BUY
TP: Rs 670 | ▲ 25%

PG ELECTROPLAST | EMS | 29 October 2026

Washing machines, electronics fill the RAC off-season

- **Q2FY27 revenue rose 42.5% YoY to Rs 9.3bn, 15% above our estimate; Products grew 42.5% YoY, led by washing machines (+56% YoY)**
- **Cost control lifted EBITDA margin 180bps YoY to 6.4%, offsetting a 390bps gross margin hit from commodity pass-through**
- **Roll forward to Sep'28E; ascribe 35x P/E to Sep'28E EPS to arrive at Sep'27 TP of Rs 670, Upgrade to BUY**

Vineet Shanker
Research Analyst

Amey Tupe
Research Associate
rsearch@bobcaps.in

Opex savings offset gross-margin dilution YoY: Revenue rose 42.5% YoY to Rs 9.3bn, 15% above our estimate, and EBITDA grew 99% to Rs 598mn. Gross margin fell 390bps YoY on commodity prices and electronics mix, but lower employee (−210bps) and other expenses (−360bps) lifted EBITDA margin 180bps to 6.4%. Adj. PAT rose to Rs 137mn from Rs 28mn, with margin at 1.5% (+100bps YoY): higher EBITDA (+Rs 297mn) and JV share (+Rs 42mn) outweighed higher depreciation, interest and tax and lower other income.

Washing machines carry Products through RAC off-season: Products grew 42.5% YoY to Rs 4.5bn, 49% of sales vs 80% in Q1. Washing machines rose 56% YoY to Rs 2.9bn with DMIC Greater Noida online. RAC grew 22% YoY to Rs 1.6bn; with volumes "very flattish" per management, we attribute this largely to pricing. Coolers were Rs 3mn as channels cleared stock.

Memory prices, not volumes, inflate electronics: Electronics rose 113% YoY to Rs 2.5bn (27% of sales); management cited higher memory prices in TV motherboards. Plastic & Others grew 4% YoY to Rs 2.3bn; Salarpur contributes only from Q3FY27. The equity-accounted 50:50 Goodworth JV (outside consolidated revenue) posted H1 revenue of Rs 6.2bn (Rs 4.8bn) and EBITDA of Rs 227mn (Rs 103mn).

H2 execution key as pricing catches up: Management indicated that channel inventory is significantly lower than last year, aided by healthy secondary sales, which supports primary offtake in H2. The price increase planned for the December quarter was implemented in October, and a further hike from January has been agreed with most clients. Management now expects FY27 RAC volume growth of ~20%, slightly below the >20% indicated in Q1.

Revise estimates, Upgrade to BUY: We raise FY27E-FY29E revenue by 2-4% but cut FY27E/FY28E PAT by 10%/2% on lower near-term margins and raise FY29E PAT by 5%. We ascribe 35x P/E (40x earlier) to Sep'28E EPS to arrive at a Sep'27 TP of Rs 670. We upgrade to BUY.

Key changes

Target	Rating
▼	▲

Ticker/Price	PGEL IN/Rs 536
Market cap	US$ 1.6bn
Free float	39%
3M ADV	US$ 9.7mn
52wk high/low	Rs 644/Rs 437
Promoter/FPI/DII	49%/10%/16%

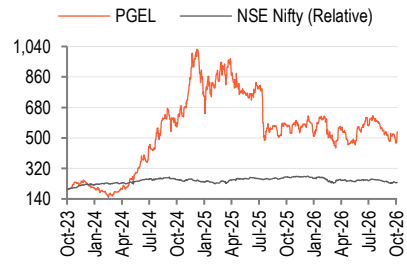
Source: NSE | Price as of 28 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	52,880	67,170	83,774
EBITDA (Rs mn)	3,870	5,195	7,230
Adj. net profit (Rs mn)	1,966	2,764	4,357
Adj. EPS (Rs)	6.9	9.7	15.3
Consensus EPS (Rs)	6.9	9.7	0.0
Adj. ROAE (%)	6.7	8.7	12.3
Adj. P/E (x)	77.9	55.4	35.1
EV/EBITDA (x)	40.3	28.9	20.7
Adj. EPS growth (%)	(32.2)	40.6	57.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY27 financial snapshot

Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	Q2FY27E	Var (%)
Revenue	9,339	6,554	42	20,340	(54)	29,678	21,592	37	8,104	15
EBITDA	598	301	99	1,482	(60)	2,080	1,513	37	448	33
EBITDA Margin (%)	6.4	4.6	180bps	7.3	(90bps)	7.0	7.0	0bps	5.5	87bps
Depreciation	281	216		265		547	425		270	4
Interest	261	167		353		613	506		280	(7)
Other Income	94	146		80		174	328		150	(38)
PBT	149	63	136	944	(84)	1,094	910	20	48	211
Tax	58	39		191		250	219		10	478
Adjusted PAT	137	28	395	762	(82)	899	697	29	48	185
Exceptional item	-	-		-		-	-		-	
Reported PAT	137	28	395	762	(82)	899	697	29	48	185
Adj. PAT Margin (%)	1.5	0.4	100bps	3.7	(230bps)	3.0	3.2	(20bps)	0.6	87bps
EPS (Rs)	0.3	0.1	283	2.6	(88)	3.0	26.4	(89)	0.1	140

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Segment revenue								
Products	4,540	3,185	43	16,311	(72)	20,851	14,765	41
Plastic & others	2,262	2,176	4	2,946	(23)	5,207	4,979	5
Electronics	2,537	1,193	113	1,083	134	3,620	1,848	96

Source: Company, BOBCAPS Research

Earnings Call Highlights

Commodity costs and pass-through timing

- Management stated that client pricing resets quarterly on the prior quarter's average copper, aluminium and USD costs; the January reset will reflect October-December averages. Earlier increases were taken in January and April 2026.
- Management expects the FY27 average realisation increase to be ~15% (CFO: 15-20%). The AC bill of materials has risen to ~Rs 18.5k from ~Rs 14k two years ago with per-unit conversion income unchanged, so management expects gross margin to stay optically low in H2.

Incentives and operating costs

- No PLI was booked in Q2, only Rs 15.5mn of Maharashtra incentive. Management expects FY27 PLI of over Rs 700mn, booked in Q3-Q4 after FY26 filings, and FY28 incentives of Rs 1.05-1.1bn, including Rs 280-300mn a year of state incentives for 10 years.
- Management attributed the YoY fall in other expenses to a ~Rs 30mn forex loss (~Rs 80mn in Q2FY26) and ~Rs 30mn of Q2FY26 GST-related one-offs not recurring. It expects employee and other costs to rise in line with volumes (~20-25%), not sales, as pass-through inflates revenue.

RAC volumes and order book

- H1FY27 RAC volumes grew 20-22% (Q1: 15-20% expected). Management expects FY27 RAC deliveries of 2.1-2.2mn units (1.7mn in FY26).
- Management expects early-teens Q3 volume growth and a “much better” Q4, with the order book extending to March-April. It expects industry growth of over 15% in FY27 and limited rural-slowdown impact, as AC demand is largely urban.

Rotary compressor facility at Supa

- Trial production is due by end-November and mass production in January-February, about a month later than Q1’s December-January; the 2mn-unit line is still due this year. Management targets 1.5-1.8mn units in CY27; the second-line decision remains due in April-May.
- Output is largely for in-house RAC; several clients have given in-principle approval, with no single anchor customer. Margin detail will be shared at end-Q3FY27. Compressor imports are barred after 31 March 2027, and copper tube imports are now restricted (Q1: from November).

Refrigerator facility at Sri City

- Trial production is due in January-February, with commercial production still targeted for Q4FY27; phase 1 covers direct-cool and side-by-side models, which Q1 had expected from October-November. The FY28 target is ~700k units (Q1: 600-700k), based on the anchor customer plus soft commitments from others.
- Management expects margins in line with the company average and will decide on a refrigerator compressor line only after production stabilises.

Electronics and Goodworth TV JV

- Management guided FY27 electronics revenue of Rs 5.0-6.0bn (~Rs 5.5bn targeted). H2 is led by AC controllers, CCTV cameras and battery management systems with lower memory content, so value growth should revert towards volume growth.
- Management guided Goodworth FY27 revenue of Rs 8-9bn; TV volumes are in line, with growth price-driven. H2 is the TV off-season, and price elasticity is damping volumes.

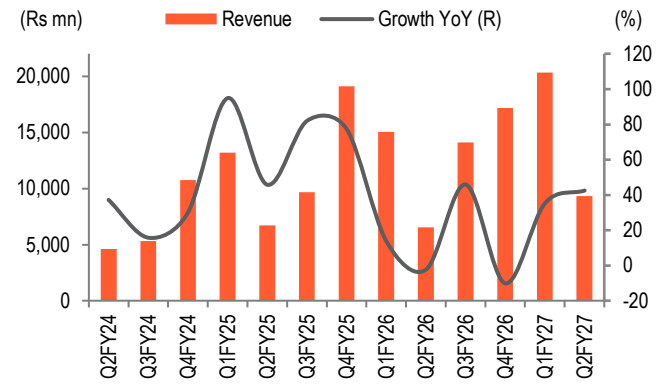
Washing machines and coolers

- Management expects 40-50% washing machine growth in FY27, with revenue “nearby” Rs 10bn, as the category enters its off-season. Management expects a normal cooler season in FY28, with channel inventory now normalised.

Capex

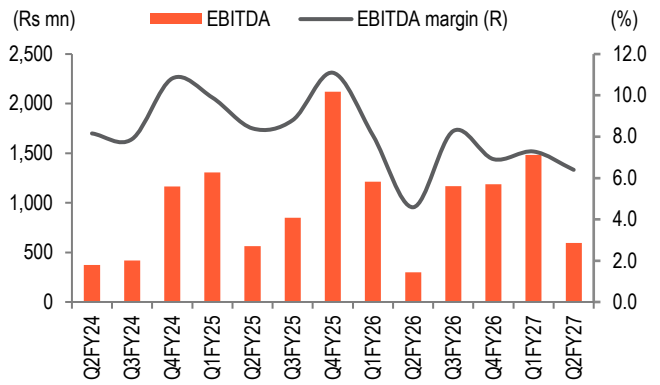
- FY27 capex of ~Rs 4.0bn is on track and largely paid; FY28 capex is guided at Rs 1.5-2.0bn as FY27-28 focus on operationalising projects and restoring profitability, with no new categories.

Fig 3 – Revenue growth trend



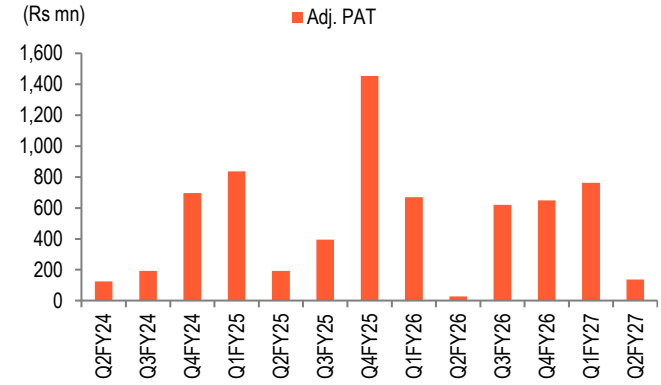
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



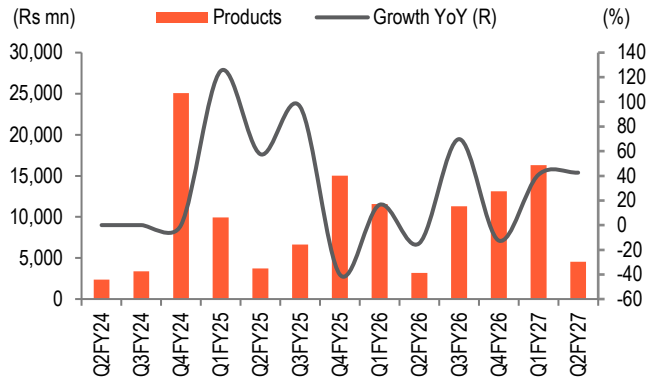
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



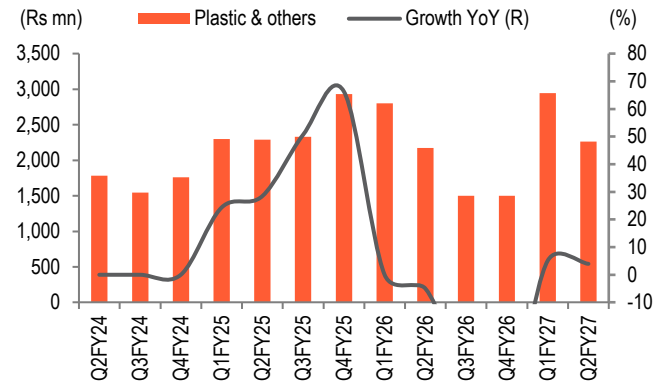
Source: Company, BOBCAPS Research

Fig 6 – Products performance



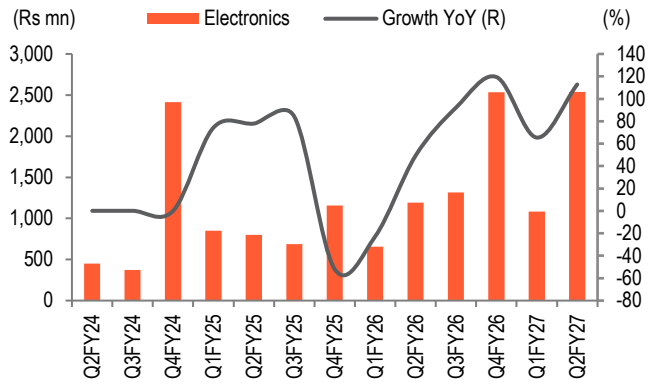
Source: Company, BOBCAPS Research

Fig 7 – Plastic & others performance



Source: Company, BOBCAPS Research

Fig 8 – Electronics performance

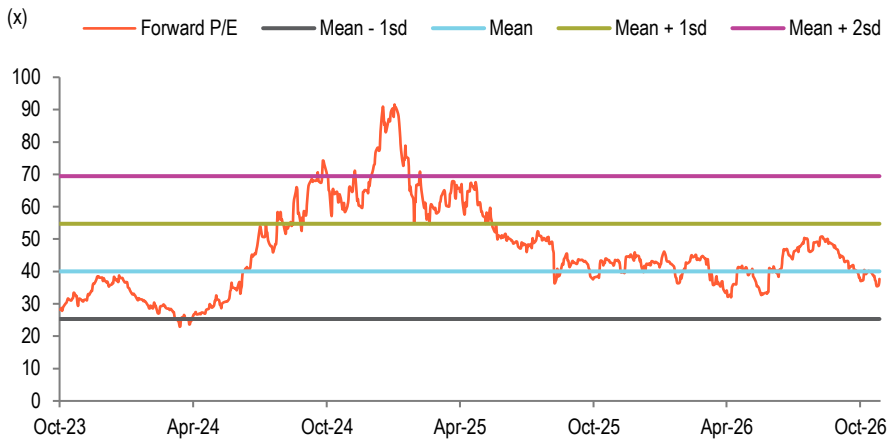


Source: Company, BOBCAPS Research

Valuation methodology

We raise FY27E/FY28E/FY29E revenue by 2%/4%/4%, mainly on H1 actuals and memory-led electronics pricing. We cut FY27E EBITDA by 5%, keep FY28E broadly unchanged and raise FY29E by 6%, as management guided only for a modestly better H2 margin. FY27E/FY28E PAT falls 10%/2%, while FY29E PAT rises 5% as Supa and Sri City ramp up. We estimate revenue/EBITDA/PAT CAGR of 23%/36%/49% over FY26-29E. Rolling forward, we ascribe 35x P/E to Sep'28E EPS of Rs 18.9 to arrive at a Sep'27 TP of Rs 670. With 25% upside, we upgrade the stock to BUY from HOLD.

Fig 9 – PGEL 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

Particulars (Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	67,170	83,774	99,179	65,878	80,454	95,180	2	4	4
EBITDA	5,195	7,230	9,785	5,493	7,200	9,225	(5)	0	6
EBITDA Margin (%)	7.7	8.6	9.9	8.3	8.9	10	(60bps)	(32bps)	17bps
PAT	2,764	4,357	6,450	3,076	4,465	6,124	(10)	(2)	5

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**48,695**	**52,880**	**67,170**	**83,774**	**99,179**
EBITDA	4,841	3,870	5,195	7,230	9,785
Depreciation	656	882	1,113	1,424	1,606
EBIT	4,184	2,988	4,082	5,806	8,179
Net interest inc./(exp.)	(537)	(469)	(669)	(401)	(142)
Other inc./(exp.)	351	548	581	616	653
Exceptional items	0	0	0	0	0
EBT	3,647	2,519	3,414	5,405	8,037
Income taxes	738	583	700	1,108	1,648
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(31)	30	50	60	60
Reported net profit	**2,878**	**1,966**	**2,764**	**4,357**	**6,450**
Adjustments	0	0	0	0	0
Adjusted net profit	**2,878**	**1,966**	**2,764**	**4,357**	**6,450**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	13,744	17,573	22,322	27,840	32,959
Other current liabilities	4,802	4,755	6,039	7,532	8,918
Provisions	0	0	0	0	0
Debt funds	3,019	4,997	4,997	4,247	3,697
Other liabilities	1,361	1,656	1,656	1,656	1,656
Equity capital	283	285	285	285	285
Reserves & surplus	27,999	30,201	32,964	37,321	43,771
Shareholders' fund	28,282	30,486	33,250	37,607	44,056
Total liab. and equities	**51,208**	**59,467**	**68,264**	**78,882**	**91,286**
Cash and cash eq.	9,797	3,894	518	2,061	5,951
Accounts receivables	9,804	11,840	14,722	18,362	20,379
Inventories	13,162	16,013	20,243	20,657	24,455
Other current assets	4,775	6,193	7,866	9,811	11,615
Investments	0	0	0	0	0
Net fixed assets	11,343	15,348	20,860	23,936	24,831
CWIP	736	3,124	1,000	1,000	1,000
Intangible assets	42	52	52	52	52
Deferred tax assets, net	0	0	0	0	0
Other assets	1,549	3,003	3,003	3,003	3,003
Total assets	**51,208**	**59,467**	**68,264**	**78,882**	**91,286**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(766)**	**(782)**	**1,124**	**6,794**	**6,939**
Capital expenditures	(4,872)	(7,832)	(4,500)	(4,500)	(2,500)
Change in investments	1	5,296	0	0	0
Other investing cash flows	(7,142)	560	0	0	0
Cash flow from investing	**(12,014)**	**(1,977)**	**(4,500)**	**(4,500)**	**(2,500)**
Equities issued/Others	14,899	167	0	0	0
Debt raised/repaid	(728)	1,978	0	(750)	(550)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(881)	(1,327)	0	0	0
Cash flow from financing	**13,290**	**818**	**0**	**(750)**	**(550)**
Chg in cash & cash eq.	**510**	**(1,941)**	**(3,376)**	**1,544**	**3,889**
Closing cash & cash eq.	**9,797**	**3,894**	**518**	**2,061**	**5,951**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	10.2	6.9	9.7	15.3	22.6
Adjusted EPS	10.2	6.9	9.7	15.3	22.6
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	99.9	106.8	116.5	131.8	154.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.2	2.9	2.2	1.8	1.5
EV/EBITDA	32.1	40.3	28.9	20.7	15.6
Adjusted P/E	52.8	77.9	55.4	35.1	23.7
P/BV	5.4	5.0	4.6	4.1	3.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	78.9	78.0	81.0	80.6	80.2
Interest burden (PBT/EBIT)	87.2	84.3	83.6	93.1	98.3
EBIT margin (EBIT/Revenue)	8.6	5.7	6.1	6.9	8.2
Asset turnover (Rev./Avg TA)	429.3	344.5	322.0	350.0	399.4
Leverage (Avg TA/Avg Equity)	0.6	0.5	0.7	0.7	0.6
Adjusted ROAE	14.9	6.7	8.7	12.3	15.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	77.3	8.6	27.0	20.0	18.4
EBITDA	84.9	(20.1)	34.2	39.2	35.3
Adjusted EPS	96.1	(32.2)	40.6	57.6	48.0
Profitability & Return ratios (%)					
EBITDA margin	9.9	7.3	7.7	8.6	9.9
EBIT margin	8.6	5.7	6.1	6.9	8.2
Adjusted profit margin	2.8	5.4	2.9	3.3	4.4
Adjusted ROAE	14.9	6.7	8.7	12.3	15.8
ROCE	21.3	10.3	10.8	12.9	15.8
Working capital days (days)					
Receivables	73	82	80	80	75
Inventory	99	111	110	90	90
Payables	103	121	121	121	121
Ratios (x)					
Gross asset turnover	4.2	3.3	3.1	3.1	3.2
Current ratio	1.9	1.5	1.4	1.3	1.4
Net interest coverage ratio	4.7	2.9	3.3	5.7	10.3
Adjusted debt/equity	0.1	0.2	0.2	0.1	0.1

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

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

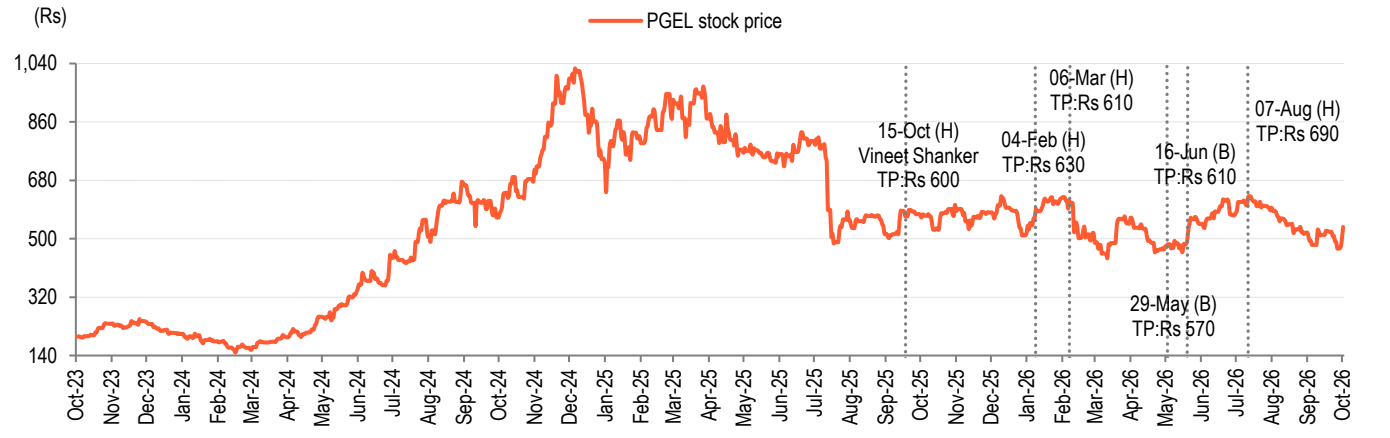
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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

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



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

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