modern retail and other players and some of the other brands which are focusing only on these channels which are gaining huge market share and they have started to become sizable. They are also one of the key reasons for our growth being slightly better than the industry and we think that momentum or that advantage that we provide them because of our cost effectiveness, our scale, our sourcing, our product development, R&D is actually sizable and actually helps our client partners to gain market share in the marketplace. And that is one of the key reasons that we are remaining still very confident of the growth even in the next year. Thank you.

Pranay Roop Chatterjee: That makes a whole lot of sense. That is well accepted. With regards to your product business revenue growth, which is around 35% for FY26, the refrigerator segment for which you have earmarked about Rs. 300 crores CAPEX. I am assuming that will be taken, that will be reported as a part of the product business as and when it starts generating revenue.

Pramod Gupta: But in '26 there is no revenue, in '26 I have not budgeted any revenues from that.

Pranay Roop Chatterjee: Got it. That is clear. Can you throw some color on the business as to when you expect ideally production to start and on the Rs. 300 crores CAPEX what would be the peak revenue and EBITDA margin?

Pramod Gupta: These numbers I will take probably in the next conference call because we have still just hired the team and we are just working on them. There are some internal numbers but I don't want to share them. We are in the final stage of finalizing the plant, machinery and land and that budgeting is going on. But in the next conference call I promise I will actually be able to shed much more light on it. But we are very hopeful that we should be able to meet our internal ROCE target on that business from the second year of operations.

Pranay Roop Chatterjee: Excellent, sir. Sir, one follows up cross check. You gave a detailed answer on the CAPEX to a previous participant. I just wanted to confirm that. So, doubling of gross block, almost doubling of gross block over the next 2 years, Rs. 800 to 900 crores in FY26 and remaining, which is a smaller amount next year. In the first year and the reason I am asking this sir, is to gauge how much the depreciation cost would go up because the implied life of land and building is very different from plant and machinery. So, in the first year out of Rs. 800 to 900 crores, I heard you say Rs. 350 crores would be land and building. Is that the correct number?



PG Electroplast Limited
May 12, 2025

- Pramod Gupta:** Yes, it could be actually slightly more also. Basically, we are still scouting for land in certain places that has not been finalized yet. So that number should be actually maybe Rs. 400 crores or so. But I don't know that number. Once the land parcels are finalized then I will be able to actually give you a definitive number. But I will like to highlight here that the land typically, if it is taken on lease from any of the development authorities typically has a life of, if you are taking for the first time of like leases for 100 years or so. So, whatever you write-off also in case of land or depreciate itself also is very small amount. That is point number one. Point number two is and even in the building and plant and machinery till the time you capitalize them, you don't actually start depreciating any of those things.
- Pranay Roop Chatterjee:** Got it. Thanks a lot sir for answering my question. Excellent quarter and I wish you all the best.
- Vishal Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jalaj from Swan Investments. Please proceed.
- Jalaj:** Thanks for the opportunity. Wanted to understand, where do we stand on the compressor business right now or the compressor plant we were trying to put in? And one more point on is I believe that majority of it would be for internal consumption. So should we assume as and when it comes online should lead to better margins. How should we understand that?
- Vishal Gupta:** See, as I told earlier in the call, the construction of the building has already started. The contract is under finalization. The plant and machinery is also being finalized and as earlier mentioned, that majority of the capacity which is being put will be used for in-house consumption and some part of that will be sold to external parties. And since it is for in-house consumption, it will be margin accretive.
- Jalaj:** Understood. So tentatively when are we assuming or building in that they should get for a commercial operationalization should start from this plant? Any tentative time.
- Vishal Gupta:** Q4 of FY26.
- Jalaj:** Q4 of F26. So, nothing is built in the assumption in the F26 guidance.
- Vishal Gupta:** Nothing in this guidance.
- Jalaj:** Got it. And then sir, what sort of margin expansion can we expect from this if it comes in house?
- Vishal Gupta:** I don't think this. Maybe by the time we are able to sign off the agreement and everything is in place, I think we will be in a better position to hear something on that, not right now.



*PG Electroplast Limited
May 12, 2025*

Jalaj: Got it. And sir, I see that the cash flows for at least the closing for the full year are standing at a CFO standing at (-70) crores to (-80) crores. So, could you help us understand what exactly it is, is it that we are preparing well for the coming quarters that the inventory buildup has been done or what is exactly the reason behind it?

Pramod Gupta: Yes, so if you look at our cash flow this year, basically we are carrying a very large amount of inventory and we had a close to about Rs. 1,300 crores of inventory closing inventory at the end of the quarter. Obviously, some of it is going to get, a significant part of it is going to get shed in the April-May-June quarter because we are not seeing any big challenge as of yet in the AC business. But one of the reasons also which we were carrying some of this inventory was because there was an uncertainty on account of compressor BIS related uncertainty because BIS was getting over for some of the Chinese players and we consciously kept higher inventory of compressor and we are carrying that yet. So that is okay with us and we think that during the year we will be able to utilize it in the normal course of the business.

Jalaj: Got it. Got it. Thank you and best luck.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Arpit Shah from Stallion Asset. Please go ahead.

Arpit Shah: Just wanted to understand whether the PLI incentive Rs. 37.5 crores which are accounted for, is it part of the guidance or that would be on top of this?

Vishal Gupta: No, no, it is a part of the guidance.

Arpit Shah: It is part of the Rs. 405 guidance, right?

Vishal Gupta: Yes.

Arpit Shah: Okay, sure. And all the three new CAPEXs which you all are planning, is there none of the revenues or anything is part of the current guidance everything shall come in FY26?

Pramod Gupta: No. None of those CAPEX, only the CAPEX on the brownfield expansion of the capacity for AC which will be very small amount will be contributing to the revenues in FY26. A large part of this Greenfield CAPEX is going to be actually starting to contribute only from Financial Year '27.

Arpit Shah: Got it. And you highlighted the amounts which you have allocated. I think Rs. 300 crores was for the refrigeration. What was the amount for the RAC and the washing machine, Bhiwadi and Noida?



*PG Electroplast Limited
May 12, 2025*

- Pramod Gupta:** Washing machine is going to be about Rs. 90 crores and AC is going to be another Rs. 200 to 250 crores this year which will also include some part of compressor.
- Arpit Shah:** This Rs. 200 to 250 crores, it is going to include the compressor as well?
- Pramod Gupta:** Yes. Some part of it has already been done in FY25, because we have constructed a building. So, building augmentation will continue in the coming year. Some part of the building will come and then there's a compressor plant and machinery and some augmentation to the resting plant and machinery for capacities in AC we will be doing at Bhiwadi as well as in Supa.
- Arpit Shah:** Got it. If you can just walk down the compressor in terms of margins, like how much can it add to our margins since you'll be using a lot of it captive and maybe you'll be selling it outside. So, what the margin work would look like if we are adding capacity?
- Pramod Gupta:** Once we are able to finalize, we will be finalizing and signing the contract manufacturing agreement with the partner that time we will actually detail the numbers on the margins and the impact they will have on the margins of the Company.
- Arpit Shah:** And currently what percentage is imported for India, what percentage of compressors are imported in India and what percentage are manufactured domestically?
- Pramod Gupta:** Only about 10% to 15% is getting domestically manufactured, almost 85% to 90% was getting imported. But in the next 2 years I think all the companies are planning with the existing companies as well as some new players are planning capacity expansion in compressors.
- Arpit Shah:** And that is with PLI incentives which you all would be getting?
- Pramod Gupta:** In compressor we have not availed PLI incentives.
- Arpit Shah:** Got it. Fair enough. Thank you so much. Best of luck.
- Pramod Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vipraw Srivastava from PhillipCapital. Please proceed.
- Vipraw Srivastava:** Quickly on the other current assets, why has it gone up resulted in CFO becoming negative?
- Pramod Gupta:** No, I didn't get it. Can you just please reply and be a little clear?
- Vipraw Srivastava:** What I was asking was the other current assets of the Company has gone up for FY25 and that has resulted in the cash flow from operations becoming negative. So, what's the reason for that? Just wanted to know that.



PG Electroplast Limited
May 12, 2025

Vishal Gupta: In other current assets there are two segments, two things which are actually leading to expansion in other current assets. See we are having a good amount of GST credit which goes into other current assets because of the decent inventory which we are carrying. So that is one part which we will be utilizing in the coming months. Some part of it we have already utilized in April. That is one. And the second thing is we have also paid some of the capital advances to some of the vendors for plant and machinery, etc., So those things are there right now which are part of the other current assets which we will be actually able to utilize once the commissioning of the plants, etc., happens.

Vipraw Srivastava: So, by the end of FY26 it will be back to normal level, is the understanding correct?

Vishal Gupta: Yes.

Vipraw Srivastava: Okay sir. And just one more question. So, on the guidance which you have given for FY26, I am sorry if I missed this but how much of the revenue is coming from PLI?

Vishal Gupta: FY26. The revenues that will come from PLI is Rs. 37.5 crores.

Vipraw Srivastava: Okay sir. And lastly on the refrigerator side, since you are doing a significantly large CAPEX, what are the asset terms we can expect?

Pramod Gupta: We think this number we will be able to detail to you in the next call once we will have a full number in place. Right now, we are still in the works because a lot of calculations and things are going on in the Company. Some basic estimates are there but numbers will get finalized by end of this quarter and then I will be able to share with you the exact estimates for the asset terms and the return ratios and margins that business.

Vipraw Srivastava: Sure. Thanks a lot.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Kush from Ananta Capital. Please proceed.

Kush: Good afternoon, sir. Congratulations on always beating your guidance. Sir, one question on refrigeration, refrigerator business. I think this is a new product for us. Is it a more technical product? Do we anticipate any technical, know-how issues or is it very different from ACs in terms of the product being able to be manufactured efficiently in India.

Vishal Gupta: Kushji good evening. So, the team is already in place. The product team, the R&D team and the operations team and the project team, they are already hired. They are already working on the project. So, we don't see any issue in the successful implementation of this project, launching of the products, getting approval from our customers. So, the template but we have for our other



*PG Electroplast Limited
May 12, 2025*

product businesses where we aspire to have cost leadership and going forward targeting product leadership also. So, this is a template we have adopted for refrigerator business also. So, we don't see any major challenges there and we are very confident on going on this project.

Kush: And I am sure sir, there must be already some talk with some anchor customers who would probably anchor the facility as of now. We don't own the names. But sir, any commitments from any customers that for offtake as of now?

Vishal Gupta: It won't be right for us to say this thing right now. But the project is being put only on the basis of once we have visibility on the business.

Kush: Okay. Understood sir. About just one technical question. Is PLI incentive part of other income or is it part of revenue of our operations?

Pramod Gupta: It is part of revenue from operations.

Kush: Okay. And one more bookkeeping question, if you are saying Rs. 405 crores of PAT next year. So, if I just do a rough calculation, are you talking of around Rs. 750 crores of EBITDA and Rs. 150 crores of depreciation plus interest plus other income and PBT of Rs. 600 crores. Is that a ballpark number rough math, right?

Pramod Gupta: No, Rs. 405 crores, the PBT is not going to be Rs. 600 crores. The PBT is going to be more like Rs. 520 or 510 crores. So, we have a 20% tax rate roughly. And I mean from there you can back work backward. Most of the CAPEX which we are doing this year is not going to hit us immediately. It is going to actually come and hit us only probably in FY27.

Kush: FY27. So, depreciation will go up in FY27 is what you are saying largely?

Vishal Gupta: Yes.

Kush: I see significant cash on the books. So, what will be our overall average debt for the year or year ending debt given that there is scale up in the business? But still, we have a lot of cash. So, sir, will we require a lot of debt in this financial year?

Pramod Gupta: No, we don't intend to take lot of debt. In fact, a lot of the CAPEX is initially going to be funded through the cash lying on the balance sheet and whatever, even if we require some debt, maybe even that will be only for working capital and that will be probably very temporary because we have a high seasonality. So typically, that debt even if it goes up it also comes down very significantly after June. So, I don't think but that will be the case because they will be having very healthy internal accruals also next year and even now this year, we had close to Rs. 500 crores of EBITDA. So next year we think we should be able to even if you assume the margins remain stable which is what is our guidance, also then we will be having over close to Rs. 650



*PG Electroplast Limited
May 12, 2025*

crores of EBITDA. So that should take care of our working capital requirement which we may have. So, I don't foresee a huge increase in the debt even next year after the CAPEX of Rs. 800 to 900 crores.

Kush: Understood sir. Thank you and all the best sir. I am sure as always you have always beaten the guidance. So, I was assuming Rs. 450 crores pat when I said Rs. 600 crores of PBT. So, sir, all the best for the next year and beyond sir.

Vishal Gupta: Thank you, Kush ji.

Moderator: Thank you. The next question is from the line of Akhil Shah from Yes Securities. Please proceed.

Akhil Shah: Sir my question is regarding other income. It has gone substantially up from Rs. 13 crores in FY24 to Rs. 35 crores in FY25, so any reason behind it?

Pramod Gupta: I will give you the reason exactly. The interest has gone up significantly, one is obviously on account of the business. Business has seen a very sharp growth especially the AC business, room AC business even in the 4th Quarter actually had over 100% growth. So that is, or one of the reasons because it's very working capital intensive. Also, if you closely you will see that we have seen some improvement in the number of working days especially on the receivable side. And one of the reasons because of that is that we have been able to get the use the vendor programs of some of our clients where we can actually discount our receivables and get our money early by giving some factoring kind of arrangement, reverse factoring kind of arrangement where the interest we have to bear. So, because of that also the interest cost has gone up during this quarter. The reason in why we have utilized those is that we have done some of the FDs which are at very attractive rate and it made more sense to actually do and utilize these vendor program factoring, reverse factoring vendor programs of the clients and which were at a competitive rate in comparison to the FDs which we have right now.

Akhil Shah: Got it, sir. Thank you.

Moderator: The next question is from the line of cost of Kaustav Ray, an individual investor, please.

Kaustav Ray: Congratulations on a great set of numbers. I would like to understand that you are projecting 35% growth in the product business. Now we know there is some compressor issues. So how do you tackle the compressor issue? Do you think the BIS issue will be settled or how will you really address the compressor issue to achieve this growth? And the related question in the projections. Oh, sorry. Maybe you carry on. I will ask later.

Vishal Gupta: Government of India has recently issued a notification where they have allowed the import of compressors for one more year. So, you can import compressors up to the 15th April 2026. So, compressor availability which was seeming to be an issue till two or three weeks back is largely



*PG Electroplast Limited
May 12, 2025*

resolved for at least one year. And hopefully by that time our compressor factory should be online.

Kaustav Ray: Okay. And on this compressor, are you planning to import all components and then assembly or there is plan of manufacturing some of the components also?

Vishal Gupta: Some parts will be localized Kaustav and some parts will be importing from overseas. Details cannot be given as of now till the time we sign off our agreement.

Kaustav Ray: Okay. Thank you, sir. And the other part in the projections which you are giving on the revenue numbers, is there EV business also part of that projections or the projection is only of the rack and washing machine and refrigerator?

Vishal Gupta: So, the guidance numbers what we have shared is for PGEL separately and for Goodworth Electronics which is a JV Company where we make PVs has been given separately. So, for Goodworth the projection is around Rs. 855 crores and for the PG Electroplast which combines product business, molding business, tooling business or other electronic business which is around Rs. 6,400 crores. So total is coming around Rs. 7,200 at a group level.

Kaustav Ray: Okay, thank you sir.

Vishal Gupta: Thank you.

Moderator: Thank you. The next Question is from the line of Neeraj Agarwal, an individual investor. Please proceed.

Neeraj Agarwal: Congrats on the great set of numbers. I would just like to check on the inventory. So, there is a very high rise on the inventory much more than our revenue growth. So, any specific reason for that? Is there a due to some kind of product mix change? So would like to your guidance on that. And secondly, like the 30%-35% growth that you forecast is going to be for the next 3 years and what could be the growth beyond that area? If you can give some guidance on that. Thanks.

Vishal Gupta: The inventory numbers are on a higher side as I just told earlier. Because of the uncertainty on the compressor availability, we at a Company level have taken a strategic decision of stocking the compressors. So, in order to secure our AC business. That is why we are seeing some elevated levels of inventory. Coming back to the second question. See we have already guided for 30%-35% growth for FY26. And we hope to maintain this momentum for the next 2 to 3 years. Anything beyond that will be very difficult to share right now.

Neeraj Agarwal: All right. Thanks sir.

Vishal Gupta: Thank you.



*PG Electroplast Limited
May 12, 2025*

- Moderator:** Thank you. The next question is from the line of Chavali Sharma, an individual investor. Please proceed.
- Chavali Sharma:** good afternoon, sir. Congratulations on achieving a good set of number. I would like to know regarding the refrigerator, actually are you going to produce the latest models or existing models only? My second question is are you having any plan to produce front loading washing machines in future?
- Vishal Gupta:** We as a Company level we are always looking at new product categories in order to increase our wallet share with our clients. And the way the market trends are changing where consumer behavior is also changing. And there is a subtle shift from the semi-automatic to top load and top load to front load. So, we are at a Company level already developing such platforms in order to meet those evolving demands from our clients and customers. And as far as refrigerator is concerned, the capacity what we are putting up will be capable of making both DC and FF category of refrigerator. And the supplies and the production will happen as per the customer demands.
- Chavali Sharma:** Thank you very much, sir.
- Vishal Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Achal Lohade some Nuvama institutional equities. Please proceed.
- Achal Lohade:** Thank you for the follow up opportunity sir. Any update on the laptop opportunity?
- Vishal Gupta:** Nothing as of now, sir.
- Achal Lohade:** Okay. Second question I had was with respect to the components PLI anything we would look at any opportunity we would consider in this and is it part of...?
- Vishal Gupta:** Definitely. So, this is not part of the CAPEX what we have guided as of now, but we are always exploring business opportunities. We are looking at this also, we are talking to some of the probable partners in China and Taiwan. If something comes up, we will be definitely participating in this electronic component scheme.
- Achal Lohade:** Understood. And just last question if I may. I don't know if you would be able to answer sir. Just wanted to get a sense given the significant outperformance to the industry growth, is it possible to get some number in terms of CBUs? What would be the industry's outsourced CBU mix and what would be our market share, any ballpark number for FY25?



*PG Electroplast Limited
May 12, 2025*

- Vishal Gupta:** Normally we don't share these numbers and, but I can very well tell you that we might be in kind of a leadership position in the outsourcing category now.
- Achal Lohade:** Right. Fair point sir. And respect to the EV business, I think there was one question. So, the electric vehicle that the client partner is yet to get the approval. So, there is no CAPEX, there is no revenue or anything of that sort and let's say theoretically if this was to come through in this month this approval, how much time would it take to set up and what kind of asset turn would we look at?
- Vishal Gupta:** It will take 3 to 4 months for us to put up the capacity. The CAPEX will not be very large and the asset turns will be very good.
- Pramod Gupta:** It will be a low margin, high asset turn business because initially it will be largely assembly and as the localization speeds up in India then the margins will start seeing some improvement but also with increased investment. Initially it will be largely assembly kind of a job which we will start.
- Achal Lohade:** Understood. And this last question if I may with respect to the electronics segment, I think we have had about Rs. 350 crores of revenue. How do you see that shaping up over next 2-3 years? What kind of revenue size we can look at and what categories we could probably look at?
- Pramod Gupta:** We have already guided for next year in that we think we will be in the ballpark of Rs. 500 crores in that segment and we are working towards it. We are probably going to talk more about it once we have some more clarity. But we think that 25%-30% growth should be easily possible in that segment. It is a very small segment for us as of now and things can actually evolve quite significantly if we work towards it and that's a focus area in the Company.
- Achal Lohade:** Got it. Sorry. I am again saying last sir, in terms of from an EMS perspective. Just I need to answer from an industry perspective. In terms of the margins, how do they rank in terms of RAC, ref and washing machines?
- Pramod Gupta:** The washing machine has the highest and then ref will be there and then probably RAC will be at par or slightly lower than that.
- Achal Lohade:** Understood. Perfect sir. This is very helpful sir, thank you and wish you all the best.
- Pramod Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vipraw Srivastava from PhillipCapital. Please proceed.



PG Electroplast Limited
May 12, 2025

- Vipraw Srivastava:** Thanks for allowing your follow up. Sir quickly on the room AC demand side of the story. So obviously the commentary from other players and southern India has not been very positive. So, what's your take on the demand side and how do you see it evolving over the next fiscal year?
- Pramod Gupta:** I think I have answered this question but just repeating I can answer it for myself, at our end we continue to foresee good demand environment, and I have taken into account all the basically forecast, etc., while we are giving guidance. So, we remain pretty confident that we should be able to meet our guidance for next year.
- Achal Lohade:** Sure sir. Thanks a lot.
- Vishal Gupta:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, I take this as the last question and would now like to hand the conference over to the management for closing comments.
- Vishal Gupta:** I will thank all of you to participate in the conference and please feel free to contact me or the Company for any further questions or any clarification. Thank you very much.
- Moderator:** On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.