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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 and Disclosure Requirements) Regulations, 2015 and in reference to our submission dated May 25, 2026, please find enclosed Transcript of the Earnings Conference Call held on May 28, 2026.

This is for your information & Records.

For **PG Electroplast Limited**

Deepesh Kedia
Company Secretary



“PG Electroplast Limited

Q4 FY26 Earnings Conference Call”

May 28, 2026



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

MODERATOR: **MR. SHALIN CHOKSY – JM FINANCIAL INSTITUTIONAL
SECURITIES**

Moderator:

Ladies and gentlemen, good day, and welcome to the PG Electroplast Q4 FY26 Earnings Conference Call hosted by JM Financial Institutional Securities. This presentation has been prepared for information 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 securities nor shall part all of this presentation form the basis of or to be released or in the connection with any contract or investment decisions in relation to any securities.

This presentation contains forward-looking statements based on the current health, beliefs of the management of the company, which are expressed in good faith and in management's opinions are reasonable. The forward-looking statements may involve unknown 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.

These 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.

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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shalin Choksy from JM Financial Institutional Securities. Thank you, and over to you, sir.

Shalin Choksy:

Thank you, Rutuja. Good afternoon, everyone. On behalf of JM Financial Institutional Securities, I welcome you all to the Q4 FY26 Earnings Call of PG Electroplast Limited. We have with us the management of the company represented by Mr. Vishal Gupta, Managing Director of Finance; and Mr. Pramod Gupta, Chief Financial Officer.

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

Vishal Gupta:

Thank you, Shalin, and good afternoon, everyone, and thank you for joining us for PG Electroplast Q4 and Full Year FY26 Earnings Call. I'm Vishal Gupta, Managing Director, and today, I'm joined on this call with Mr. Pramod Gupta, our Chief Financial Officer.

Before we get into the numbers, let me set the context because FY26 was a complex year for the industry. The challenges were external and largely simultaneous. That said, our strategy remains the same and our long-term conviction has only centered through this cycle. I'll take you through four things today.

First, the industry context and what made FY26 so difficult. Second, our own Q4 and full year performance. Third, the strategic progress we have made despite the headwinds and fourth, where we are headed in FY27.

Now let me start with the industry backdrop. The RAC industry, which remains the largest contributor to our product revenues, experienced a decline of approximately 15% during FY26. This was against a backdrop where just 12 months ago when we and the rest of the industry were guiding for strong double-digit growth.

Three demand side shocks were largely responsible for this degrowth. First, Q1 was delayed by an early and unusually prolonged monsoon. The RAC season effectively collapsed after May. June and July saw very weak industry sales because of high channel inventory.

Second, due to the GST rate cut announcement on the 15th of August, there were very few sales since 22nd of September, which further delayed our inventory liquidation. Third, anticipation of the BEE rating transition led to preponement of production and sales in the month of December 2025, resulting in less offtake in the month of Jan and Feb. This further reduced our pricing power and ability to pass through the increases in commodities and exchange rate impact.

Most importantly, on top of all this, there was a meaningful decline in confidence of consumer spending in and inflation in essential household categories reduced the availability of disposable income and Indian consumers adopted a more cautious savings-oriented behavior throughout much of the year.

On the supply side, we faced unforeseen large cost inflation, commodity prices, copper, aluminum, plastics and key components rose sharply. Most significantly, the Indian rupee depreciated approximately 20% against the U.S. dollar on a Y-o-Y basis, substantially inflating our input costs.

Since December '25 till April '26, the industry implemented cumulative price hike of around 10% to 15%, but with weak demand and excess inventory in the channel, the ability to fully pass through these increases remain constrained, suppressing gross margins across the entire value chain.

Then in March, which is historically our single largest production month of the year, we were hit by a shortage of commercial LPG arising from the Gulf conflict. This forced nearly 2-week plant shutdowns to retrofit our operations to alternative fuel sources at a very exorbitant cost.

Non-availability of LPG and general uncertainty triggered reverse migration of labor. The manpower shortages and uncertainty around fuel availability disrupted the ramp-up, which severely affected our production targets. In parallel, we also faced a shortage of trucks because of fuel shortage in the second week of March. Pramod-ji?

Pramod Gupta:

Yes. I will now walk you through the Q4 numbers in detail. As you can see, consolidated revenues for the quarter were INR1,717 crores and a decline of about 10.1% Y-o-Y, while EBITDA came in at INR131.5 crores compared to INR231.72 crores last year, which was a

decline of 43%. Net profit for the quarter was INR64.2 crores versus INR146.39 crores and a decline of 56% for the quarter.

If you see the specific disruptions and their financial impact, the LPG crisis in March disrupted room AC production, especially in Supa and we lost production to the extent of approximately INR300 crores in -- due to the LPG crisis. The truck shortage, which resulted in an estimated sales loss of close to INR120 crores for the quarter as finished goods were stranded at our plant and dispatches were deferred into April.

Together, these 2 items alone accounted for an aggregate revenue loss of approximately INR420 crores in the quarter on a base of INR1,717 crores. So had these sales happened, we would have actually crossed INR2,100 crores plus in sales.

Commodity inflation and currency depreciation resulted in estimated gross margin impact of approximately 250 basis points during the quarter, which we were not able to pass through. For the full year FY26, our forex loss was INR38.77 crores versus a forex gain of about INR17.99 crores in FY25. Even for the quarter, we had a forex loss of about INR25.82 crores versus a gain of INR12.77 crores last year same quarter.

In aggregate, these combined factors resulted in an estimated PBT impact of approximately INR120 crores for the quarter. We continued to incur most of our fixed and operating costs even as the production was impaired in the month of March. And even in January and February, because of the slow production, we had to incur all the major costs despite the production not being ramped up fully.

Our product revenue contributed INR1,412 crores, which is 82.5% of the quarterly revenue. Within that, room AC revenue declined 12% Y-o-Y to INR1,210 crores. For the full year, RAC revenue grew 9% year-on-year. The washing machine business grew phenomenally 52% on a full year basis. And for the quarter, it grew at about 70%. Cooler business saw a decline of about 10.8% for the quarter And on an even full year basis, there was a decline of 8.2% in the cooler business.

Goodworth Electronics, our JV entity, reported revenues of INR155.1 crores in Q4 versus INR107.6 crores in the same quarter last year. EBITDA improved to INR6.19 crores during the quarter from INR0.94 crores last year same quarter. Full year consolidated revenues are INR5,288 crores versus INR4,869 crores in the last financial year. EBITDA stood at INR441.76 crores versus INR519.16 crores and profit after tax stood at INR193.61 crores versus INR290.92 crores last year.

The profitability decline reflects the margin compression from input cost inflation, operating leverage working negatively from lower production volumes and elevated finance costs from higher working capital intensity and the Q4 disruptions. We continue to gain wallet share within our anchor customers and deepen our trust with our brand partners and continue to benefit from the structural shift towards outsourcing in the Indian consumer global manufacturing.

During the full year, working capital was stressed mainly because of the higher inventory, which we carried and the demand washout, which happened in the first quarter last year, and we carried

the higher inventory through the Q4. That also delayed the collections because some of our customers were also seeing huge inventory at their end and the receivable cycle was stretched, leading to higher borrowing utilization and therefore, the higher interest cost resulted. But this year, things are likely to change significantly as we see things normalizing.

Now let me hand back to Vshal ji to cover what we are building through the cycle.

Vishal Gupta:

Thank you, Pramod ji. Let me cover the new initiatives that will come online in the next few quarters. We are developing a new refrigerant manufacturing facility in Sri City in South India, which is progressing well. We plan to start commercial production by quarter 4 of FY27, and this will become a meaningful revenue stream in FY28. We have already entered into a tie-up with our anchor customer for this facility.

We are also establishing a rotary compressor manufacturing facility at our Supa plant. Machinery has been ordered. Installation is planned to begin in August 2026 and operations are expected to commence by quarter 4 of FY27. We will have a capacity of 2 million compressors in the first phase, which can be expanded to 4 million compressors in the second phase.

We have received approval and commitments from our anchor customer for this facility as well. Compressor manufacturing will significantly deepen our backward integration in the RAC business and will greatly secure our supply chain.

Our expanded washing machine facility is now operational at Greater Noida. We have strong order book visibility and outsourcing momentum in the semi-automatic segment continues to build. We have grown this business by 52% in FY26, and we look forward to again growing this business in a very meaningful manner in this financial year.

We are consolidating some of our molding facilities at Salarpur, Rajasthan, which will help us in enhancing our operational performance, space utilization, eliminating warehouse leases and allowing us to build better economies of scale. This is a multiyear cost structure improvement and initiative, and this will show up in margins over FY27 and FY28.

During FY26, we have completed our migration to SAP. This has improved our inventory visibility, demand planning and financial reporting accuracy. This is very important as we scale up our operations. We have implemented a comprehensive cost management program that includes granular expense tracking, lease rationalization, low-cost automation investments, workforce skilling and productivity enhancement. These initiatives are aimed at preserving and extending our cost leadership, which is a very core competitive mode for us in our outsourcing business.

Now let me turn to FY27. Channel inventory have now normalized materially from the peak of approximately 5 million units seen during FY26. April and May have shown better sellout momentum compared to the same period last year. This will help us in controlling our inventories in a very big way.

The El Nino weather pattern is forecasted to intensify from July onwards with a peak expected in September. If this holds, it could extend the effective AC season into months that are typically

off peak. India's room AC penetration remains among the lowest globally, well below 10% of the households.

Rising temperatures, urbanization, growing middle class income and replacement demand from the shift to energy-efficient models are structural demand drivers. The outsourcing trend in India's consumer durable manufacturing is a structural long-term shift. Brands are rationalizing their own manufacturing, focusing on design, branding and distribution.

They are relying on partners like us for cost-efficient production. For FY27, we are targeting better than industry revenue growth. We expect EBITDA margins to improve towards 8% as operating leverage returns, input cost pressures moderate and our cost discipline initiatives take effect.

Working capital intensity is expected to improve significantly as inventory and the receivable cycles improves. We expect to improve operating and free cash flow generation in FY27. On capital allocation, we will continue to invest in our strategic products, the refrigerant plant, the compressor facility and washing machine expansion while maintaining our discipline on returns.

Our business model is stronger. Capacity is growing, customer relationships are deepening and the balance sheet gives us the confidence to invest through this cycle. We are entering FY27 leaner, better organized with normalized channel inventory, new capacity and capabilities coming online and stronger customer relationships. The quarters ahead will reflect that.

Thank you, everyone. Now we will open the floor to the questions, please.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mr. Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: The first question I have, if you could talk a little bit about the gross margin contraction in a bit more granular manner. The question I have is you had a large inventory, as you pointed out in the initial remarks throughout the year. So ideally, given the copper price inflation in December and January, with our inventories, we should have benefited. So if you could talk a little bit about this pricing part of it? And has that normalized in the April and May month?

Pramod Gupta: Yes. So I'll take this question. Basically, what happened was we had a good amount of cheaper inventory till December. But for us, December quarter was very strong, as you may recall that in December quarter, we grew almost at 46% during the quarter, and our AC business actually grew very significantly in the December quarter. The sales in the December quarter was almost INR932 crores versus last year same quarter at INR516 crores.

And this was -- this actually took care of our low-cost inventory of raw material. And we had a good understanding of a good commitment from the customers for January, February, March. And therefore, we stocked up the -- restocked the inventory of raw material for the March quarter.

So whatever cheaper inventory we had, most of it was actually utilized in the December quarter. In fact, to give you very specific numbers, we had about 6.5 lakh AC material, out of which

almost 4.8 lakhs kind of a number we actually did in the quarter ending December. So the cheaper inventory that we were left with was very little in the January, February, March month. And unfortunately, the January and February months were very slow.

We did try to take a price increase, but we were not able to pass on the raw material cost as well as the rupee depreciation fully, and it hit the margins in the January, February, March quarter. to us in the sense that most of the sales actually happened in the month of March, and we were not able to pass on the cost completely.

Also, we had some additional cost during these months because some of the energy transitioning, which we had to do from LPG to maybe more expensive energy sources had to be absorbed by us during that quarter.

Achal Lohade:

And how about April, May, sir?

Pramod Gupta:

We have taken a price increase in April, tried to pass on the price increase, which we have seen or the cost inflation, which we have seen. But to be very frank, the situation is very dynamic. Rupee keeps on depreciating and some of the key commodities are still continuing to go higher up, especially on the aluminum and copper side.

So whatever price increase we have taken probably it's been good till maybe April and May. And if season continues well into June or July, etc., then the costs have further gone from our - from our price increases. That's all I can say.

Vishal Gupta:

I will further add to this. See, we have been able to take some price increase in the Jan and March and in the June quarter also, we have taken some price increase, which has largely taken care of the commodities. The problem is the exchange rate. Exchange rate is something which is so volatile in moving.

And normally, whatever price agreements you have with the customers, they are based on the current dollar exchange rate. And normally, the payments happen a month or 2 months later from the current supplies. And so what is the exchange rate in a month or 2 months later, that is one big joker in the pack, okay?

Achal Lohade:

Understood. And the forex loss, what you mentioned is part of the cost or it's part of the other expenses, sir?

Pramod Gupta:

It's a part of the other expenses. It actually goes in the part of other expenses. The forex gain actually reduces the other expenses and forex loss actually increases the other expenses. Coming back to your one more data point I want to highlight that a lot of the forex exchange loss happened because most of the liabilities, which is the unhedged liabilities on account of opened LCs or some of the OA payments, which were due later on in the quarter, maybe in the April or May or June quarter, they were mark-to-market at the quarter end number, which was at INR94.8 for us at the end of March.

And those also actually led to a forex loss, some of it we actually covered when the rupee came down to something like INR93, almost about \$15 million to \$20 million of hedging we did and

some of the payments of those liabilities have been made at those rates. But again, the rupee has further up to now INR95.5. So those are the kind of things which are leading to the forex losses this year.

Achal Lohade: Got it. Just one number on the industry, if you could talk overall volume number for the industry in terms of manufacturing? And how much was the outsourcing of total I believe you would have still gained some market share, but just wanted to understand what the numbers would be in your estimate?

Vishal Gupta: Very difficult to have those accurate numbers, but the industry overall manufacturing FY26 would be anything between 13 million to 14 million -- and we -- I think we are operating around 13 million to 14 million.

Moderator: Next question is from the line of Tanay Shah from DAM Capital.

Tanay Shah: So my first question is on how the quarter is going around the ongoing season, given that almost 3 weeks of April were muted and we just saw a pickup post that for second wave and the end of April. And given that we were to begin the year with higher inventories because of the challenges we faced in 4Q, how is demand shaping up for us? How is demand shaping up for us? And also the outlook to some extent, if you can give for the industry from an FY27 perspective?

Vishal Gupta: See, overall, April has been a decent month. May is also looking to be a decent month, but I will not risk taking any such long-term forecast. But last year, we have already suffered on that because this business is so dynamic and so much weather dependent and nobody knows what is going to be the weather. These are all forecast what we have.

But it looks overall channel inventory has normalized because the April, May, the sellout has been very good. So as of today, channel is sitting at a very normal inventory. So we can see at least not as compared to last year. We might see some good sales or some decent sales happening in the off-peak season months of July, August, September. That is all I can say.

Pramod Gupta: Nonetheless, I will just add here that this year, the channel and brand inventory is very much normalized at the end of, say, mid-May also. And even in the May month, whatever feedback we have got from most of the brands, the sell-out has been much higher than last year. So channel inventory, brand inventory is normalized.

Most of the industry players this year have had some setbacks in production on account of multiple factors like labor shortages. In some geographies, there has been this new Labour Code, which has caused some disruption temporarily.

And in some cases, because of the non-availability of LPG or LPG cylinders being priced very high, the temporary labor has gone back to their home. So all those kind of issues have actually also hit the production. So net-net, the supply has been lower this year. And while the demand has been higher, which has led to overall channel and system inventory becoming much normalized than last year.

Tanay Shah: Sir, any number which we could put to the channel inventory right now?

- Pramod Gupta:** I don't have those numbers right now. Maybe you can connect probably post maybe first week of June. That time, we will get to know good color on it. But from whatever feedback we are getting from the sales channel, the sellout this year has been much stronger. That is what we have learned till now.
- Tanay Shah:** Sure, sir. Understood. Sir, my second question is the margin impact, which we've seen on a Y-o-Y basis, right, on the gross margin, especially almost a 260 bps impact. We spoke about a 10% to 15% price hike which the industry has taken. Can you possibly quantify the amount of price hike which we've taken to the brand and the gap which gets sort of remain? Because I'm trying to understand that how do we see the margin sort of normalizing into FY27 from a gross margin perspective?
- Pramod Gupta:** So I'll tell you like we would have also taken a price increase of anywhere between 10% to 12% till now. From the last year basis on our overall numbers. But as Vishal ji was explaining, there are -- is a rupee, which has depreciated very sharply and some of those payments are made generally slightly later. So those things have not got priced until now yet. That is one.
- Second thing is there, which is important is that the whole value chain has been under stress last year. And it's only in the month of April that the industry took a very meaningful price increase, which is the brands took a meaningful price increase to the channel. And that has actually also reflected for us also.
- And Nonetheless, we will be still probably having a lower percentage margin in the AC business this year. But in the absolute amount, the gross contribution that we try to target per piece is likely to be in the range of historical averages. That is what we foresee for ourselves in the coming year.
- Tanay Shah:** Understood, sir. And sir, for this year, the PLI remains at INR37.5 crores?
- Pramod Gupta:** Yes, yes.
- Tanay Shah:** And INR50 crores for the next year, right?
- Pramod Gupta:** Yes. We have been able to meet all our PLI targets and -- in the last year and the PLI that is going to be due for the financial year '26 is going to be received in '27 and therefore, we will be taking that into account in '27.
- Vishal Gupta:** And sir, I think it will be INR71 crores Pramod because we will have NGM PLI kicking in.
- Pramod Gupta:** Yes. The total amount will be INR71 crores.
- Tanay Shah:** INR71 crores for FY...
- Pramod Gupta:** The amount is for FY26, which we will be receiving in '27 and recognizing in '27.
- Tanay Shah:** Okay. Okay. And just one last question, if I can squeeze in. On the compressor bit, right? We spoke about putting up the machinery, etc., last year. So -- but we're yet awaiting the approval. So any update on that?

Vishal Gupta: No, no, we don't need any approval. The compressor machines have been ordered, and we are putting up this plant on -- by ourselves. And we already have a tie-up for the customers also and the product approval is also -- is in line right now. We don't need any approval for this. There is no JV in this.

Moderator: The next question is from the line of Jitendra Arora from ICICI Prudential Life Insurance.

Jitendra Arora: Given the fact that you mentioned that it's very difficult to give any kind of guidance about '27. Go about planning what kind of capacity you want to install, how do you stock up on inventory? And how do you do that? See, because as investors, we'll assume that management has to have some sense of what kind of demand they can expect.

I understand that weather can play a spoilsport but we know that at least the bulk of the season is through because we're sitting in May and June is perhaps the last big month of the season. We will start planning for next year now practically or next season. So [inaudible 0:33:05] I'm actually wondering that how -- if one were to model any kind of revenues from the rainy season for FY27, how should one go...

Vishal Gupta: Hello, I think we lost him in the middle.

Jitendra Arora: Can you hear me now?

Vishal Gupta: It is better. Yes I think I got your question, Jitendra. So see, we do keep -- we do modeling. So what has happened this year, this year is a little different from last year. Last year, if you see the whole year, there was such a big inventory overhang on the whole industry, which won't be there. So as we have already said in our commentary that we will see a little -- a better offtake in next few months, which might be off-peak months also. And then once we enter the season, with a normalized inventory.

So see, last year was a low base, so we should see a decent growth in this, but we don't risk -- we don't want to take any risk of giving any numbers as of now. As Pramod said, first quarter is done and then by June -- by July, middle of July end, we'll have a fair idea how the industry is performing, then we might be in a better position to give some clear answer on the numbers.

Jitendra Arora: See, there is also that by that time, it's nothing that it will not -- the weather next season, right?

Vishal Gupta: No, no, definitely, sir. See, no, no, that is right. So we'll start preparing for the next year season. And typically till March, which is FY27 last date, by up to March, nobody is all -- it's a roll of a dice. So it's all primary selling, manufacturing and channel filling. So that should remain strong going into -- by end of FY27 because by June, July, August, we should be at a very normal inventory at the industry level. So I see at least there. We have our internal plans available with us, but I don't think we are in a position to share those plans right now with the investors.

Jitendra Arora: My second question is about not the gross margin, but how should one look at the gross profit as a whole? You mentioned that you were not able to pass the price increases in the last quarter. And right now, also what you have passed on, perhaps not fully cover you for rupee depreciation or rupee volatility per se.

But let's say, as investors, this FY27, I'm looking at your gross profit and top line. Will it be fair to assume that your gross profit will at least move in line with your top line? Will it be better off given that you've been able to pass on some price hikes?

Vishal Gupta:

See, commodity price increases are largely taken into account from our customers as of today. But exchange rate is one thing which is really you can't put any finger to that number right now. And as we have seen last year, we have suffered massively because of the forex thing. We take certain budgeting in the costing also. But if it moves beyond that, then it becomes a pretty big problem for us, which has been there for FY26.

But as you said, so largely, our PBT numbers should move in line with our sales top line growth. It should move in line, provided we don't see very big change in the rupee exchange rate. Today, we are sitting at maybe 94, 95.5 something. It can go up to INR97. This is what we factored in. But it goes beyond that, then it becomes a problem for everyone.

Jitendra Arora:

So that is understood, sir. But coming back to this. So the fact is that in FY25, we reported a PAT of around INR270-odd crores, then this year, it was much lower than that. When do you expect to cross the FY27 PAT?

Pramod Gupta:

If the normal situation is there, then yes, we very much hope that we should be able to cross that PAT. The situation is very dynamic still. There are many things which are not yet known. One is obviously this situation in the Middle East and then this El Nino how the consumer sentiment is there in the second half this year, especially after a very steep energy price increase, which is there and maybe more coming and also because of the rupee depreciation, the inflation.

So all those things we have to take into account, and we will probably be in a better situation post June quarter to take a call on these things. And then we can probably give you some better color on that. But we are very hopeful that if situation normalizes sometime this year, then we should be able to at least have a -- we can probably cross the profit which we delivered in 2025.

Moderator:

The next question is from the line of Vipraw Srivastava from PhillipCapital.

Vipraw Srivastava:

Just quickly, sir, on the compressor side, given that now we are going on our own in terms of setting up capacities. So just we are not tying up with the Chinese partner, which we are doing before and secondly, we have required technical expertise for the manufacturing of those compressors. Is my understanding is correct, right?

Vishal Gupta:

Yes, sir. So we are going on our own. We are sitting at the facility, and we have acquired those capabilities, which will help us in offering a cost competitive and efficient performing compressors to our customers in India.

Vipraw Srivastava:

Sure, sir. Just a follow-up on this, sir. So currently, as we know, there are 2 brands which dominate the compressor market. So will be the first brand there? Or how do you plan to go about it?

Vishal Gupta:

Sir, once the commercial production will start, we'll update you on that. As of today, this information is enough that we are setting a compressor manufacturing facility, and we see no

challenge in the acceptance of the compressors, which will be made by us by our customers. The tie-up is already in place, as I have said in my commentary.

- Vipraw Srivastava:** Sure, sir. And lastly, in the entire compressor, what percentage of value-add we'll be doing in the entire middle of the compressor?
- Vishal Gupta:** Around 60% of that will be localized and around 40% will need to be sold.
- Moderator:** The next question is from the line of Saumil Mehta from Kotak Mutual Fund.
- Saumil Mehta:** Sir, if you can just call out for FY26, what was the total production in units, both for IDU and ODU and the capacity utilization for the year?
- Vishal Gupta:** See our overall production in FY26 was around 1.75 million sets, okay? And we make -- normally, we make some extra IDUs for some customers who take IDUs, extra, which should be around 250,000 to 300,000 for the whole year.
- Saumil Mehta:** Okay. So 1.75 million and 2 million very broadly?
- Vishal Gupta:** No, no, 200,000.
- Saumil Mehta:** 200,000. And the average utilization for the year was?
- Vishal Gupta:** Average utilization is something -- it's very difficult to tell, but it should be something -- see, our overall yearly annual capacity of AC manufacturing is around today it's easily around 4.5 million. But average utilization is normally in AC business is around 50%, 45% to 50%.
- Saumil Mehta:** And second question in terms of the incentive income, have we received the entire incentive income due for FY25 in this financial year?
- Pramod Gupta:** We have received the amount of PLI, which we -- which was due for us. We have received that in after the closure of this quarter, but we did receive the amount which was due to us.
- Saumil Mehta:** So as of March '25, whatever the PLI was due, there is no receivable on that front. It is only for this financial year, this will be the part of receivables?
- Pramod Gupta:** Yes, which we will be filing for the same probably sometime around in October, and we hope to get sometime in February, March next year.
- Saumil Mehta:** Okay. And in terms of -- for the financial year FY26, in terms of top 3 or top 5, however you would want to call out, was there any change in terms of top 3 or 5 clients? Any -- while challenging, but specific brands where the challenge was far higher than others, something on those?
- Vishal Gupta:** See, normally, see, overall, there was no such specific from any of the clients. And largely top 3, top clients are in the same ratio as of today also. There was -- it was a general industry-wide very similar behavior what we have experienced in FY23.

Saumil Mehta: Okay. Okay. And last question from my side of the plant happen, which could be maybe 12, 18, 24 months from now, whatever time frame will be required. In the initial cost analysis, what you would have done, how competitive would you be versus maybe some of the Chinese players who have plants in India? Any ballpark number, 10%, 15%, 20% premium or you would be able to produce at the similar price what has been offered by plants which are in the nearby vicinity for you?

Vishal Gupta: So this whole project has been delayed by more than 18 months. because of certain things, there were certain setbacks. That is why it took us 18 months to reach a level where we are confident that our product will be cost efficient, also energy efficient also. And I will tell you, sir, we are expecting that we will be able to hit our capacity numbers in FY28 only. That is the target internally we have with us, and that is the kind of discussions we have already had with our customers also on this.

Moderator: The next question is from the line of Neil Mehta from Equirus Securities.

Neil Mehta: Sir, roughly, we have spent almost INR800 crores in financial year FY26. Can you ballpark give us broad ranging each of the new initiatives that we have spent in this year? And what kind of peak asset turns in each of the new initiative looks like?

Pramod Gupta: Yes. So out of the total INR785 crores that we have spent this year in the capex, almost close to INR500 crores has actually gone into the land and building piece. I'll try to put things in perspective. We have actually put up a new 10-acre campus for washing machine in Greater Noida. That came through and that facility is ready.

We have another about, I think, 50-acre campus in Sri City for which land has been procured and construction is going on for the refrigerator. So that -- part of that money was spent on the land and some advances for the building has actually gone into that from INR500-odd crores of land and building capex.

Then we had a completion of the compressor building in NGM Supa, which was already about a 12-acre campus, half of which was built and half of which was completed last financial year, which is in '26. The building was ready in early May, June itself. So some part was spent there on that. And then we have actually this year also bought another 72-acre land in Kamargaon in Ahmednagar only. And all the payments for the land have been made and some leveling, etc., has gone into that.

So those things contributed to the land and building portion this year. Apart from that, we spent close to INR70 crores for the washing machine plant and machinery, almost close to INR165 crores was spent in the RAC plant and machinery for expanding capacity.

And the other businesses, which is molding and electronics took about INR35-odd crores for the increasing of the capacity. And INR10 crores was the plant and machinery advance for the refrigerator business, which was done in the last financial year.

So that is the breakup. Now coming to your asset turn business question, we are very hopeful that once all these capex are over, which should be happening this year, we will be probably be

doing a capex of close to INR400 crores this year. We should be able to utilize these assets and get to an asset turn of 4x plus by 2029.

So maybe this year and next year, we'll see the ramp-ups of the facilities which we are producing, which we are building, and we will be able to get the 4x asset turn, which we typically have for us from these new facilities also by end of 2029.

One more thing I want to highlight, we also actually bought an 8-acre campus in Salarpur, where we are consolidating our plastic molding business. So that campus is also going to get ready by maybe July or August this year. And that also has been a part of those INR500-odd crores, which we have spent in land and building.

Neil Mehta: Okay. And sir, in the initial remarks and during the call, you also mentioned that it's difficult to gauge the numbers for the RE business in FY27. But sir, would like to give you color on how the washing machine business would be panning out in FY27 kind of growth what you are projecting or numbers you would like to put on for FY27, particularly in the washing machine segment?

Pramod Gupta: I'm not saying it is difficult. I'm just saying that uncertainties are high. So I don't actually comprehend -- I don't want to actually make a guess on the numbers. But I think -- the numbers in '27 for AC will be better than -- much better than the '26 financial year number, where the industry actually saw probably a slight decline in primary sales.

So '27 from that point of view will be much better, and we should probably continue to gain some market share. But difficult to put those numbers right now. We will be able to get to these numbers probably after first quarter because by that time, we will exactly know how the situation has panned out in terms of sell-out and what are the inventory levels, etc. That is one.

Second thing is we have a good visibility and commitment from some of the clients which -- with whom we are working in the washing machine. We grew 52% last year. This year also, we are expecting a very robust growth. upwards of 30%, 35% is what we think we should be able to do in washing machine. But specific numbers, we will spell out after first quarter.

Neil Mehta: Okay. And sir, just last question. The inventory that we are having right now at, let's say, at the end of the March month, I mean, what would be the roughly bifurcation of the raw material inventory within that and the -- I mean, the final good inventory of that?

Pramod Gupta: We had an inventory of close to INR1,600 crores at the end of March quarter, out of which the AC business alone was having close to INR1,300 crores of inventory and rest of the other businesses had about INR300-odd crores. In this INR1,300 crores inventory, we had close to INR450 crores of finished good inventory and rest was the raw material and semi-finished goods inventory, which we had. This inventory has meaningfully come down in April and May.

And we are hoping that by June end, the inventory levels will very much normalize for us, and we will be able to bring it significantly lower, significantly in the sense like more than INR600 crores, INR700 crores is what we are internally targeting on an overall inventory level reduction by June.

- Neil Mehta:** INR600 crores, INR700 crores, you mentioned about the inventory or total overall inventory?
- Pramod Gupta:** Total inventory, total inventory should -- which is INR1,601 crores as of -- thing should be less than INR900 crores in our opinion by June end.
- Moderator:** The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance.
- Keyur Pandya:** Sir, on the RAC side, so you mentioned a couple of times that inventory has come down, system inventory has come down significantly. So because of this primary, secondary mismatch, do you think you would be lagging the industry growth -- secondary industry growth rate, your primary sales would be or you see -- basically, just to get sense of how your growth would be against, say, secondary consumer growth in this year?
- Pramod Gupta:** Well, we hope to be at least in line with the secondary sales volume growth of the industry in the financial year '27. And for us, April and May have been good months, and we hope that if the summer continues in June, July, August also, we should see decent volumes from a very low base of last year.
- Last year, actually, if you see for people like us, the sales actually became almost 0 from June till October because in August, there was the announcement of GST rate cut and then all of the purchase from the customers got postponed until October and then the GST actually set in. So we think that we should have a much better year in FY27 in comparison to FY26.
- Keyur Pandya:** This holds true for quarter 1 as well. I mean I was referring to Q1 when I meant season because then it would be more of stocking season from Q2 onwards. So Q1, how should we think of your sales or industry growth rate?
- Pramod Gupta:** I think I cannot actually give you the number right now because June is still to happen. And in our industry, a lot of things change when the monsoon sets in and till now, monsoon has not set in properly even in the southern area and North is still very, very hot.
- So till now, I can tell you that we are probably doing good, and we -- our numbers are great in comparison to last year. But June is still to happen. So once we will see the June month right now, plans are good. And if we are able to execute those plans fully, then we should see a good growth in the first quarter.
- Keyur Pandya:** Understood, sir. And second question on the new projects, compressor and air. So what should we think of profitability in first year and when things stabilize or volumes have reached, say, near peak utilization?
- Pramod Gupta:** See, first year is not going to have a much high profitability because in the first year, you typically have a lot of start-up costs and utilizations are typically low. But still, as Vishal ji was telling you in compressor, we think that we are going to be able to kind of stabilize the operation in the very first year of operations only.
- So we are targeting that in financial year '28, which is going to be the first full year of operations because in FY27, we'll just get probably a quarter or so. We are hoping to at least run the capacity

at something like more than 70% capacity utilization. So we think that compressor should be profitable in the first year itself.

Coming on to the refrigerator -- there the plans are good, and we have a support from one of the anchor customers. And we think that we should be able to reach something like in the very first year of production, that is FY28, something like 50%, 55% capacity utilization we should hit in the very first year.

And important thing to note there is that in southern markets, there are not many refrigerator facilities actually. And the market remains good, and we are going to start with both frost free as Direct cool refrigerators. And also we may start-by-side refrigerators also in that plant immediately.

So from that point of view, the product range as well as the customer support, we are very hopeful that First year, we will not be having losses for sure in the refrigerator. I don't know how the profitability will pan out. But in, we are very hopeful that first year itself, we should be seeing profitability.

Keyur Pandya: Understood, sir. Sir, just last question. So you highlighted that you aim to maintain gross profit per unit in RAC this year at the normal levels. So with industry growth and gaining market share, EBITDA per unit should be higher, we should see increase in that number in rupee terms?

Pramod Gupta: For sure, internal targets are to basically restore the EBITDA to original figures, which was there in '24, '25 numbers. But a lot will actually depend on how the industry pans out, but we are hopeful that if the industry does not have the supply side challenges and does not have the pressures of inventory like last year, profitability should get restored maybe in the second half this year fully.

Vishal Gupta: Pramod, there is one thing which we need to factor in. See, last year is the last year of the PLI target achievement for all brands. And there is a lot of desperation with certain people. Why? Because they want to -- they are not able to achieve their PLI targets. So that puts also some pressure on us. Just be very conscious about this fact also, sir, please.

Pramod Gupta: Yes. This is something which I missed out and rightly pointed out by Vishal ji. The industry dynamics are going to be important to see because this is the last year for PLI targets and targets are quite steep for everyone this year from point of view. So let us see how things pan out and what the volume -- how the volume growth happens for the industry.

Moderator: Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to management for closing comments.

Vishal Gupta: Thank you, everyone, for attending this call. As you know, FY26 has been a very tough year. But let me tell you, I can assure all our investors that at a company level, at the management level, everyone is trying to come back strongly. And we are quite hopeful that FY27 will be a very different story from FY26.



And in case you have any specific questions, you can get back to Pramod ji, our CFO or in case you want to plan a visit to our plants, you can talk to Shalin. Shalin can organize the visits also to the plants. Thank you, everyone.

Pramod Gupta:

Thank you.

Moderator:

Thank you. Ladies and gentlemen, on behalf of JM Financial Institutional Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.