

HOLD

TP: Rs 630 | ▲ 12%

PG ELECTROPLAST

Consumer Durables

04 February 2026

Strong performance on recovery in primary demand

- PGEL delivered earnings beat vs estimates; revenue grew 46% YoY, led by the Products business (+70% YoY)
- Cost savings cushioned gross margin pressure (-340bps YoY); EBITDA margin declined merely 50bps YoY
- Tweak estimates, ascribe unchanged multiple (~40x) to arrive at Dec'26 TP of Rs 630. Maintain HOLD

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Revenue beats sharply; margins improve QoQ but trail YoY: Revenue for Q3FY26 stood at Rs 14.1bn, up 46% YoY and 27%, ahead of our estimate of Rs 11.2bn, driven by a sharp recovery in RAC volumes and sustained traction in washing machines. EBITDA increased 37% YoY to Rs 1.17bn but grew slower vs revenue, leading to an 8.3% of EBITDA margin; down 50bps YoY. However, margins improved to 370bps QoQ, reflecting a meaningful rebound in utilisation from the Q2 lows and operating leverage benefits, partly offset by higher input and financing costs. Adjusted PAT rose 57% YoY to Rs 0.62bn, aided by scale-led operating recovery, with PAT margin expanding 30bps YoY to 4.4%.

Product-led recovery drives growth; Electronics remains a key growth pillar:

The Products segment (RAC + washing machines) posted a revenue of Rs 11.3bn (+70% YoY), reflecting strong RAC execution and a sustained momentum in washing machines segment. Washing machines continued to offset volatility in RAC demand, aiding mix stability. Our estimated Electronics segment revenue increased 92% YoY to Rs 1.3bn, continuing to scale strongly. In contrast, Plastic & Others declined 36% YoY to Rs 1.5bn, weighing on the overall segmental mix.

Pre-buying by channel supported Q3 volumes, inventory remains elevated:

The sharp YoY growth was supported by the pre-buying by brands ahead of energy-rating changes, resulting in channel refilling during the quarter. Management cautioned that this was not entirely demand-led and expects sell-out trends in Feb–Mar to determine the sustainability of production momentum in Q4. Combined inventory across brands and channels is estimated at ~4.5–5.0mn RAC units — above normal levels.

Tweaked estimates, maintain HOLD: We have tweaked our FY26E earnings to factor in strong growth in the RAC segment, but remain cautious amid elevated channel inventory levels. We expect the recovery in demand to materialise in FY27, driven by the pent-up demand and improving affordability. We roll forward our valuation and ascribe a 40x multiple to arrive at a Dec-26 target price of Rs 630. We maintain HOLD.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PGEL IN/Rs 562
Market cap	US\$ 176.4mn
Free float	39%
3M ADV	US\$ 18.8mn
52wk high/low	Rs 1,008/Rs 465
Promoter/FPI/DII	49%/10%/16%

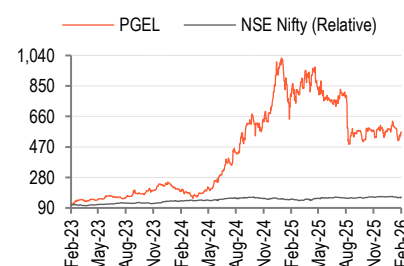
Source: NSE | Price as of 3 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	48,695	55,643	66,704
EBITDA (Rs mn)	4,841	5,124	6,425
Adj. net profit (Rs mn)	2,878	2,822	3,519
Adj. EPS (Rs)	101.7	99.7	124.3
Adj. ROAE (%)	14.9	9.5	10.7
Adj. P/E (x)	5.5	5.6	4.5
EV/EBITDA (x)	3.8	3.7	2.3
Adj. EPS growth (%)	96.1	(2.0)	24.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly & 9MFY26 performance

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	Q3FY26E	Var (%)
Revenue	14,121	9,677	46	6,554	115	35,713	29,597	21	11,157	27
EBITDA	1,169	852	37	301	288	2,682	2,722	(1)	953	23
EBITDA Margin (%)	8.3	8.8	(50bps)	4.6	370bps	7.5	9.2	(170bps)	8.5	(27bps)
Depreciation	220	164		216		645	469		235	(6)
Interest	250	224		167		756	558		320	(22)
Other Income	92	72		146		420	152		50	85
PBT	791	536	48	63	1,152	1,701	1,848	(8)	448	76
Tax	188	134		39		407	402		113	66
Adjusted PAT	620	395	57	28	2,145	1,317	1,426	(8)	345	79
Exceptional item	-	-		-		-	-		-	
Reported PAT	620	395	57	28	2,145	1,317	1,426	(8)	345.4	79
Adj. PAT Margin (%)	4.4	4.1	30bps	0.4	400bps	3.7	4.8	(110bps)	3.1	129bps
EPS (Rs)	21.1	14.2	49	0.8	2,425	45.6	55.2	(18)	3.6	487

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Segment revenue								
Products	11,306	6,662	70	3,185	255	26,071	20,337	28
Plastic & others	1,500	2,330	(36)	2,176	(31)	5,976	6,920	(14)
Electronics	1,315	685	92	1,193	10	3,667	2,335	57

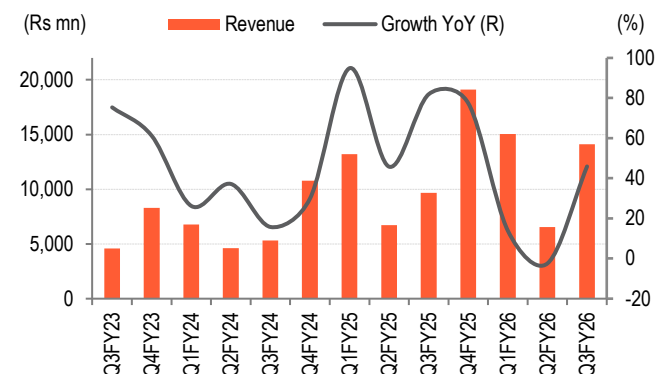
Source: Company, BOBCAPS Research

Earnings Call Highlights

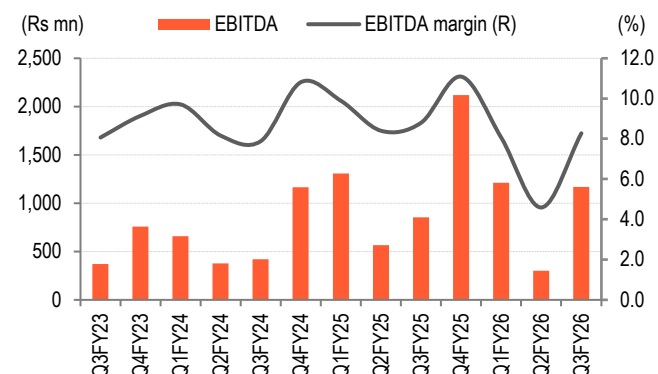
- Management highlighted a robust Q3 with RAC revenues up >80% YoY and washing machines up ~45% YoY, despite the broader RAC industry witnessing a ~15–20% decline in 9MFY26. PGEL delivered ~27% RAC growth in 9MFY26, significantly outperforming peers, aided by higher outsourcing by key brands and market share gains vs other EMS players.
- Management reaffirmed FY26 revenue guidance of Rs 57-58bn and PAT of ~Rs 3.0bn, supported by the seasonality-driven Q4 strength, operating leverage, and improving pricing environment.
- Management expects inventory liquidation only once summer demand picks up, likely towards late Feb or March, leading to a backend production ramp-up.
- RAC margins under pressure in Q3 due to (1) selective margin support to key customers to gain market share (2) higher inventory (3) ERP (SAP) migration, which mechanically reduced gross margins by ~120-150bps due to reclassification of consumables.
- Management indicated that price hikes for Jan-Feb dispatches have been implemented, which should help restore per-unit profitability.
- Sharp hikes in copper and aluminium prices and INR depreciation are being passed on to customers with a 10-30 day lag. Management highlighted a focus on

absolute per-piece margin vs percentage margins, reiterating confidence in maintaining unit economics without compromising on customer stickiness.

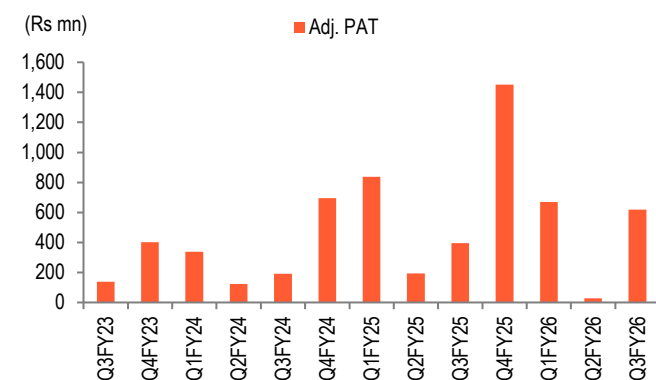
- Management reiterated that seasonality, SKU complexity, and poor utilisation make full insourcing uneconomical for most brands. Even with the recent insourcing capacity additions under PLI, PGEL believes outsourcing will rise structurally over the medium term, particularly for differentiated SKUs and channel-specific models.
- Current RAC capacity stands at ~425k split ACs/month plus ~50k window ACs/month, sufficient to support near-term growth. Incremental capex is focused more on new categories and scale efficiencies vs RAC-only expansion.
- Washing machine business grew ~45% YoY in Q3 and ~46% in 9MFY26, driven by increased outsourcing in semi-automatic machines. PGEL is also developing fully automatic top-load platforms and plans to enter front-load washing machines, supporting strong growth visibility into FY27.
- The TV JV reported ~Rs 6.7bn revenue and ~Rs 0.17bn EBITDA in 9MFY26, with management indicating a healthy ramp-up and ongoing evaluation of new electronics categories, including POS devices, where pilot testing is underway.
- FY26 capex remains at Rs 7.0-7.5bn, split across refrigerators (~Rs 3.0bn), washing machines and Greater Noida campus (~Rs 2.0bn), AC expansions, tooling/plastics, and land acquisition (~Rs 0.84bn). Most of the capex (excluding refrigerators) likely to start contributing from Q4FY26/FY27.
- PGEL acquired ~52 acres in Sri City and ~72 acres in Ahmednagar, aligned with its strategy to develop three large multi-product manufacturing hubs (North, West, South), enabling backward integration, logistics optimisation, and cost leadership over the next 5-7 years.
- High raw material inventory (~Rs 11.6bn) reflects peak-season manufacturing prep and commodity inflation rather than finished goods build-up. Management expects inventory and cash flows to normalise in H2/Q4 as production accelerates and channel inventory clears.
- No PLI income was booked in Q3. Management expects ~Rs 0.38bn of PLI receipt in Q4, related to FY25 entitlements.

Fig 3 – Revenue growth trend

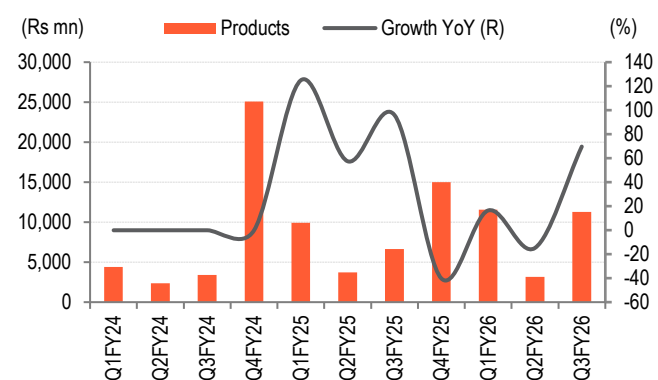
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend

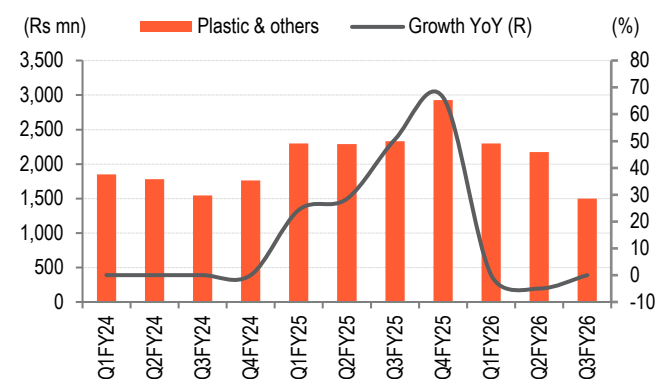
Source: Company, BOBCAPS Research

Fig 5 – Profit trend

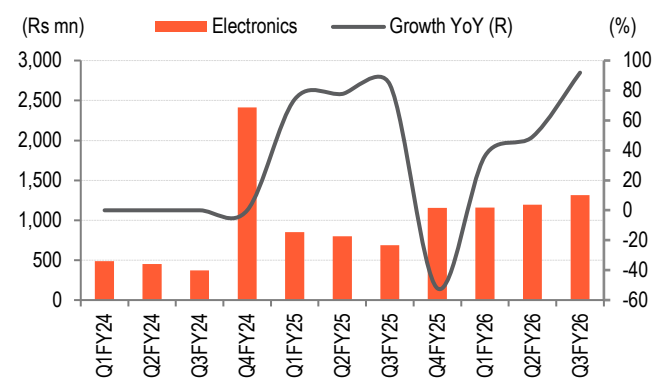
Source: Company, BOBCAPS Research

Fig 6 – Products performance

Source: Company, BOBCAPS Research

Fig 7 – Plastic & others performance

Source: Company, BOBCAPS Research

Fig 8 – Electronics performance

Source: Company, BOBCAPS Research

Valuation Methodology

We have tweaked our FY26E earnings to factor in strong growth in the RAC segment, but remain cautious amid elevated channel inventory levels. We expect the recovery in demand to materialise in FY27, driven by the pent-up demand and improving affordability. We roll forward our valuation and ascribe a 40x multiple to arrive at a Dec-26 target price of Rs 630. We maintain HOLD.

Fig 9 – PGEL 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	55,643	66,704	81,649	54,649	66,979	81,442	2	0	0
EBITDA	5,124	6,425	8,369	4,978	6,466	8,338	3	(1)	0
EBITDA margin (%)	9.2	9.6	10.3	9.1	9.7	10.2	10bps	(2bps)	1bps
PAT	2,822	3,519	4,786	2,671	3,552	4,761	6	(1)	1

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	27,465	48,695	55,643	66,704	81,649
EBITDA	2,618	4,841	5,124	6,425	8,369
Depreciation	466	656	869	1,469	1,895
EBIT	2,152	4,184	4,255	4,956	6,475
Net interest inc./(exp.)	(387)	(537)	(604)	(592)	(530)
Other inc./(exp.)	130	351	527	444	489
Exceptional items	0	0	0	0	0
EBT	1,765	3,647	3,650	4,364	5,945
Income taxes	395	738	869	895	1,219
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(21)	(31)	40	50	60
Reported net profit	1,349	2,878	2,822	3,519	4,786
Adjustments	0	0	0	0	0
Adjusted net profit	1,349	2,878	2,822	3,519	4,786

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	6,464	13,744	15,705	18,827	23,045
Other current liabilities	1,435	4,802	5,487	6,577	8,051
Provisions	0	0	0	0	0
Debt funds	3,606	3,019	4,519	3,769	3,019
Other liabilities	1,194	1,361	1,361	1,361	1,361
Equity capital	260	283	283	283	283
Reserves & surplus	10,121	27,999	30,821	34,340	39,126
Shareholders' fund	10,381	28,282	31,104	34,623	39,409
Total liab. and equities	23,080	51,208	58,176	65,157	74,885
Cash and cash eq.	1,824	9,797	3,953	2,561	6,913
Accounts receivables	5,530	9,804	12,196	14,620	17,896
Inventories	5,434	13,162	16,769	20,103	20,133
Other current assets	1,269	4,775	5,456	6,540	8,006
Investments	0	0	0	0	0
Net fixed assets	7,813	11,343	12,210	19,741	20,347
CWIP	632	736	6,000	0	0
Intangible assets	34	42	42	42	42
Deferred tax assets, net	0	0	0	0	0
Other assets	543	1,549	1,549	1,549	1,549
Total assets	23,080	51,208	58,176	65,157	74,885

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	1,863	(766)	(344)	2,358	7,601
Capital expenditures	(2,258)	(4,872)	(7,000)	(3,000)	(2,500)
Change in investments	(88)	1	0	0	0
Other investing cash flows	(1,646)	(7,142)	0	0	0
Cash flow from investing	(3,992)	(12,014)	(7,000)	(3,000)	(2,500)
Equities issued/Others	0	14,899	0	0	0
Debt raised/repaid	(2,091)	(728)	1,500	(750)	(750)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	4,434	(881)	0	0	0
Cash flow from financing	2,344	13,290	1,500	(750)	(750)
Chg in cash & cash eq.	215	510	(5,844)	(1,392)	4,351
Closing cash & cash eq.	1,824	9,797	3,953	2,561	6,913

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	51.8	101.7	99.7	124.3	169.1
Adjusted EPS	51.8	101.7	99.7	124.3	169.1
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	398.9	999.0	1,098.7	1,223.0	1,392.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.5	0.4	0.3	0.2	0.2
EV/EBITDA	4.8	3.8	3.7	2.3	2.1
Adjusted P/E	10.8	5.5	5.6	4.5	3.3
P/BV	1.4	0.6	0.5	0.5	0.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.4	78.9	77.3	80.6	80.5
Interest burden (PBT/EBIT)	82.0	87.2	85.8	88.1	91.8
EBIT margin (EBIT/Revenue)	7.8	8.6	7.6	7.4	7.9
Asset turnover (Rev./Avg TA)	351.5	429.3	455.7	337.9	401.3
Leverage (Avg TA/Avg Equity)	1.1	0.6	0.4	0.6	0.5
Adjusted ROAE	18.8	14.9	9.5	10.7	12.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	27.2	77.3	14.3	19.9	20.0
EBITDA	48.6	84.9	5.8	25.4	30.3
Adjusted EPS	52.2	96.1	(2.0)	24.7	36.0
Profitability & Return ratios (%)					
EBITDA margin	9.5	9.9	9.2	9.6	10.3
EBIT margin	7.8	8.6	7.6	7.4	7.9
Adjusted profit margin	2.8	2.8	5.2	4.2	4.3
Adjusted ROAE	18.8	14.9	9.5	10.7	12.9
ROCE	16.6	21.3	12.9	11.7	13.8
Working capital days (days)					
Receivables	73	73	80	80	80
Inventory	72	99	110	110	90
Payables	86	103	103	103	103
Ratios (x)					
Gross asset turnover	3.4	4.2	3.8	3.4	3.2
Current ratio	1.5	1.9	1.6	1.6	1.6
Net interest coverage ratio	4.2	4.7	3.8	4.8	6.4
Adjusted debt/equity	0.3	0.1	0.1	0.1	0.1

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

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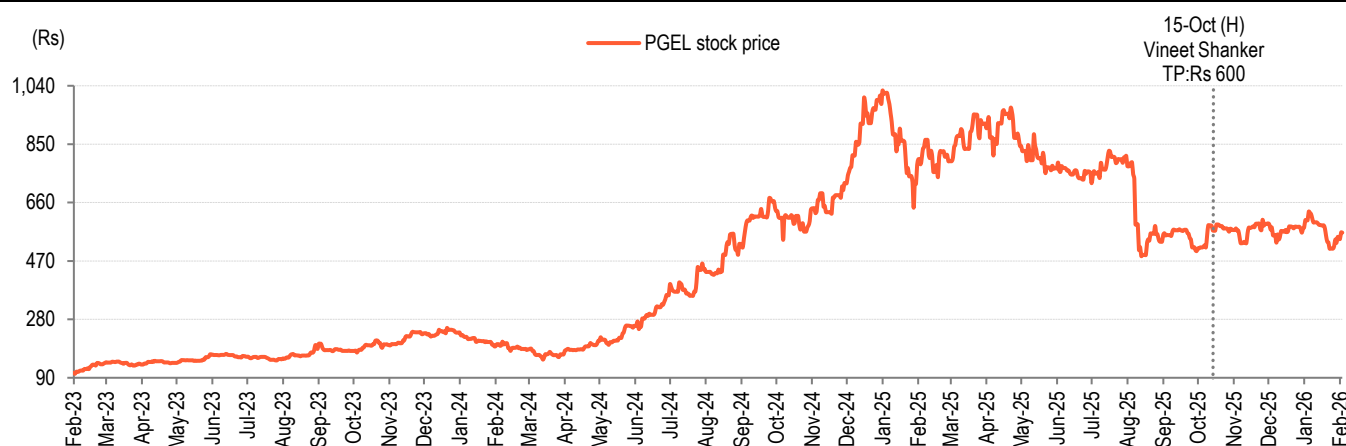
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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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



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

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