



PG ELECTROPLAST LIMITED

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November 17, 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 and in reference to our submission dated November 10, 2025, please find enclosed Transcript of the Earnings Conference Call held on November 13, 2025.

This is for your information & Records.

For **PG Electroplast Limited**

Deepesh Kedia
Company Secretary



“PG Electroplast Limited Q2 FY '26 Earnings Conference Call”

November 13, 2025



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

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



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Moderator: Ladies and gentlemen, good day and welcome to PG Electroplast Q2 FY '26 Earnings Conference Call hosted by Axis Capital.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing *, then 0 on your touchtone phone. Please note that this conference is being 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 decisions 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 involve known and unknown risks, uncertainties and other factors which may cause the actual results, financial conditions or performance or achievements of the company or industry to differ materially from forward-looking statements. Those forward-looking statements represent only company's current intention, beliefs or expectations, and any other 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 Mr. Deepak Agarwal from Axis Capital. Thank you and over to you, sir.

Deepak Agarwal: Thanks. Good afternoon, everyone. On behalf of Axis Capital, I welcome you all to PG Electroplast Q2 FY '26 Earnings Conference Call.

Today, we have with us Senior Management represented by Mr. Vishal Gupta - Managing Director, Finance; Mr. Vikas Gupta - Managing Director, Operations and Mr. Pramod Gupta - Chief Financial Officer.

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

Vishal Gupta: Thank you, Deepak. Good evening, everyone. Thank you for joining this call today. Hope all of you are doing well. I am sorry because there was a little delay in uploading the results because the board meeting got over at 4.40 only. So we didn't get much of the time to upload the results earlier. It has been done. I think you people can have a look at that.



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So let me start by saying this that this quarter and first half of FY '26 has been softer than what we have expected. The room AC business was impacted due to early monsoons and then GST cut announcement which was done on 15th of August. Nonetheless, we have been able to grow our RAC business by around 2.5% in first half despite the industry posting almost 25% decline. The washing machine business has done extremely well and we have seen a very good growth. Compared to last year, washing machines were up by 55% in this quarter. The JV, our Goodworth Electronics has also ramped up well and has posted sales of Rs. 483 crores with Rs. 10.33 crores of EBITDA in first half of FY '26. We remain optimistic that room AC business will see increased penetration-led growth with the recent rationalization of GST and we believe that in medium term, growth in room AC business will remain robust. We are expanding capacities in RACs, washing machines and Coolers. Client engagement across large and emerging brands remains strong.

As we have guided in our previous call, FY '26 will now likely shape up to be a more measured year and that is fine. We are maintaining the guidance we had shared last quarter. We will be using this year to consolidate, focus on operational levers and execute our platform and capacity investments with discipline. These are the foundations we need to get in place for the next phase of growth. We remain confident in the long-term opportunity in India's consumer durable market and in PGEL's positioning to be a key enabler in that space. Our focus remains unchanged to scale profitably, stay capital efficient and deliver consistent value to our stakeholders.

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

Pramod Gupta:

Hello and good evening, everyone. I am sure all of you have seen the financials. I also apologize for putting up the data and financials and presentation with slight delay. Now, I would like you to go through the numbers for Q2.

Consolidated revenue stood at Rs. 655 crores, which was a 2% decline over Q2 last year. Of this, product revenues contributed almost Rs. 319 crores or 49% of the total revenue. The AC business contributed Rs. 131 crores and it declined almost close to 45% versus last year. The AC business accounted for around 20% of total revenue. Washing machines business was up 55% during the quarter and it contributed about Rs. 188 crores to the sales during the quarter. Our 100% subsidiary PG Technoplast reported revenues of Rs. 295 crores during the quarter.

Coming to the profitability:

EBITDA for the quarter stood at Rs. 45 crores and net profit was at Rs. 2.4 crores. The net profit drop is almost due to lower operating leverage. Also, we had a FOREX loss of Rs. 8.4 crores during the quarter versus the gain of Rs. 1.2 crores during the same quarter last year. We have worked on all our costs during the quarter and optimized wherever possible. From a balance sheet standpoint, the company remains on a strong footing. Cash and equivalents at the end of



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quarter 2 are Rs. 630 crores and we are net cash still. Return on capital employed stands at 20.8% and our fixed asset turnover remains healthy at over 5x on a trailing 12-month basis.

Now, coming to guidance:

We are maintaining our guidance shared in 1Q 2026 i.e., FY '26, we expect PGEL to be having revenues in the range of Rs. 5,700-Rs. 5,800 crores and net profit is expected to be between Rs. 300-Rs. 310 crores. At the group level, including our joint venture, Goodworth Electronics, we expect consolidated sales to cross Rs. 6,550-Rs. 6,650 crores. We are continuing with our investment in Greater Noida, Supa, Rajasthan and South India and our FY '26 CAPEX will be in between Rs. 700-Rs. 750 crores, again reiterating that our long-term investment, operational model and growth priorities remain unchanged.

With that, we are happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Hi, good evening, sir. The first question is regarding the POS device you have received the order. So what is the revenue potential of this order and what is the market potential of this order? Secondly, on the capex side, we have a MoU with the Maharashtra government program and also the AP government also has a program. So how are you planning and how many years you can capitalize it, sir?

Vishal Gupta: Mr. Bala Murali, can you just repeat the whole question because the first part was not very clear. It was not audible. Can you be a little clear, please and louder, please?

Bala Murali Krishna: Yes. The first question is regarding the POS have issued the customer. So what is the revenue potential of this order and how many units they are planning and how it should scale up? And also, any other potential customers also there in this sector? Secondly, on the CAPEX you have MoU with Maharashtra and Andhra Pradesh, around Rs. 1,000 crores, how we are going to require CAPEX and when we can?

Vishal Gupta: So first of all, Vikas, can you take up this question on the POS, that point of sale, that agreement that we are signing with PAX Global? What kind of revenue we can look at? What is the outlook for that revenue on that POS machine business?

Vikas Gupta: Good evening to all. Regarding the POS machine, that agreement that we have entered into with the tax technologists and we are expecting to start some pilot production within the quarter 3 of FY '26, which is the current quarter. And it is too early for me to comment on the revenue potential of this, but we are hopeful that it should become a sizable business in coming months,



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in coming quarters. We will keep the stakeholders updated on the exact revenue potential of this. Maybe by next quarter, we should have much more clarity on that.

- Vishal Gupta:** And as far as that Rs. 1,000 crores MoU, what we have signed with the state government of Maharashtra, actually, we are in the process of acquiring one large piece of land in Maharashtra and we have entered into this MoU agreement. And we intend to start CAPEX on that piece of land from FY '27 onwards. We intend to start doing CAPEX. This Rs. 1,000 crores CAPEX, we are supposed to do in next 4-5 years. So we will be doing that. And once we have more clarity, we can share details on that, maybe in next 2-3 quarters on that. But that is a long-term plan. But we are trying to create a bigger land piece and bigger infrastructure for our future growth potential. We are trying to create future growth potential with these investments.
- Bala Murali Krishna:** Andhra Pradesh, Rs. 1,000 crores MoU refrigerators?
- Vikas Gupta:** We have a plan. We have an intention to set up a refrigerator plant in the state of Andhra Pradesh. And so for that, we have already acquired the land parcel of almost around 54 acres there and we are starting construction. And we hope to start the refrigerator production by quarter 4 of FY '27.
- Bala Murali Krishna:** What will be the investment CAPEX amount for FY '27?
- Vikas Gupta:** The CAPEX will be in the range of almost around Rs. 350 crores in the first phase of the refrigerator plan. But as we go forward, we will be expanding further into other product categories like air conditioners and washing machines as well going forward. So the CAPEX plan of Rs. 1,000 crores is spread over a period of 4 years to 5 years in Andhra Pradesh.
- Bala Murali Krishna:** Lastly, on the inventory part. So last call, we had discussed that the inventory, available inventory is created most probably by November. So there is some traction also due to the GST rates. So what is the status of inventory and how do you see the demand shaping up? I think by November, December, you would have getting some estimation from the customers that demand for the coming quarter and next quarter also. Could you please share some light on that?
- Vishal Gupta:** So as per our estimate, the quarter 3 and quarter 4 should see improved inventory at our end. Right now, we are carrying a very similar inventory as we were carrying at the end of quarter 1. Channel inventories also remain on the higher side as of today. But we are hopeful that given the GST cut and the buildup which happens during the pre-summer should help us and the industry to get rid of the inventory. And we think that coming month will be good from the point of view of production at our end. And we are hoping that by November end, we will be normalizing our inventory given the plans that we have. And we have actually maintained our guidance and we are hoping that second half will be much better for AC and other businesses as well.



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- Bala Murali Krishna:** If I may squeeze one last question, so any update on this compressor part? I think we are waiting for information from China government. Any update on that?
- Vikas Gupta:** No, sir. It is still pending. Nothing is getting resolved. As per the latest updates that we have from our partner, they are still waiting for the go-ahead from the Chinese government side on this.
- Bala Murali Krishna:** If it cannot be put forward, then there are some restrictions on the import of copper. There will be a lot of disruption that will happen?
- Vikas Gupta:** Your voice is quite muffled, boss. It is not clear.
- Bala Murali Krishna:** Fine. I will get back in queue. Thanks a lot.
- Vikas Gupta:** Thanks.
- Moderator:** Thank you. The next question comes from the line of Vipraw Srivastava from Phillip Capital. Please go ahead.
- Vipraw Srivastava:** Hi, sir. Good afternoon. So quickly on the cash flow side, where do you see end for full year because we have seen a significant cash flow in H1. So where do you see for full year?
- Pramod Gupta:** Cash flow for us in the first half has been okay. We are having higher inventory and that is probably showing a negative cash flow at the operating level as well as at a free cash flow level. Second half should be much better, largely because of two reasons. One is obviously we are hoping to normalize the inventory. And second thing is that because of this GST rationalization, this should help a better working capital cycle at the manufacturing end because we were paying GST at 28% while the input credit on most of the raw material was at 18%. And we were able to recover the 10% additional GST only at the time of collections, which is to be about 60-70 days post the sales. So now that will be also going to be better in the second half. So all these things put together, we are hopeful that second half will show a good operating cash flow and also a decent free cash flow should be there because in the first half, almost Rs. 377 crores of CAPEX has already been done. And second half remaining CAPEX we hope, should be coming out of the inventory rationalization, which we will have.
- Vipraw Srivastava:** Sure, sir. Sir secondly, on the guidance part, you are maintaining your guidance for full year. How much of that is due to the BE rating change is happening next year?
- Pramod Gupta:** BE rating was actually known at the time of the guidance when we gave after the first quarter also. So there is nothing new in that. So we have built in a decent amount of growth, which should come from December onwards because of the BE rating and overall business also. And that has been accounted for.



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- Vipraw Srivastava:** Right. Thank you, sir. Thanks a lot.
- Vishal Gupta:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.
- Achal Lohade:** Good evening, sir. Thank you for the opportunity. The first question I have, if you could talk a little bit about, you did make a comment with respect to the industry decline. But just to be clear, in the first half what has been the decline for the industry, in terms of the primary sales and secondary sales volumes, according to your estimate? And also, if you could touch upon the inventory situation for the companies plus the channel put together as of September and as of now in your estimate?
- Vishal Gupta:** So see, primary sales have de-grown by around 20%-25%, but secondary sales have seen a deeper decline. That is why we are seeing an elevated level of inventory in the channel. And as per see, we don't have very accurate data on the channel inventory. But our estimate is still, I think, as of 1st November, it should be anything between at least 1.5-2 million, sir, at least. That is the number our estimates are there.
- Achal Lohade:** And this would be usually what number?
- Vishal Gupta:** Normally what happens, every year during this time of the year, in the month of November, December, normally all the brands do a lot of schemes and give a lot of discounts and a lot of selling, primary selling is done. Channel filling is done. Maybe we might see a little slowdown or maybe a little late pickup in this channel filling because of that overhang of the last 1 or 2 quarters. Having said that, because of the change in the energy rating, so that opens up some opportunity for this channel filling happening. So we have two things, one energy rating change, which will push up the channel filling and there might be something because of the channel is already choked up, there might be some pushback from the channel from taking energy further inventory. So that we have to keep evolving. But as far as we are concerned, sir, the kind of forecast we have got from our clients, so we are quite confident that, see, December, we are seeing a good production. The dispatches are also started, but they will start pickup by the end of this month or December first week. And then Jan, Feb, March also, the outlook what we have received from our clients looks quite healthy. That is why we are able to maintain the guidance what we are given in the first quarter.
- Achal Lohade:** Got it. The second question I have is with respect to the pricing, given we will be now in discussion with the customers with respect to the pricing. If you could talk a little bit about even the cost has seen increase, what is the extent of first of all increase in the BOM and B, how does the pricing will work out according to you, given the inventory situation?



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- Vishal Gupta:** The competitive intensity is very high right now, at a manufacturing level also, at a brand level also, because everybody is stuck up with inventories and everybody is trying to clear off their inventory. So competitive intensity will be very high, at least, I believe, maybe till end of January or February.
- Achal Lohade:** Right. But if you could talk, what is the extent of cost increase and how do you see that pricing playing out or margin playing out?
- Vishal Gupta:** So I think I have answered this question. Why? Because, let me tell you, I can't give you such numbers because pricing depends on the commodity and the exchange rate. Having said that, having said that, since competitive intensity is very high right now, so you may not have a very high bargaining or leverage on the pricing with your clients and branch may not also have with the channel and channel may not have with the consumer. So it is a whole value chain which is under pressure right now.
- Achal Lohade:** Got it. Just one clarification on the CAPEX. If you could just lay out the plan in terms of 26, 27, 28. See, 26, you have said Rs. 700-Rs. 750 crores. If you could spell out which location, how much is going? And similar details, if you could talk about 27-28, that would be very helpful given the number of locations we are looking at and number of things happening. I think that would help?
- Pramod Gupta:** 26, we have spelled out very clearly. Rs. 700-Rs. 750 crores of CAPEX is going to be there. Out of which, as Vikas ji mentioned, almost half of it, which is Rs. 300-Rs. 350 crores, will be for refrigerator, which will be happening in Sri City. And then there is Rs. 100 odd crores which we are going to be spending, which we have already almost spent in washing machine business in Greater Noida. There is Rs. 200 crores which is getting spent in RAC business in Supa as well as Bhiwadi. So you can assume about equal Rs. 100 crores each. And rest will be actually spent in Bhiwadi only in the new plant which we are creating for tooling as well as coolers and some specialized plastic moulding. So that is the breakup that we have.
- Achal Lohade:** And sir, how about next year?
- Pramod Gupta:** Next year, we will be able to update you at the end of the quarter 4. But I can assure you it will be much lower than this year. And it will also depend on the business plan and the opportunities which we foresee. But as of today, we think it will be probably much lower than what we are doing right now.
- Achal Lohade:** Sounds good, sir. Just last question, if I may. With respect to the applications, how many applications have you filed under ECMS? And in what aspects, if you could clarify them as well?
- Pramod Gupta:** Vikas ji, can you please take this question?



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- Vikas Gupta:** Yes. So we have filed the ECMS applications in 4-5 different component categories through our JV Entity Goodworth Electronics. So that is under camera modules, display modules, mechanical enclosures. I think on the PCB side also, we have put up the ECMS application. So that is still under review. It has not been approved as of now. So we are keeping a close watch on it.
- Achal Lohade:** Did you say, sir, PCB?
- Vikas Gupta:** Yes, I did say PCB. Yes, PCB.
- Achal Lohade:** PCB. Understood, sir. Thank you so much. I will fall back in the queue. Thank you.
- Moderator:** Thank you. The next question comes from the line of Keyur Pandya from ICICI Prudential Life Insurance Company Limited. Please go ahead.
- Keyur Pandya:** Thank you. Hi, team. First question is on the AC part. So you have maintained the revenue and profitability guidance. From Q1 to when we stand today, probably everyone's estimate has got cut of the primary and secondary sales because of the extended monsoon and its ripple effect. So what gives confidence because when back of the analysts calculation suggests that the asset for H2 would be much higher with pressure on channel and brand to clear their inventory and we have higher base for Q4 as well. So is it visibility from the brand? If so, is it for Q3 or Q4? Just you can give more or bridge to how confident you are or what gives you confidence that would be helpful?
- Pramod Gupta:** So we actually were the first one and we actually in the last quarter itself had anticipated a very weak second quarter. And things have more or less been in our expectation, at least for us from the second quarter point of view. And given the kind of inventory levels, etc., which were there and the way things have played out, things are actually going in line with what we expected. Now, the visibility that we have is based on the order book that we have from our clients. And we are quite confident of achieving the numbers which we have guided for in the second half based on the firm and committed orders from the clients which we are working with.
- Keyur Pandya:** Sir, second question on both AC and washing machine. In washing machine, we have a little lower base, but it can just share any specific wallet share addition or new client addition, which will drive us growth, which is higher than industry growth, both for AC and washing machine?
- Pramod Gupta:** In AC, the same brands continue with whom we were working. We have added a couple of more names, but they will not be contributing so hugely in the very first year. So it is mainly the wallet share gain, which we continue to see at our end. Similarly, in the washing machine also, it is largely the existing client where we are seeing the wallet share gain and also some share gain from insourcing to outsourcing, which is helping us to post robust growth in washing machine. And we hope to continue to do the same in the second half also.



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- Keyur Pandya:** Noted, sir. Thanks a lot. All the best.
- Moderator:** Thank you. The next question comes from the line of Kaushik Mohan from Ashika Group. Please go ahead.
- Kaushik Mohan:** Hi, sir. Sorry, my call got disconnected last time. Sir, I just wanted to understand how are we seeing in the volume terms, the growth in the ACs and like from it has been like, currently we are in the Q3, right? In the Q3, one month is completed and now 10 days is completed. So can I understand, are we gauging that the growth is coming back to us and how about the branded players and what their inventory levels are currently with them?
- Pramod Gupta:** So there are two parts to the question. One is what do we see the volume growth for the industry, first and second is how do we see the volume growth for us? See, probably the industry on a full year basis is likely to remain flattish in our opinion. But in our case, in the first half, we had a very small growth despite the industry being a decline. And in the second half, we hope to have about 15% or so growth in the overall volume, largely due to two or three factors. One is obviously we are gaining some wallet share. Also, we continue to see some of the brands with whom we work, they are gaining market share in the marketplace and they are going faster than the industry and that is leading to better volume growth at our end. So these two factors are actually helping us to hope for about 15% kind of overall growth for the full year in this AC business.
- Kaushik Mohan:** Got it. And sir, my second question is on the CAPEX part. So currently this year, our CAPEX is ranging in Rs. 700 to I think Rs. 750 crores. So like majorly this CAPEX is going for the refrigeration part in the South India. But other part of the CAPEX, where is exactly is this going? What exactly the components which is going on?
- Pramod Gupta:** I told you about it. We have actually started almost Rs. 100 crores have gone for washing machine business in Greater Noida. Then Rs. 200 crores is probably equally split between Supa and Bhiwadi for AC business. And then we are also actually putting up a new plant for coolers, tooling, basically and some specialized plastic injection moulding in Bhiwadi again. In Salarpur, this is a different new plant which we are setting up. So there we are making some CAPEX. So that is the way it is broken up.
- Kaushik Mohan:** Perfect. So now majorly our concentration was coming from AC. Now, we are more diversifying into our more products. So the growth will be on the normal side. Is my understanding right?
- Pramod Gupta:** Yes. The diversification is a part of the strategy. We are looking to reduce our percentage dependence on AC, which will actually start becoming much more visible from Financial Year 28, 27 only 4th quarter, the refrigerator will start actually contributing maybe to some extent. But we are trying to get into and grow faster the existing non-AC business. And also, we are



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focusing on new segments, which can actually help us take care of the seasonality in the off season, especially for the room AC business.

Kaushik Mohan: Thank you, sir. Thanks for this.

Moderator: Thank you. The next question comes from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Sir, thank you for the follow up opportunity. If you could talk a little bit about the plastic moulding business, that has seen fairly strong growth for the last 3-4 quarters. So if you could elaborate a little bit in terms of what is driving, what is the outlook, what kind of margins, and what is the capital deployment here, please?

Pramod Gupta: So as we have been highlighting that the plastic injection moulding business, we have not been pursuing very aggressively. Although I must highlight that this quarter, there was not much growth. There was, in fact, a small decline in the Y-o-Y basis, not because of volumes, but because the pricing is down there, because the raw material prices have come down, especially the plastic there. And that has led to about some decline. Although on a full year, on the first half basis, we have seen very small, about 10% kind of a growth in that business. That is the component business for us, including plastic and other components. So there we are not trying to pursue or go after that business on a dedicated basis. We are not putting up any capacities or any new capital allocation is being done there. Only in very specific certain areas where we have focused, where we think the capital allocation makes sense and it meets our basically criteria of ROIC and ROCE, we are putting in or allocating capital there. But to take care of the off-season business, and when we have excess capacity, there some of the businesses are being pursued, so that if we have to make some small CAPEX to take and supply some components, which we can do from the facilities where we have off-season excess capacity, we are trying to gain those businesses. But as such, we are not allocating much new capital to the plastic component business on a standalone basis.

Achal Lohade: Got it. If you could just clarify, what is the number for the plastic moulding business for the second quarter and the first half?

Pramod Gupta: Second quarter, the number is about Rs. 211 crores and for the first half, it is Rs. 485 crores.

Achal Lohade: Understood. And the second question I wanted to understand, is there any opportunity from exports perspective which we are pursuing in any of our product categories and any visibility you could provide on that?

Pramod Gupta: Right now, we do not have any large opportunities. There are some small opportunities which we are pursuing, but they are nothing to talk about and they are unlikely to contribute anything significant in the short term.



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- Achal Lohade:** Got it. Wonderful. Sir, just last question, with respect to the following up on the ECMS applications, any thought if this was to go through, what kind of capital it would require to be deployed?
- Pramod Gupta:** Vikas ji, can you please take?
- Vikas Gupta:** Please understand. The capital allocation will depend upon once our applications are approved and once we are able to tie up with the technology partners. So that is too early for us to give any kind of a color on that, what will be the amount of investment that we go into that. So once we are able to get the approval of the applications done, second, whenever we are able to get the technology partners, so then we will be able to update you on that.
- Achal Lohade:** Got it. This is helpful, sir. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Kuvam Chugh from Point72. Please go ahead.
- Kuvam Chugh:** Hi. Good evening and thank you for taking my question. My question is around demand after the GST cut. It has been about a month and a half and we also have the festive season, then how is demand for the end user-shaped up since the GST cut?
- Pramod Gupta:** See, at our end, we do not have a first-hand experience, but from whatever we have been hearing from the brands is that the off-season has nothing spectacular or unusual has happened because of the GST cut yet. Probably, it will help a bit when the season starts. See, in India, largely AC still remains largely an impulse purchase product. It is not a planned purchase and therefore, even when the prices have come down, the spurt is probably not seen yet. But we are very hopeful that given the fact that GST has been cut, the penetration-led growth will start to see good improvement, especially in the second half of this year and probably in the first half of next year when the season starts. So right now, I can say there is nothing much which has changed.
- Kuvam Chugh:** So in that context where consumer demand hasn't picked up and channel inventory is still somewhat elevated, would the pickup in our group be more back-ended more towards the summer season and less in the winter?
- Pramod Gupta:** In our case, there are two other things which are playing out as we were elaborating. One is that there is a BE rating change and there is an inventory which is going to be built up for that in the month of November-December. And also as I was telling earlier that we are working with certain brands which have been gaining market share and we are seeing a wallet share increase in certain of them. So these two are helping us to show a decent volume pickup, hopefully in the second half. I think yes, it will be more back-ended maybe, but not solely in the month of February-



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March. It will be, some spurt should come in the month of, towards the end of December and then probably February-March, we will see a spurt.

Kuvam Chugh: That is very helpful. Thank you.

Vishal Gupta: Thank you.

Moderator: Thank you. Our next question comes from the line of Shreyansh Jain from 3A Financial Services. Please go ahead.

Shreyansh Jain: Good evening. I have a couple of questions. First, could you please throw some light on brand strategy, RAC brand strategy? Are they focusing more on manufacturing in-house or outsourcing?

Pramod Gupta: This is an endless debate and there is a view certain people have and certain analysts believe that it is going to be more in-house and certain analysts are of the view that outsourcing will continue. We are a little biased. I will make it a front because we are dependent on outsourcing of the brands. But we continue to believe that in a highly seasonal business where exports are not so much there for the Indian brands. Actually, it doesn't make a lot of economic sense to do their own plant and do the manufacturing in-house because capital efficiencies are low for most of them, for any single brand. And given the fact that if you want to put up backward integrated plants, they are capital intensive. The value accretion or value creation from going into heavy CAPEX is actually not visible even in most of the brands which have put up their own capacities in our opinion.

Shreyansh Jain: Got it. And sir, on the washing machine side, are the margins better than RAC and where do you see the product shaping up going forward in future?

Vishal Gupta: Margins are, yes, slightly better than RAC. And what was the second question? How do we see the volume catching up there, right?

Shreyansh Jain: Yes, how do you see the demand growing up in washing machines?

Pramod Gupta: See, right now we are gaining wallet share in certain clients and also we are seeing increased. We are actually beneficiary of increased outsourcing in that space and we are gaining some market share from a shift happening from insourcing to outsourcing. So we continue to see good volume growth at least in the foreseeable future in the medium term. And we have therefore expanded our capacity, invested significant money in expanding the capacity and new plant has been constructed in Greater Noida for that. And we remain fairly optimistic going forward on the washing machine business.



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- Shreyansh Jain:** So sir, any percentage of total revenue you are targeting that should come from washing machine?
- Pramod Gupta:** We will like washing machine to contribute about something like 15% or so in the medium term and we are working towards it. Right now, it is this year probably just about going to be 11%-12% and we are hopeful that in next 2-3 years, it should reach at about 15% on a much higher number for the overall company's revenues.
- Shreyansh Jain:** Great, sir. And one last question, sir, on the new energy norms, what would be the effect on the older inventory and the realization per unit of the new inventory that would be manufacturing?
- Pramod Gupta:** From manufacturing point of view, it is not going to have much impact. The inventory which we are carrying right now is largely for raw material, finished good inventory is very minimal. And most of it, almost 99.9% can be actually used in the new energy rating as well. So we don't see any impact on the inventory that we are carrying. That is point number one. Point number two is that in general we have seen the prices of some of the raw material have gone up largely because copper and aluminum prices have gone up and also the currency has depreciated. So from that point of view, there is going to be a pressure on most of the brands to actually increase the pricing of the existing and new models because there is a cost inflation which is there in the key raw material.
- Shreyansh Jain:** Understood. Thank you so much. It was helpful, sir.
- Vishal Gupta:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Dhaval Jain from Sequent Investments. Please go ahead.
- Dhaval Jain:** Sir, just a question on bookkeeping. I was going through our half year balance sheet. Our debt has increased from Rs. 301 crores to Rs. 482 crores, short term and long term both. I was just checking on the Q1 numbers. Q1, our finance cost was around Rs. 34 crores and right now it is Rs. 16 crores. So can I have an understanding how our finance cost has almost gone down by 50% whereas our debts have increased?
- Pramod Gupta:** Yes, actually we explained this very well in the last quarter itself when we had given an outlook for the full year and this quarter. See, last quarter we had some liquidity challenges because on one hand we had a high inventory and on other hand, we were also facing some challenges on our receivables because receivables got delayed because of the lower sales of some of the brands. So we resorted to two aspects to take care of that. One was to basically discount some of the receivables and also on the payable front, we extended the payables by extending our LCs while resorting to buyer's credit and that led to some of the finance charges getting upfronted and that actually was almost close to Rs. 20 crores as I explained last quarter. And that was the one-time



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thing which happened and if you knock off that then you will come to the conclusion what the numbers are showing actually.

Dhaval Jain: Understood sir and just a question if you can let me understand what are the other expenses consist of?

Pramod Gupta: See, the other expenses have several heads but key out of them are basically things like transportation, logistics, inwards and outwards logistics, some of the other admin fees etc. I will just read out for you what all we take into the other expenses and also FOREX loss and gain is also one of the components in other expenses. So the key things are, just give me a second, basically rent, rates and taxes, subcontracting expenses, power and fuel, repair and maintenance, travel and conveyance, vehicle running and maintenance, communication costs, printing and stationery, security expenses, legal and professional fees, director sitting fees, this year the big swing has happened largely because of the FOREX. Almost there has been Rs. 9.4 crore kind of a swing, this year we had a FOREX loss of Rs. 8.4 crore versus gain of Rs. 1.2 crore last year

Dhaval Jain: Then just one last question on our margins on the call that we have had that we could possibly do the revenues that we have guided for, is there going to be a margin pressure in terms of if we have to fulfill our targets?

Pramod Gupta: See, the margin guidance is actually built in the numbers that we have guided for and we are aware of what we need to do and after doing all the consideration only we have given the net profit and sales guidance, but yes right now, as Vishal ji had explained the whole value chain and the AC business is under pressure because of the high inventory and last year or the last season not going well, but we are hoping that from January-February onward things will start easing as the season starts.

Dhaval Jain: Thank you so much.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question comes from the line of Nikhat Koor from Dolat Capital Please go ahead

Nikhat Koor: Hello, thank you for taking my question. So what is our current capacity in RAC, washing machine and coolers and after the new lines are commissioned what will be the new capacity in these categories like for FY '27 and FY '28?

Pramod Gupta: Right now, our capacity in AC is almost close to 3.5 lakh ACs per month on the split side and about 50,000 ACs on the window side and once by December, we are hoping to increase it to about 4.25 lakh in the split side and 50,000 in the window side. And in washing machine the



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capacity is already expanded and we have about close to 2 lakh washing machines per month capacity today. In coolers, it is about 50,000 coolers per month.

Nikhat Koor: And after the CAPEX is incurred, what would be the new capacity which we are planning?

Vishal Gupta: CAPEX in washing machine is almost completed. AC as I told you it will go from 3.5 to 4.25 and coolers right now, the capacity is about 50,000 per month but we are not going to see an increased capacity benefit in this year. That will be probably visible much more in the next year and we will be putting a one line probably of 25,000 per month in the new plant.

Nikhat Koor: Thank you.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question comes from the line of Ayush who is an Individual Investor. Please go ahead.

Ayush: Hi, good evening. So I have two questions. One is about a couple of months back, we have announced to foray into the EV bike manufacturing space with Spiro Mobility. So any update on that? Are we still pursuing this or not? The second question is on the AC compressor manufacturing with the Chinese partner. So any update on that?

Vishal Gupta: So that EV thing is getting delayed and our partner for whom we were supposed to start manufacturing in India, they are not able to get their motorcycle approved from ARAI and at the same time, they have shifted some of their focus to Africa market. They are trying to grow that business in Africa market. They already have a strong presence in Africa and at the same time they are maybe, but I can feel that they have shifted their focus to Africa market and coming back to your compressor thing, we have stated in this call earlier also, we are still waiting for the approval that our partner is waiting for approval from the China government for this compressor thing. So we are still waiting for that only right now.

Ayush: Alright. Thank you.

Moderator: Thank you. As there are no further questions from the line of participants, I now hand the conference over to the management for closing comments.

Pramod Gupta: I would like to thank you all for sparing your time and we are available to answer any further questions you may have. Thank you. Thank you all.

Moderator: On behalf of Axis Capital Limit, that concludes this conference. Thank you for joining us and you may now disconnect your lines Thank you.