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May 26, 2026

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Dear Sir/Ma'am,

Subject: Submission of Transcript of conference call held on May 25, 2026.

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of an earnings conference call for the Q4 of the FY2025-26 held on Monday, May 25, 2026.

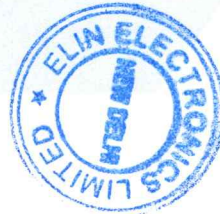
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Thanking You

Yours faithfully,

For Elin Electronics Limited



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Elin Electronics Limited
Q4 FY26 Earnings Conference Call

Event Date / Time : 25/05/2026, 17:00 Hrs.
Event Duration : 54 mins 10 secs

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Managing Director

Mr. Akash Sethia
Head of Strategies

Mr. Gulshan Singh
Sunidhi Securities

Q&A PARTICIPANTS LIST:

- 1. Kunal Mehta** : Incred Equities
- 2. Rehan Laljee** : Coheron Wealth
- 3. Zaki Nasser** : Individual Investor
- 4. Sahil Doshi** : Thinqwise Wealth Managers LLP
- 5. Samarth Asho** : Janak Merchant Securities
- 6. Moksh Ranka** : Aurum Capital
- 7. Pawan Kuthri** : Kolkata Metal Depot

Moderator

Greetings, ladies and gentlemen. I am Akash, moderator for the conference call. Welcome to Elin Electronics Limited, Q4 FY26 Earnings Conference Call. As a reminder, all participants will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touch-tone telephone. Please note, this conference is being recorded.

I would now like to hand over the floor to Mr. Gulshan Singh from Sunidhi Securities. Thank you, and over to you sir.

Gulshan Singh

Thank you, sir. Good evening and very warm welcome to everyone. On behalf of Sunidhi Securities, I welcome you all to Elin Electronics Limited Q4 FY26 earnings conference call. Today, we have with us from management represented by Mr. Kamal Sethia, Managing Director; and Mr. Akash Sethia, Head of Strategy. We thank Elin Electronics Limited for giving us the opportunity to host the call.

I would now like to hand over the floor to the management for their opening remarks, post which we will open the floor for Q&A. Thank you, and over to you Akash sir.

Akash Sethia

Thank you very much, Gulshan. Good evening, ladies and gentlemen. This is Akash Sethia. We also have on call today our Managing Director, Mr. Kamal Sethia. Mr. Sanjeev Sethia could not attend the call due to some last-moment emergency, so I apologize on his behalf. Thank you for joining our earnings call for the fourth quarter and full fiscal year ending March 2026.

Coming to our overall performance for the quarter, operating revenue for the quarter was Rs. 324 crores against Rs. 315 crores in the same period last year, up 3% on a YoY basis. Consolidated EBITDA for the quarter was INR 6 crores against INR 20.2 crores in the same period last year. This sharp reduction is primarily attributed to a sharp surge in raw material costs across categories, driven by disruptions in supply chain due to the war in the Middle East and challenging geopolitical situation. This has impacted gross margins for the quarter by 390 basis points.

Consolidated loss for the quarter was Rs. 0.8 crores against a profit of Rs. 17.2 crores in the same period last year. Our liquidity position remains strong with a net cash balance of INR 70 crores as at March 2026. Our working capital position is at net 59 days. Of this, inventory days was higher than anticipated, as we had to stock up on raw material inventory in March 2026, to safeguard against potential shortages due to the challenging geopolitical situation. Our CapEx in FY26 was at INR 32.5 crores across all our existing facilities excluding Bhiwadi. We generated cash from operations of INR 40.6 crores in FY26, against INR 16.7 crores in FY25.

Before sharing our segment-wise results, I would like to set out the impact of the war and the challenging geopolitical situation that we have faced during the quarter. As you all know, the war has led to a sharp

spike in crude oil prices, which has in turn led to a sharp spike in polymer prices, as well as a sharp depreciation in the USD-INR rate. This combined basket constitutes 30% of our input cost leading to a sharp spike in our RMC cost. This spike has happened during the month of March 2026. Most of our customers are on monthly quarterly price settlement, so this increase in RMC had to be completely absorbed by us.

Now, I would like to share with you the performance and strategy in each of our business verticals. In lighting, fans and the switch segment, the revenue for the quarter was INR 94 crores against INR 86.3 crores in the same quarter last year. This was primarily driven by a strong increase in revenue from the fan segment.

The LED lighting segment, ex flashlights declined from INR 50 crores last quarter to INR 39.5 crores in the current quarter. Price decline is now completely behind us. Small price increases have been undertaken with customers. The revenue run rate on a quarter-on-quarter basis is on an improving trajectory. As on date, we are serving five new customers in lighting in addition to Signify. We reiterate that we expect double-digit growth in our lighting business in fiscal 2027.

Moving on to our fans business, we have seen strong growth of 67% in our fans business on a YoY basis. This has primarily been driven by our BLDC ceiling fans and TPW fans business. We are also working on diversifying our customer base and adding new customers. We expect this strong growth momentum to continue in Q1 as well. Our TPW business is also showing good demand. We are also happy to share that our export business of fans, which had stopped in August 2025 due to tariff-related issues, has restarted in May 2026, although with small numbers. We expect this to scale up gradually over the course of the year.

Moving on to the home appliances segment, revenue increased from INR 87.1 crores last quarter to INR 94 crores this quarter. Kitchen and home care revenue was flat on a year-on-year basis. This would have been a bit higher, but we deferred some orders from March 2026 due to surging raw material costs. Personal care segment was up 27% YoY on the back of better demand across hair dryers, sterilizers, and hairbrushes.

Moving on to the fractional horsepower motor segment, revenues declined from INR 51 crores in the last quarter to INR 45.7 crores in the current quarter. Please note, this segment reflects only third-party sales. We will be launching cooler motors and BLDC chimney motors this year, for both third-party sales, as well as captive consumption towards finished product.

Overall, the quarter has been very tough from a margin perspective. The spike in RMC and depreciation of INR against the USD caused EBITDA margins to compress sharply. Even labour availability was somewhat of a challenge in the quarter gone by. Further, you would also have read that minimum wage has been revised upwards sharply in Uttar Pradesh resulting in an effective increase of 26% in April versus March. This was done on 14th April 2026 with effect from 1st April 2026. All of this combined has resulted in an unprecedented situation, where there is pressure on both material and labour, and therefore pricing has had to be increased between 10% and 18% just to sustain earlier margins.

Given the substantial quantum of increase in material and the sudden unexpected increase in labour minimum wage mid-month, we expect that the price transmission to be fully passed on to customers only by June 2026. As on the current date, polymer prices have cooled off a bit from highs reached in March 2026 although the USD-INR rate continues to stay at elevated levels.

Now, I would like to share our guidance for FY27. We expect a revenue growth of 15% on a year-on-year basis. However, on EBITDA, we will be able to share the guidance perhaps only by next quarter as the current input cost situation is extremely volatile and difficult to predict. CapEx for the year will be between INR 70 crores and INR 75 crores, split as INR 45 crores for the Bhiwadi facility and the balance INR 25 crores to INR 30 crores for growth of the existing business and factories. Once the Bhiwadi facility is stabilized in two years from starting, this will also help us drive up our return on capital employed.

Regarding construction of the Bhiwadi facility, it is largely complete. We are in the process of fitting out the facility with machines and assembly lines over the course of June 2026, after which there will be test runs and commercial production starting in the end of July 2026 or the beginning of August 2026.

A quick update on the total project cost. The total project cost is estimated at INR 100 crores. Of this, Phase 1 is at INR 67 crores, of which INR 26 crores has been spent and lying in capital work in progress. Balance spend of INR 41 crores towards completion of Phase 1 is pending. Due to the slight delayed commissioning of the facility, we expect a revenue of INR 80 crores in FY27, against an earlier estimated revenue of INR 140 crores in FY27 from Bhiwadi. However, the differential revenue will be done in Ghaziabad itself, so there will be no loss of revenue to the company as a whole.

Reiterate that as per current estimates, revenue potential of the plant is INR 550 crores. Further, we expect a steady state EBITDA of 7% for the plant which should be achieved in the third year of operations. At these levels, ROCE for the plant will be 20%.

With this, we conclude our opening remarks and can now open the floor for Q&A. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on the telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, if you have a question, please press * and 1 on the telephone keypad.

The first question comes from the line of Mr. Kunal Mehta from Incred Equities. Please go ahead, sir.

Kunal Mehta

Hi. Very good afternoon Akash and Kamal sir. I have been tracking the company since a while and have seen the margins being in stress earlier. However, I think this year we saw some good recovery margins, but because of the raw material price increase, Q4 took a big hit. So, I think we have revised down our revenue guidance and I think margins also will be compressed for this year, as well as the new facility ramp up. So how are we gauging the macro environment? Is the demand like quite neutral? How it was last year versus this year?

Also, it's because of the El Nino current effect. So how are we seeing the demand in terms of ACs and coolers, which coolers if you are going to launch, as well as, demand for chimneys, which we have been starting in the new facility. So is there the demand subdued? Is that the reason we are not ramping it up faster? And is there any upside to the current guidance if the situation improves?

Akash Sethia

So thank you, Kunal. Fair point or fair points that you have raised. I will just take it one by one. So on your first point on whether the current scenario, we are seeing some sort of demand compression, look, the reason we have revised, slightly revised downward the guidance for fiscal '27 is that, like I mentioned, we have had to undertake fairly large price increases.

I mentioned in my opening remarks that price increases have been to the tune of as low as 10% to as high as 18%. Now, when you have such large price increases, one is not quite sure of how that will affect demand itself. And since we are pretty much in the beginning of the year, it is very hard to forecast how this will impact revenue for us. So we've just been a little bit conservative to start with.

Of course, like you said, if there is a quick resolution of the war, basis which one will see crude price -- crude oil prices come down, and then polymer prices especially will come down. The rupee hopefully should appreciate a little bit. All of those would have a positive impact on us and there could be some sort of upside to our revenue guidance, but those matters frankly are not in our hands. So one will have to kind of wait and watch how it pans out, right. We are almost two months into the fiscal 2027. So we just wanted to be a little bit conservative -- on the conservative side, rather than giving a very aggressive guidance and then cutting it down midway. Does that answer your question?

Kunal Mehta

Yes. Also, one more thing. On the BIS norms which were to be implemented and are due by September 2026. Is the timeline still the same or is there more relaxation by the government on that?

Akash Sethia

So as of now it is still September 2026. Now whether this itself gets relaxed, we do not know yet. Probably closer to the date we might have an update, but as of now, it is September 2026.

Kunal Mehta

Okay. And will we be having any planned visit for the new Bhiwadi facility once it is commissioned?

Akash Sethia

Sorry, I did not catch your question. Can you just repeat?

Kunal Mehta

No, will we be having a planned visit for the new Bhiwadi facility?

Akash Sethia

We are going to plan that, but that is like I said, we are expecting commercial production only to start by end of July or maybe early August. So only once commercial production starts will we be planning that. So it is still, maybe two or three months away. So once that is done, we will certainly be planning a visit for the financial analyst community at large.

Kunal Mehta

And I know you mentioned EBITDA, tough to give guidance, but any range if you can give, if it will not be below a certain range or not be beyond a certain range?

Akash Sethia

Kunal, I mean, just allow me this quarter not to give you a range, because we do not want to give you a range and then -- it is very, very difficult right now. You would -- if you have been tracking the company closely, so you will appreciate that these are unprecedented kind of situations. So just bear with us. Maybe by next quarter we will certainly be in a position to give you some sort of update.

Kunal Mehta

Sure, sir. Thank you. I will fall back in the queue. Thank you.

Moderator

Thank you, sir. The next question comes from the line of Mr. Rehan Laljee from Coheron Wealth. Please go ahead, sir.

Rehan Laljee

Hi. Thank you for the opportunity. I wanted to understand more on the RMC part. I think you primarily are affected by polypropylene prices, and that I think you have purchased from Reliance. Is my understanding correct?

Akash Sethia

We have -- I mean, you're understanding that PP we buy from Reliance is correct, but it is not only PP, we buy PC, we buy ABS, we buy nylon, we buy PBT. So it is a full range of plastics per se, not only PP.

Rehan Laljee

And what would be the largest component of your raw material?

Akash Sethia

I mean, in our entire raw material basket or in our plastic?

Rehan Laljee

No, in your overall basket, what would be the largest drag for this kind of numbers?

Akash Sethia

So, look, we have four key raw materials. So there is the whole range of plastics, there is steel, there is aluminium and then there is copper. So these are the four kind of key RMC kind of components that we do, of which this quarter we have been particularly affected by the whole polymer basket, as well as to a large part aluminium. Even aluminium saw a pretty sharp increase. And then our imports are about -- of the total consumption that we have, approximately 15% is imported, 85% is kind of. On that 15%, even the depreciation of the rupee against the dollar hit us quite hard.

Rehan Laljee

So, Akash, just to understand, would this ideally be a bottom kind of a margin, because at an operating level at this scale of INR 1300 crores, INR 1400 crores of top line, it's very hard to understand how can the margins be so fragile for a company that is so large and reputed. So, would it be fair to gauge that this would be technically a trough or you expect that even if the RM prices stay as is, you could report further EBITDA percentage terms lower, or how would it work going forward? Because let's assume that the RM prices stay as is at the moment, even if you get a price hike, let's say 90 days from today, because I understand it cannot happen overnight, and that's only fair. But what would be your base understanding at a company level? Because the scale is pretty large and the impact can be pretty hard if you are not taking the right amount of cost measures in a way.

Akash Sethia

So, to your question, directionally, is this probably towards the lower end? We certainly hope so. We certainly think so. Is there a guarantee for the same? Unfortunately, this is business, there are no guarantees. That is point number one. Point number two is, if you've been following our company, we've been pretty consistent in terms of how revenue pass-throughs or pricing pass-throughs happen.

So, with about maybe two-thirds of our customers it is on a quarterly basis. So, the pricing of Jan, Feb, March, for example, is applicable on the April, May, June price settlement. Therefore, there is a lag of a quarter. And on the balance one-third, it is done on a monthly basis. So for example, for the current month pricing, we would be relying on last month's average pricing, right. That's how it works.

Also in my opening remarks, I have been transparent, that because we have seen such large price increases. Those full pricing pass-throughs did not happen in the month of April itself. I mentioned that we expect the full pricing to happen only by June. So, of that anywhere between 10% to 18% that we've had to kind of undertake price increases, a large bulk of it has happened in April and May, but some small bit still remains to be passed on in June. So only once that transmission is complete, will we be able to kind of get back to sustaining margins due to the March price increase. I hope that clarifies your questions.

Rehan Laljee

Yes. So, basically you are saying that if you -- once these price increases happen at your customer level, you would move back to about a 23%, 24% gross margin. Is that a fair understanding?

Akash Sethia

That is right.

Rehan Laljee

And that will be applicable for the June quarter or will it take a Q2 also lag? Will we see the full effect in Q2 or Q1?

Akash Sethia

No, exactly. So, it will be applicable for the month of June. In the month of June we would be at that 24% gross margin. But for April and May, it would be lower, because that complete price transmission did not happen. What should have logically probably happened immediately in the first week of April did not happen. So, Q1 also margins will be under pressure, although it will not be under this kind of pressure, but it will still be under pressure overall.

Rehan Laljee

Okay. And considering that you are scaling up your fan business and your lighting business, which are technically margin accretive, is it safe to say that if things normalize, and we hope it normalizes faster than ever, would we see much better margins at a company level, like about a 6% odd kind of EBITDAs, is it possible at only those two segments? I am asking those two segments specific.

Akash Sethia

Oh, lighting is probably one of the -- I mean, nothing to do with the war per se, but otherwise lighting was under maximum pressure even pre-war. Like I am saying, nothing to do with the war. What has happened? That happened due to kind of irrational competition in the sector. What has happened is that there was massive price erosion. So, that price erosion is completely behind us now. In fact, in the month of Feb itself, it started to undertake small price hikes, and those price hikes will only get slightly larger as time goes by.

So, I do expect that maybe currently, if you look at our lighting business just in terms of gross margin, we would be on a blended basis as of date, maybe around 15% odd. We expect that to move to 18%, 19%, maybe over the course of the next two, two-and-a-half months, maybe three months.

Rehan Laljee

Okay. So, that would automatically also interrupt your gross more than 24 in Q2 onwards?

Akash Sethia

I mean, I would not say for now for you to subscribe to more than a 24% value addition or gross margin. I think that is what you should assume, because at some level just increasing pricing does have some effect on customer demand as well. So, one has to kind of finally balance how much a price hike to take, while keeping customer demand fairly robust and active.

Rehan Laljee

And since you guys have been fairly prudent with your working capital, how do you procure your inventory? Is it like order-based? Because I am sure your customers give you like a yearly or a quarterly or semi-annually outlook of what they want to procure from you. So, considering all that, how do you purchase your inventory?

Akash Sethia

See, customer orders, typically customers share with us what they call an annual operating plan, to help us prepare our resources for the full fiscal ahead, but that is non-binding. What is confirmed is a monthly kind of a PO with a quarterly forecast. So, there is a three-month rolling forecast with monthly confirmed POs, basis which we do a procurement. I mean, we kind of make a procurement strategy basis.

Rehan Laljee

So, it's a 90-day or procurement strategy?

Akash Sethia

90-day with confirmed procurement only 30 days, but -- I mean, even we have to give our kind of suppliers some sort of outlook and visibility. So we share the basis, the customer orders that we get. We share with our suppliers also, our procurement strategy on a rolling basis, but with confirmed orders only for 30 days.

Rehan Laljee

Okay. And the current facility that we have across Ghaziabad, Goa, etc., what would be the capacity utilization in percentage term?

Akash Sethia

From our existing facilities, we could be somewhere in the 60 or kind of range. So, we are currently at whatever, 1,288. I mean, roughly 1,300. I mean, somewhere around the 77%, 78%, 79% kind of.

Rehan Laljee

Okay. And for the new facility which is coming up at Bhiwadi, what kind of -- like, do we need to do more hiring or is the hiring done, like labor and everything is organized? Like, is it already in that fix or --

Akash Sethia

Sure. So, just in terms of hiring at a white-collar level versus a blue-collar level, I'll just specify both. So, first in terms of employees. So, we have already put in place a basic team, which is like a GM level person and for plant maintenance and so on and so forth. Procurement will be centralized within the Ghaziabad facility itself, so we don't really expect to deploy more people on the purchase and purchase planning side.

In terms of labor, this will be largely via contract. We've formed up the contractors that we will work with, but obviously there is no per se labor availability right now. In terms of -- I mean, we've not finalized the labor availability. We've given the contractor the heads up, and by August once we start commercial production, we expect that there should not be too much of a problem. We are in any case well located within a fairly large electronics cluster. So there are multiple other factories that work in the same sphere or same line of work. So, it should be okay.

Rehan Laljee

And the tentative breakeven for that plant, because I understand it won't be EBITDA positive from day one. But at an INR 80 crore top line which you've guided for in FY27, would that be breakeven at the plant level alone?

Akash Sethia

So, EBITDA, we will definitely be positive. PACT would be touch and go. I think the breakeven is closer to 120, if I'm not wrong, but that also then depends a little bit on the sales mix, right, because certain products have a slightly better gross margin, certain have a slightly lower gross margin. So, I can -- we can just circle back maybe offline for a more deeper understanding on that.

Rehan Laljee

That would be great.

Akash Sethia

Sure.

Rehan Laljee

Understood. Thank you so much. Thank you for answering my questions. Good luck.

Akash Sethia

Sure. Thank you.

Moderator

Thank you so much, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on the telephone keypad. I repeat, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from the line of Mr. Zaki Nasser an Individual Investor. Please go ahead, sir.

Zaki Nasser

Hello.

Akash Sethia

Yes, sir.

Zaki Nasser

Sir, good afternoon and I think it's a decent set of numbers in a tough time. Sir, you have given a guidance for a 15% growth in top line for the current year. How would this be divided, sir? I mean, broadly, what we do is one-third from lighting, one-third from motors, and one-third from other appliances. Would it broadly fall in that kind of a model, sir?

Akash Sethia

So, the numbers that you have given kind of used to be the norm a little bit earlier, but now the mix has somewhat changed. So, firstly, the numbers that you are sharing obviously within the EMS basket or the finished goods basket. We have a components business that is approximately 20% of our total top line. So, of the total top line 80% is finished goods through EMS and the balance 20% is the components business. Of the 80% broadly, there is lighting and fans, there is appliances and then there are motors.

So, lighting and fans and appliances would be the overwhelming majority. As on the end of this fiscal, motors is down to approximately 17%, 18% of the total revenue that is and we expect that to kind of continue. So lighting and fans and appliances would be the major revenue drivers going forward.

Zaki Nasser

And sir, of course, we are going through a tough period in terms of input prices and stuff like that. But during the next two, three years what would be your aspirational EBITDA margins? I think we have done a high of 6%, 6.5%. So, would you feel that that is a decent EBITDA margin to expect in the longer term, sir?

Akash Sethia

Aspirational would be higher than that. 6%, 6.5% is definitely achievable. Aspirational would be closer to 8%, but when I say 8%, I also say that in the context of your question being aspirational. It is not easy to do 8% at all. What is realistic is probably 6%, 6.5% in normal times. If you do a phenomenal job, then you could get to the 7.5%, 8% mark.

Zaki Nasser

Sir, and how do we compete with China on the finished product? And do you think these kinds of products can even be made at lower than these kind of margins by anyone at all, sir?

Akash Sethia

How do we compete with China? So, there are two, three points. One, of course, the government has been supportive of manufacturing by putting in BIS norms, QCO orders, so on and so forth. That is point one. Point two, our labor rates are a lot more competitive than China, although their productivity in all fairness is much more superior to India. So, I think those are the two important points when it comes to China versus India.

Also, now what is happening is the way the rupee is depreciating against the dollar and therefore the Yuan, it is not going to be easy to import, because imports continuously keep getting more expensive day-by-day. So, I think those are my thoughts when you talk about the whole China angle. And then, sorry, you had one more question which I just missed.

Zaki Nasser

I mean, can these goods, what you do, even be sold at the lesser than the current going EBITDA or even 6%, 6.5%? I don't think going forward anyone can even supply and stay in the market lesser than this sir, at 6%, 6.5% at least.

Akash Sethia

Sir, you are asking me a question which is very difficult to answer, because I mean, I cannot really say what other people will do or will not do. Competition can be -- you know rational competition is good for everyone. Irrational competition is terrible for everyone. We have seen a phase of irrational competition in the lighting space. So, can people supply at lower prices? People have done it, so I won't say no. But logically what you are saying is correct, but unfortunately sometimes reality does not always work according to logic.

Zaki Nasser

Thank you, sir. Best wishes for the year.

Akash Sethia

Thank you.

Moderator

Thank you so much, sir. The next question comes from the line of Mr. Sahil Doshi from Thinqwise. Please go ahead, sir.

Sahil Doshi

Hi, good afternoon and thank you for the opportunity. Just firstly, Akash, just one clarification on the employee cost. So, I understand the other raw materials and the environment makes it difficult to predict. But at least on the employee cost, if you can guide, given the wage hike what is the normalized level and what kind of expense increase should we think for this year?

Akash Sethia

Look, so far this year, if you have seen the full year, I think we have clocked in an improvement on a full year basis of almost 100 business points. I mean, if you look at FY25 versus FY26, so '25 we were closer to 14% odd or slightly larger, slightly higher. This year we have come in at, I think, closer to 13%, right, so that is point one.

Directionally speaking, we wanted to get to sub-12%, closer to 11.5%. That is the number that we are working with. Of course, that is driven by some sort of automation that helps you reduce reliance on labor and makes you kind of protected from these minimum wage increases. Two is, of course, the base itself expanding. So when your turnover in totality goes up, that helps you rationalize, especially your costs on the indirect side, because you only incur direct labor. And third is, we are kind of working a little bit hard to review our indirect cost structure and see where optimization can be done.

But to your point precisely, so our direct labor costs are off the total employee cost of 13% odd, our direct labor cost is approximately between 8.5% and 9% with the balance being indirect. So on that 8.5%, 9%, which is pretty much the norm across all the three facilities, the minimum wage just for UP has gone up by almost 25% or 26%, right. So we are working with customers to get that pricing increase, which we expect should be done by June. Once that is done, then not only 13%, but we should be able to get to that 12%, 12.5% this year. But of course, like I mentioned, Q1 will be under pressure. So don't look at this on an immediate quarter basis, but more from an annual kind of basis.

Sahil Doshi

Sure, this helps. Just secondly in terms of the motor business, though you called out there was some impact because of the gas prices, but you know the entire year, QoQ we've seen the growth has been fairly muted, and if you see we think of Elin, the core strength is motors. So what's really transpiring here? Strategically what do we think about this? And given where the Chinese Yuan is depreciating, I mean, the INR is depreciating around 16% odd versus Chinese, doesn't it make more sense or make us more competitive actually?

Akash Sethia

Look, Sahil, what you're saying is completely logical, but somehow China continues to keep surprising us with their pricing. We are not really able to logically work out how it is that they go on kind of offering lower rates to grab business. So Chinese pricing is somewhat of a mystery, I think, definitely to us and a lot of other Indian industry at large.

Two, just in terms of your overall question on motors, I think look, you know the market is shifting more towards being or looking at a solution provider in totality. So what we have seen is that earlier customers were just buying, for example, just motors from us, you know talking to us in terms of getting the full solution. So instead of just supplying a fan motor per se, they are talking of getting the full fan. Similarly, on the mixer grinder side, the same thing.

Of course, a little bit of it was impacted due to the war, because a lot of these plants run gas-fired shops. And because of the gas availability, a lot of them had to take some sort of shutdown in March. So there was some sort of impact temporarily, although that is now resolved. So these are my thoughts. I mean, I don't know if that completely answers your question or no. Over to you.

Sahil Doshi

Sure. I mean, just clarifying on the motor again, meaning, (a) if you're doing a system integration or a complete value-added, essentially, structurally, our value addition or the gross margin should improve. So it has to be captured somewhere in the system. If you're not selling motors, you are selling a solution, that should somewhere reflect in that. So (a) I just wanted to get a clarity on that.

And second, again with motors, I think we were trying to make some inroads into the AC sector motors and as well as refrigeration motors -- or sorry, washing machine motors. So if you can talk a little on those aspects as well.

Akash Sethia

Look, what typically happens is, let me give you an example of a mixer grinder product, right. So what happens is that once you hit, you know anyone who is just doing assembly, buying motors from us, so assembly is obviously a lower value addition activity. Manufacturing of motors is a slightly better manufacturing activity -- I mean, value addition activity.

So once you hit some sort of critical mass in terms of getting, some good, decent numbers for the FG assembly, typically, every person will look at going in-house. I mean, that is how the industry is, is kind of transpiring, because motors is a slightly -- not a slightly, a reasonably better value addition product, right, that is one. That is why I said that most customers are looking at complete kind of solutions, where you supply the finished good itself rather than just the component, right.

To your second question on washing machine motors, like I mentioned, we are regularly in touch with, with our potential customers, I would say, for washing machines. Unfortunately, you know like I said, China's further kind of reduced its price to accommodate on the foreign exchange rate. So how they work out their pricing, like I said, is a bit of a mystery to me. Right now we will again try and go back to the drawing board and see what we can do. And we can of course connect offline to discuss this in even more detail.

Sahil Doshi

Sure. And just a final question in terms of guidance. You know, if you are saying 15% growth, essentially that is taken care by the price hike itself, right. So this doesn't -- this seems to be a little conservative given the new capacity expansion as well. And secondly, on the working capital as well, I think we used to guide for 45 days. It seems to have been gone to the 50 band. So why is that sir?

Akash Sethia

So two things. One is, you are right that we have given a bit of a conservative guidance. There are two points. One is, a sharp increase in pricing does cause some sort of demand destruction, typically. Now, whether that happens or not is yet to be seen. We don't know, because the basket that we operate in is largely discretionary, right. We don't really operate in the necessity of the staples basket. We operate in a discretionary basket. People can live without the products that we manufacture. So those purchases kind of tend to get deferred when prices go up, that's point one.

Point two is, we hopefully don't expect this sort of war situation to last for the full fiscal, otherwise we'll have a different set of problems to deal with. So I do expect that at some point things will get resolved, pricing will come down. So then one will also have to work with some sort of volume growth to meet our new targets. But we've consciously given somewhat of a conservative kind of guidance. We would be very happy if in Q2 or Q3 we kind of are in a position to increase that.

Sahil Doshi

Perfect. And just on the working capital?

Akash Sethia

So working capital, again, I mean, this is just being prudent. The target is to stay at 45 or even lower. But currently the situation is so volatile that we are just working with -- consciously working with higher inventory, higher procurement of Class A, Class B and even Class C items. So in times like this, it's just important to align your investor partners with what you're doing. So we've just kind of given you a heads up. Of course, once the situation kind of normalizes, we will endeavour to get to the lower end of that band and even probably lower than that.

Sahil Doshi

Perfect. Thank you so much. I'll just come back in the queue. Thanks.

Moderator

Thank you so much, sir. The next question comes from **[[Mr. Samarth Ashok]]** from Janak Merchant Securities. Please go ahead, sir.

Samarth Ashok

Hello, Akash. Am I audible?

Akash Sethia

Yes, sir, you are.

Samarth Ashok

So earlier, a part of Elin's business was priced in such a way that we used to get the value add of the raw material, and we used to benefit in the inflationary trend. So, do we still have that business or we are completely vacated out of that kind of pricing now?

Akash Sethia

No, no. Sir, we have that business, but see, typically what happens is that inflation in small doses over a sustained period of time is what is typically acceptable to customers. When pricing overnight, in one month or even two or three months goes up by double digit, that gets very, very difficult to absorb. Because customers -- I mean, our end customers typically cannot or do not tinker with MRP on a very regular basis. And this is -- this kind of inflation is also led by a supply side shock.

One logically keeps hoping and anticipating that there will be some end to this war, after which prices will suddenly cool off. I mean, जितनी जल्दि बढ़ा था उतने ही जल्दि जाएगा, the anticipation. Now, whether that happens or no, I don't know, but those are just some thoughts as to why this kind of supply shock led inflation is not good. But inflation in, probably, steady doses and over a regular period of time is good for us. I hope that that clarifies.

Samarth Ashok

Got it. Sir, second question is on the -- if I do a consol minus standalone, so the buddy entity, which is basically the part of Elin Appliances, it has reported an all-time low gross margin of 12.7%, and it is making a slight EBITDA loss also. So, this entity, the gross margins have been continuously falling down for the last four, five years, while the operating costs have increased. So, what are the issues? Is it because of product mix or the cost in general have increased over here? Means, what are the issues?

Akash Sethia

No. So, there are you know -- so one is, do not look at just that entity, because sometimes what happens is, sometimes billing happens in the standalone -- I mean, the Elin Electronics Limited, sometimes it

happens in Elin Appliances Private Limited. So, customers kind of keep picking and choosing, sometimes, and I'm not saying all the time. So, one is that.

Two is, you are right, that some part of the business has kind of -- I mean, kind of gone through a challenging phase that is housed in Elin Appliances Private Limited. We are working on getting that business correctly repriced. Hopefully, that should happen in maybe maximum two quarters. As and when this happens, we will get in touch with you and let, but that will also ultimately reflect in the numbers itself.

Samarth Ashok

Do we want to run this, means after moving some part production to Ghaziabad, which you are going to do and with the new Bhiwadi campus, do we need to continue to run this particular plant, because there are no excise benefits also now?

Akash Sethia

Some are taxed and you know regulated –

Samarth Ashok

No, so this is a target for that purpose, so that is why. [Indiscernible 00:47:04]

Akash Sethia

Sorry, can you just repeat your question? Then I'll just answer.

Samarth Ashok

So, with the expansion that we are doing in Ghaziabad, where we are shifting some of the mixer production and the expansion in Bhiwadi, in longer run do we intend to run the Bhiwadi plant? I mean, does it make a strategic sense?

Akash Sethia

Look, there is a lot of capital investment that has already been incurred and is sitting there. So, I honestly don't -- I mean, there is certainly no planning on an immediate basis to shut that down or something. One will obviously have to wait and watch. You are right that, there is no benefit from running that plant currently, that I accept, but there is a full ecosystem, there is infrastructure there that is frankly costly and I don't even know if it is practical to just replicate here and there. So, there is no immediate plan in terms of relocating that entire facility zone I will say.

Samarth Ashok

Got it. Thank you.

Moderator

Thank you so much, sir. The next question comes from the line of Mr. Moksh Ranka from Aurum Capital. Please go ahead, sir.

Moksh Ranka

Hello, sir. Can you guide me regarding any recent management changes in the company and provide some colour regarding that?

Akash Sethia

So, I mean, the last news that we had shared, which is when it happened was that our erstwhile CEO had resigned. So, that was, I think, the only senior management change, but nothing per se otherwise.

Moksh Ranka

Okay. So, do we have a new CEO in place of him and any reason for this sudden departure?

Akash Sethia

No. I mean, no known reason to me. What was known is what was disclosed. He found a better opportunity, he moved on. That is what we know. And we don't intend to get a new CEO. For us, what we realized is it's probably better to work with kind of individual business heads and slightly one level below CEO people. So, we will not be getting a CEO in the near future.

Moksh Ranka

Okay. Got it.

Moderator

Thank you so much, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, if you have any questions, please press * and 1 on your telephone keypad.

We have a follow-up question from Mr. Kunal Mehta from Incred Equities. Please go ahead, sir.

Kunal Mehta

Yeah. Hi, Akash, just one question. Now that Praveen sir has moved on and I think there was mentioned that he was focusing a lot on the procurement side and now procurement being difficult. So, who in Elin

is now responsible for procurement? Have we hired someone internally or do we have like a team in place, like a business head for procurement?

Akash Sethia

No. So when, obviously -- so point one is, look, there is no one single person who can do a full company's work. So, there is a person -- I mean, Praveen ji used to oversee that function, and currently that function is now being overseen by one of the family people. But there is a full team in place. There always was before. We had made certain tweaks to that. There is a full team even now that is there and is reasonably effectively doing their work and discharging their duty.

Kunal Mehta

Okay. Yeah, I think that is the one question. Thanks.

Moderator

Thank you so much, sir. The next question comes from the line of [[Mr. Pawan Kuthri]] from Kolkata Metal Depot. Please go ahead, sir.

Pawan Kuthri

Hello, sir. I wanted to ask, do you have any program to, or plans in the future to launch any setups under your own brand?

Akash Sethia

No, sir. We don't have our own brand. We do not intend to launch any products in our own brand.

Pawan Kuthri

And by when do we expect this new facility to be fully operational and start generating positive cash flow?

Akash Sethia

It will be operational by, like I said, commercial production should begin latest by August 2026.

Pawan Kuthri

And like, how much time will it take to like reach 70%, 80% of the plant capacity, the new additional facility?

Akash Sethia

So, look, the revenue potential of the plant is probably INR 550 crores. Probably to get to 80%, it might take four or five years -- four years maybe.

Pawan Kuthri

Thank you.

Moderator

Pawan, sir?.

Pawan Kuthri

Yeah, thank you. I got it.

Moderator

Thank you so much, sir.

Akash Sethia

In the interest of time, we can -- maybe if there are any further questions, we can just take one or two and then wrap up.

Moderator

Ladies and gentlemen, if you have any questions, please press * and one on your telephone keypad. There are no further questions, sir. Now, I hand over the floor to the management for closing comments.

Kamal Sethia

Yeah, this is Kamal Sethia. Thank you for your time. There has been challenging time we've been going through in the last quarter or so, but we have started the process of our mitigation through remedial processes which is ongoing, and all the departments are engaged in that. So, we hope for improvement in the coming quarter. Of course, the geopolitical situation easing out would help us much more. So, thank you so much for your time and attending the call. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes our conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening!

Note:

1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.