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November 04, 2026

To,
The Manager (Listing)
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 533581

To,
The Manager (Listing)
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051

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 October 24, 2026, please find enclosed Transcript of the Earnings Conference Call held on October 28, 2026.

This is for your information & Records.

For **PG Electroplast Limited**

DEEPESH KEDIA
Digitally signed by DEEPESH KEDIA
Date: 2026.11.04 10:27:38 +05'30'

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“PG Electroplast Limited Q2 FY27 Earnings Conference Call”

October 28, 2026

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

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

Moderator: Ladies and gentlemen, good day and welcome to PG Electroplast Q2 FY27 Earnings Conference Call, hosted by JM Financial Institutional Securities Limited.

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 "*", then "0" 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 Limited. Thank you and over to you, sir.

Shalin Choksy: Thank you. Good morning, everyone. On behalf of JM Financial Institutional Securities, I welcome you all to the Q2 FY27 Earnings Call of PG Electroplast Limited. We have with us the management of the company, represented by Mr. Vishal Gupta - Managing Director and Mr. Pramod Gupta - Chief Financial Officer.

Before we start off, a brief disclaimer. This presentation has been prepared for informational purposes only and 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 or all of this presentation from the basis of or to be relied on in any connection with a contract or investment decision.

This presentation contains forward-looking statements based on the currently held beliefs of the management of the company which are expressed in good faith and in management's opinion are reasonable. The forward-looking statements may involve known 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 such 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.

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

Vishal Gupta: Thank you, Shalin and good morning, everyone. Thank you for joining PG Electroplast Q2 FY27 Earnings Call. I am Vishal Gupta – the Managing Director. And I am joined today by Mr. Pramod Gupta, our CFO, and Mr. Vikas Gupta, our Managing Director, Operations is also joining this call.

Second quarter has panned out on expected lines and we have seen good secondary sales in the Room AC business for the industry, resulting in a strong order book for us also. Our teams are

gearing up for strong execution in the second half of FY27. For the first half of FY27, consolidated revenues crossed Rs. 2,950 crore for the first time in the company's history and the room AC and washing machine verticals posted their highest ever first half sales. Growth in first half came from combination of volume and price. We saw double digit volume growth and a similar quantum of ASP increase as commodity costs and rupee depreciation got passed through to our customers. Our order book remains healthy across all product lines.

I will let Pramodji take you through the numbers in detail and then I will come back to cover our capacity roadmap and few other operating priorities for the current financial year. Pramodji!

Pramod Gupta: Thank you, Vishalji. Good morning, everyone.

Consolidated revenues for the quarter was Rs. 934 crores up 42.5% year-on-year. EBITDA came in at Rs. 69.14 crores versus Rs. 44.68 crores last year, growth of 54.8% with EBITDA margin of 7.4%. Net income was Rs. 13.67 crores versus Rs. 2.76 crores last financial year in the same quarter.

For first half, product business has contributed 70.3% of sales revenue, growing 41.1% year-on-year. Within that, AC business saw growth of 36.2% to Rs. 1,561 crores. Washing machines crossed Rs. 500 crores of sales and grew 60.7% for the first half. Cooler was muted at about 4.8% growth and contributed Rs. 19.3 crores. Electronic business has seen a very sharp growth of 90.3% and contributed 12% of revenues for the first half. Plastic molding and components contributed Rs. 521.6 crores and was up 7.5% year-on-year. Our JV Goodworth Electronics posted revenues of Rs. 623.8 crores in the first half versus Rs. 483.4 crores last year. EBITDA stood at Rs. 22.7 crores versus Rs. 10.3 crores last year. Our subsidiary PG Technoplast, which is obviously a part of consolidated sales which I told above, reported Rs. 2,130 crores in sales this year in the first half.

On margin, I want to clarify once again that gross contribution as a percentage has softened on a year-on-year basis, largely because of the pass-through of the commodity prices, particularly copper, aluminum, plastic, etc., along with the rupee depreciation. And as you all know, on a per-unit basis, margin remains stable and we get a fixed amount on a per-unit basis and not the percentage margin for doing the contract manufacturing.

On balance sheet, things remain quite healthy. Cash and bank balance stood at Rs. 422.5 crores and most of the CAPEX for this year is already paid for. Basically, CAPEX payments that are not in gross fixed are either in CWIP or advances to suppliers.

With this, I will now hand it over back to Vishalji.

Vishal Gupta: Thanks, Pramodji. Let me cover some business outlook and our strategy along with a couple of other developments for this quarter.

Post our flagship washing machine manufacturing facility that came online in new campus in DMIC, Greater Noida, Uttar Pradesh last quarter. Our new campus at Salarpur, Bhiwadi is now operational and we are consolidating operations by relocating some of our Greater Noida operations to this new facility. This facility will have coolers, sanitaryware, plastic components and mold making facilities.

Second, our refrigerator facility at Sri City in South India is progressing well. We are targeting commercial production as earlier committed in the last quarter of current financial year with this becoming a meaningful revenue contributor for FY '28. We have already tied up with our anchor customers and we are in active discussions with other customers as well with some soft commitments already in place. The facility will have a capacity of 1.2 million units and will start in Phase-1 with direct cool and side-by-side refrigerators and add frost-free and multi-door in Phase-2.

On compressors, also the project at Supa is on track for mass production in this financial year. Things are progressing well. We expect our first 2 million capacity to come online as planned in this financial year only. Alongside that, our strategic priorities for this year are R&D, new product development, backward integration and capability enhancement. This all is aimed at building longer-term resilience and improving capital efficiencies.

With that, we will now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Tanay Shah from DAM Capital. Please go ahead.

Tanay Shah: Yes. Hi, sir. Good morning. Thank you so much for your opportunity. Sir, I have a few questions. First one being, we spoke about a double-digit volume growth in AC. Maybe, if you can help us understand how the industry sort of grew this quarter on a very unfavorable base versus how we have sort of done against that?

Vishal Gupta: In this quarter, the primary sales have been muted. We don't see much larger, very strong growth. But secondary sales as per the feedback what we are getting from the industry people has been very strong. But again, if you see, if you try to compare this with the Y-o-Y basis, July you can compare. August, there was an aberration because of the GST announcement was done. And then in September also, the sales started after 22nd September only. But all said and done, still the secondary sales have been very strong in the channel. And channel inventory is on a much lower side as compared to last year. Yes, second quarter, we didn't see much action. But I believe that December quarter and March quarter, we will see much better numbers for our company as per the feedback that we are getting from our clients and the kind of order book which we have been able to build up to maybe March-April for ourselves.

Tanay Shah: And so you spoke about, most of the prices being passed on to the customer. So if you could quantify the percentage of price hikes taken, and is it completely absorbed now by our customers? Or is there another round of price hikes which are due from our side?

Vishal Gupta: See, price hike has been an ongoing activity for us. The first price increase had happened in January of this calendar year. Then, it again happened in the month of April, because it is normally done on a quarterly basis. And it has been done again in the quarter starting from this October quarter. And January quarter also, we are going to take a further price increase from our clients, which has been already aligned with most of the clients. So with this second price increase, which will happen first January onwards, most likely most of the price hikes, which should be factored in till now, will be taken into account for.

Tanay Shah: Sir, I was asking from our second quarter perspective, because I think we mentioned in a press release that most of the price increase has been passed through. So I just want to see that if the gross margin compression was also due to some bit of under absorption, or it is just as a function of, obviously, the ASP hike, which is optically making our gross margins look lower?

Pramod Gupta: First of all, gross margins as a percentage will always be lower in a high commodity price environment, because we as a contract manufacturer typically get our margins or contribution on a per unit basis. That is point number one. Point number two, this quarter, which you have to keep in mind is that we had a very high growth in the electronics business. Electronics business has a much lower margin. That is one. And secondly, this quarter, the high growth was due to the rising prices of electronic components, semiconductors specifically, rather than very huge volume growth. The reason this has happened is because we do a lot of contract manufacturing and also we supply motherboards of TVs, etc., where the memory prices have shot up very significantly. So because of those reasons, because the mix change and high commodity prices, the gross contribution percentage is lower for the quarter. But on an absolute price per piece basis, we are in our usual range now. And whatever price increases was required in the AC business, till September that we have been able to pass on in October. And again, whatever will be required for the quarter starting January, which will be based on the average cost of October, November, December, we intend to pass it from 1st of January.

Tanay Shah: Sure, sir. And the other thing what I wanted to understand was if you could help us with the incentives booked this quarter and a corresponding incentive number for the last year, same quarter?

Pramod Gupta: So this quarter, we don't have any PLI. PLI, we book, as you know, on the basis of the sanctions received and we are yet to file for the last financial year's numbers. PLI, this thing, because there are GST audit, etc., just is getting completed. So that number is likely to come probably in the Q3 and Q4 for us and we will be reporting that number to you. For the full year, this year, the PLI is likely to be close to Rs. 70 crores plus for us.

Tanay Shah: Sure. And anything specifically booked apart from the PLI in this quarter? Obviously, there is no PLI booking this quarter, but any other incentives from a state perspective, which we booked?

Pramod Gupta: For the PGEL, we continue to book about Rs. 1.55 crores of incentive, which we get for the Maharashtra government that has been booked.

Tanay Shah: Got that. I will fall back in the queue. Thank you so much for answering my question. All the best. Thanks.

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

Achal Lohade: Good morning, sir. Thank you for the opportunity. Sir, if you could talk a little bit about how was the sales volume for RAC in 2Q? And if you could also help us with the corresponding number of last year 2Q? And what is the expectation for FY27, basis the current order book visibility, what we have?

Pramod Gupta: We don't give the absolute numbers on a quarterly basis. On a full year basis, we are expecting about volume growth of close to 20% for the Room AC business. And as this year on the quarter, if you look at Y-o-Y basis, the volume growth is not much in this quarter. It is very flattish. But we have a very strong order book for the second half. And we are hoping to have on a full year basis about close to 2.1-2.2 million kind of a number for room AC delivered this year versus 1.7 last year.

Achal Lohade: Got it. And this is the price increase so far and the expectation of December and March quarter. Now, what would be the realization increase? As of now, we have what we can expect on a Y-o-Y basis full year, average realization increase. Would that be North of 15%-20%?

Pramod Gupta: It will be surely close to about 15%-20% range.

Vishal Gupta: The average price increase across 3-4 quarters and what we expect in January quarter, all cumulative will be something around 15%.

Achal Lohade: Got it. The other question I have, this is more medium-term question. We have called out with respect to the ref, washing machines, etc. But any thought on the additional growth avenues in terms of the segments, products, etc., if you could give us some sense, or let us say, next 3-5 years beyond the current products what we are currently looking at?

Pramod Gupta: The immediate priorities for the management and top leadership team remain operationalizing these new projects which have seen sizable CAPEX in the last 3 years for us and trying to restore the profitability in the business to the next level. And we will be looking for growth opportunities, but right now, we do not want to focus on anything substantial till the time we

have been able to scale up these new initiatives which we are taking. And I think for 27 and 28, the key priorities just remain to get these new projects on stream and the requisite profitability on them. These are sizable CAPEX projects which we have done and we think that we can continue to see good volume momentum across the product lines which we are there, which is AC, washing machine, refrigerator, TVs. And we do not intend to right now defocus on them and try to look for some other new opportunities. We are right now very focused on getting these new projects up and running and in a profitable manner.

Achal Lohade: Fair point. Thank you. I have this last question, if I may, with respect to the compressor scenario, if you could give us some sense, any further update from the previous call in terms of how it is shaping up for the industry? And also another related question was in terms of the exports opportunity for RAC, anything we can look from the medium-term perspective? Yes, those are the two questions. Thank you so much.

Vishal Gupta: The compressor project, as I said in the call earlier, is on track. The machine installation is going on. The engineers are there from China who are helping in installing all those machines. And we are hoping that we hope to start trial production by end of November. And I think by January-February, we will be able to start mass production also. And there will be a gradual ramp-up for calendar year 27, we are hoping that we will do something around maybe 1.5 million plus compressors. That is the target that we have set for ourselves, 1.5 million plus. And by April-May, if the season is panning out well, we might take a call on adding a second line also. In April-May, we will take a decision on that also.

Achal Lohade: And on exports, if you could help us understand?

Vishal Gupta: Exports, we are doing a small number of exports right now to SARC nations, very small number. When you try to compare with China in Europe and America markets, the products are a little different. They are quite different. And on the top of that, the pricing, what they are offering in those markets, in spite of whatever duty benefits, what we have, because of FT and all that, still that price disability is very large as of now. So it looks as of now, it is a little challenging for our exports to these countries. But yes, SARC nations, we are doing small exports, but those markets itself are very small. And nothing to talk about much right now. Products are there, products are being developed. But whenever we do some kind of benchmarking, then the pricing becomes a major issue when we are talking about exports.

Achal Lohade: All right. Thank you, sir. I will fall back in the queue.

Moderator: Thank you. The next question is from the line of Santosh Seshadri from Avendus Spark. Please go ahead.

Santosh Seshadri: Hi, good morning. Thanks for taking up the questions. So my first question is on the cost savings that you have achieved. There has been some considerable savings in employee cost and other

operating expense line items. Sir, my question is, how should we think about it going forward? Should we expect it at the similar levels or maybe a step up in the cost base, given that many of the new projects, especially the compressor facilities are ramping up in the second half?

Pramod Gupta: So I will take this question in two parts. Looking at the employee cost, obviously we are running a tight ship and we are trying to control that. But there is a growth there. But in the other operational expenses, manufacturing expense, there is a reduction Y-o-Y because of two reasons. One is that last year we had a FOREX loss of about Rs. 8 crores. And this year, we had a smaller FOREX loss of about Rs. 3 crores only. So there was Rs. 5 crores benefit on that account. And also last year, we had some one-off related to some GST, etc., which we took in the second quarter. And because of all those things, there was about Rs. 3 crores of additional cost, which we have not incurred in this quarter. That is why the other expenses are looking the way they are. Going forward, as we ramp up the new facilities and the production in the existing facilities, obviously, the manpower cost and other expenses are likely to go up. But obviously, they will not be going in line with the sales growth because this year, there is a significant portion of sales growth which is happening because of the commodity pass-through. So the costs will be increasing more in line with the volume increases, which will be about 20%-25% on an overall company basis and that is what is our internal target.

Santosh Seshadri: Got it, sir. And as a follow-up on that, how should we think about the margins in the second half and going forward vis-a-vis the price increases that you are planning to achieve further?

Pramod Gupta: Second half, typically is slightly better for us seasonally because there are obviously slightly higher sales and also operating leverage kicks in. Also the way we book the PLI, the 4th quarter typically sees better margins. So we hope to have slightly better margin in the second half than what we have reported in the first half this year.

Santosh Seshadri: And just lastly, on the finance cost, can you provide some color? How should we expect this going forward? Is there any room for optimizing working capital and bringing the finance cost down? Any color on that will be helpful.

Pramod Gupta: We are trying to work on optimizing the working capital, but actually what is happening is because of the high commodity prices, even with the optimization, the amount of inventory that you are requiring to keep is actually high. And that is leading to high investment in the working capital, leading to higher interest costs. We are trying our best to optimize wherever possible. Hopefully, because all the CAPEX has been paid off, only the working capital requirements will go up and we have some inventory. We are hoping that the second half interest cost should not significantly increase from the first half interest cost. And that is going to be the focus area in the company in the second half.

Santosh Seshadri: Thank you very much, sir.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Hi, sir. Good morning.

Pramod Gupta: Good morning.

Bala Murali Krishna: Regarding this new subsidiary you have created, do you have any plans for any other new products? What are the thoughts behind this?

Pramod Gupta: We have not created any new subsidiary. We have a subsidiary which is actually already there, which is PG Technoplast and PG Technoplast has a subsidiary called Next Generation Manufacturing. So that structure remains. We have not created any new company right now.

Bala Murali Krishna: Inventory parts, the inventory levels are similar to the last few?

Pramod Gupta: Yes, inventory levels are slightly up. The reason is because, as I am saying, we are having a stronger order book in both AC, washing machine, electronics. And therefore, we are keeping the material for those things. That is one. Second thing, as I explained earlier, the raw material prices are generally higher. And that is actually leading to, despite keeping and optimizing on the volume side that is leading to higher inventory levels in the company. We are trying our best to manage the inventory levels at our end and we hope that in the coming quarters, if the commodity inflation is not high, then we should be in control of the inventory going ahead.

Bala Murali Krishna: So what could be the maybe rough breakup of FG and raw material in this inventory?

Pramod Gupta: I will give you this number. Just give me some time. Just give me a couple of minutes. So if you have any other question, you can continue. I will give you the breakup of this.

Bala Murali Krishna: On washing machine fronts, we have a good growth of 60%-70% ROI. The new facility also commissioned. So on the annual basis, what is the growth potential you are expecting in washing machines?

Pramod Gupta: We are looking at about 40%-50% growth, at least in the washing machine. Washing machine is now getting into, maybe after a couple of months, into off-season. But we have seen a very strong growth there. We continue to have a strong order book there. And we are likely to see for the full year, the amount which I told you, about 45%-50% kind of a growth.

Bala Murali Krishna: Lastly, we have a POS machine for development. So is there any update on that? Is there any progress?

Pramod Gupta: I didn't get your question. Can you just repeat?

Bala Murali Krishna: POS machine is in payment.

Vishal Gupta: Yes, POS machine. That business is not going ahead right now because there are some issues at the customer end. So there is no progress as of on that project.

Bala Murali Krishna: Thank you. That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Yash Kothari from CR Kothari and Sons. Please go ahead.

Pramod Gupta: Just before that, I will like to give a color on the, just a minute. You go ahead with your question. I will come back to you.

Yash Kothari: Hello. Good morning, sir. So we had talked about the super compressor unit starting. I just wanted to get an idea, the expected EBITDA margins post obviously the commissioning has happened. So like what are the EBITDA margins that we are looking at?

Pramod Gupta: Because we are going to utilize large part of the capacity for in-house only, So it will be margin accretive. That number we will share with you once we start the production, probably in the second quarter, sorry, at the end of third quarter.

Yash Kothari: Thank you, sir. That is it. Thank you.

Moderator: Thank you. Sir, you wanted to say something?

Yash Kothari: No. I will come back to that inventory questions maybe slightly later. I am just asking somebody to get that number.

Moderator: Sure. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: Hi. Thank you so much for the opportunity team. Two questions. The first question is on the electronics business. So you mentioned why raw material prices have gone up and that would be one part of the reason. But if you could just provide some more color on what were the things that went right, what products did well, that would be helpful. That is my first question.

Pramod Gupta: There are basically 3 or 4 product lines on which we are currently working in the electronics business. One is the TV motherboards. Second is the AC controllers. Then, we are also working on battery management systems and CCTV cameras. These are the 4 key products right now which contribute bulk of the electronic business for us right now. We are seeing growth across all of them. And last quarter, we had a higher growth in the basically TV motherboards and

because of the season. But in TV motherboards, the memory component is a significant portion and the prices there have gone up very significantly. So because of that, the contribution in terms of sales looks much higher for the electronics business during the quarter. And that has led to a very high growth in the electronics business for the quarter and the first half also.

Dhruv Jain: Sir, how should we look at the growth for the full year and for FY28 in this vertical?

Pramod Gupta: This year, we are expecting a very high growth because of the pricing as I said and volumes are also decent in all the things. We should be having for the full year, maybe around Rs. 550-Rs. 600 crores kind of sales in this business on a full year annual basis. We will let you know once we freeze our plans for the next year.

Dhruv Jain: Got it. And sir, the second question is on incentives. So, last year, as part of an annual report, we saw that you had just about Rs. 130 crores of incentives, just wanted to get some clarity on that if it was clubbed for a couple of years? And for FY28, while you mentioned FY27, my sense is PLI gets over in FY28. So what would be your incentive being as part of the state government and PLI if you could just throw some clarity on that? Thanks.

Pramod Gupta: So, the way it will work is we will have our PLI incentive in two companies, PG Technoplast and PG Electroplast, sorry, NGM and PG Technoplast. So, PG Technoplast, this is the last year for basically the sales. And obviously, you will get that incentive next year. So, we will be booking the incentive next year. So, we will have about Rs. 60 crores in PG Technoplast next year from that. In NGM, because we applied in the third round, and that will be valid only for 3 years. So, we will be getting an incentive for last year, which will be in this year. And this year, we will get for next year in NGM, which will be there about Rs. 20 crores. This year, we will be getting Rs. 15 crores. And then again, in the last year, we will be getting Rs. 20 crores, which will be in 29. Apart from that, we will be having a state incentive, which will be to the tune of about Rs. 28-Rs. 30 crores every year, which will continue for next 10 years in PG Technoplast. NGM, we have yet to file, and the government of Maharashtra's incentive scheme, we have committed close to Rs. 500 crores in the NGM and that number should also help. And that will start probably after 1-1/2 year or 2 years, once we start filing for that. So this is the way it is going to run.

Dhruv Jain: So it is safe to say that your incentive for FY28 would be anywhere between Rs. 105-Rs. 110 crores?

Pramod Gupta: Right. Yes.

Dhruv Jain: Great. Thank you so much, all the best. Thank you.

Pramod Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Vedant Rathi from Blue Square Corporate Services. Please go ahead.

Vedant Rathi: Hello, sir. Thank you for the opportunity and congratulations on your results. Sir, I just wanted to ask for regarding our CAPEX guidance for the next year, and have we achieved all the same? Plus, I wanted to ask on our capability with respect to our refrigeration plant in Sri City. Will we also be adding an additional compressor line in our Sri City plant as well?

Vishal Gupta: As far as the CAPEX, Vedant, I will take these two questions. So, CAPEX for this year, which we have guided for around Rs. 400 crores, is on track, and largely the CAPEX has been done, as Pramodji said in his call comments earlier. And for next year, I think our idea is to consolidate the business right now and focus on the CAPEX, what we have done in the last 2 years, and try to build on those capabilities and grow that business. Still, FY '28, we should do around Rs. 150 odd or Rs. 200 odd crores CAPEX. Coming back to your question on Sri City Refrigerator Plant, that plant, as told, will start production in the last quarter of this financial year. For the refrigerator compressor, we are already discussing with a couple of companies for that technology, but we will take a call on that compressor facility decision after our refrigerator production is stabilized, and we get a hang of the market behavior for this product. Once we are very comfortable and confident, we might go for the refrigerator compressor also.

Vedant Rathi: Understood, sir. So, with just respect to our refrigeration business, how much can we see an approximate margin accretion, because we are now manufacturing our refrigerators end-to-end as well?

Vishal Gupta: So, see, the margin profile will be similar to our current business, but we can give a definite color on this once, after the end of the last quarter of this Financial Year. Once our production stabilizes, we can give a better color on that, but it should be in line with our existing numbers at the company level.

Vedant Rathi: Thank you.

Moderator: Thank you. The next question is from the line of Rabindranath Naik from Nirmal Bang Institutional Equity. Please go ahead.

Rabindranath Naik: Thank you, Vishalji and Pramodji, for the opportunity and congratulations for a good set of numbers. Sir, you mentioned that, in the first half, we did around 36% growth in the RAC segment. So, can you please tell me what is the volume growth in the first half?

Pramod Gupta: About 22% odd is the volume growth.

Rabindranath Naik: So, now you are guiding 30% growth for the full year, for this year, then we can expect that second half would be much better than the first half so far the RAC is concerned. Is it right?

Pramod Gupta: No, I am not guiding for 30%. I am guiding that the volume growth should be 20 %-25%, 20% plus minus 2%-3% for the full year. That is what I am guiding. And I think we have a very strong order book. Now, it is all the execution which we have to now do for the second half.

Rabindranath Naik: So that means, we can cross around Rs. 4,000 crores in RAC this year or more than that?

Pramod Gupta: Yes, that should be possible.

Rabindranath Naik: And in washing machine, you said that we will be, can we cross around Rs. 1,000 crores this year?

Pramod Gupta: I will not say cross, but we will be nearby that number.

Rabindranath Naik: And, sir, you mentioned that electronics business, we did around, this year significant growth of around from Rs. 80 crores to around Rs. 251 crores. So you mentioned that Rs. 560 crores guided for this year whole for the electronics business. Is it correct, your guidance, Rs. 560 crores?

Pramod Gupta: I said Rs. 500-Rs. 600 crores. Yes, Rs. 550 is the number which we should target. This quarter was, and in the first half, the TV contributes significantly to the electronics business, which is basically having a lot of TV motherboard, I will say. Motherboard has a memory component and memory prices have gone up significantly. So, it is the price appreciation which has led to a high number in the electronic business. And now the electronic business in the second half is driven typically by the AC controllers and other businesses like CCTV, etc., camera, sorry. So, those things do not have that high in the memory content. So, there the value growth will be much more normalized based on the volume growth.

Rabindranath Naik: And if you see the Goodworth, one of the joint venture, the growth has been spectacular from Rs. 180 crores to Rs. 455 crores this year, this quarter particularly. Is it something to do with the electronics business that you mentioned that the growth for, is it related to some extent?

Pramod Gupta: That is largely driven by the TV business because Goodworth deals largely in TV. And TV, as you see, the prices have moved up very sharply because of the, again, electronics and motherboard, etc. So, because of that, the growth is also looking higher. Volume growth is in line of what we were expecting, but it is the pricing which has actually gone up significantly in the TV business this year.

Rabindranath Naik: Sir, what would be the guidance for Goodworth for this year in terms of sales?

Pramod Gupta: Maybe around Rs. 800-Rs. 900 crores.

Rabindranath Naik: And sir, if you see, then you are saying that a second half would be much better in the RAC segment going ahead. And also the electronics business will actually contribute less as compared

to this second quarter. Because in the second quarter, there is a decline in gross margin. You mentioned that in the initial call that due to the electronics component price hike, the margin is contracted. So, can we expect the gross margin to improve in the coming second half if the RAC will dominate and electronics will take some back seat in terms of growth?

Pramod Gupta: No. See, the gross margins, even in the second half, on a percentage basis, may not look very high for the simple reason that, as I told you, the commodity prices are getting passed and we get money on the per unit basis. The bill of material for AC has moved from Rs. 14,000, which we used to have about 2 years back, to almost Rs. 18,500 now. While the amount of money which we used to get for making AC remains the same, so, as a percentage, that number may look less only. So, that is the reason why the gross contribution margin or the gross margins may look lower. We actually focus on a per unit margin, which is an absolute amount. And there we think we are comfortable and we are hoping to see that money continuing. And we are trying our best to control our other expenses to make sure that our conversion costs remain low. So, don't look at this business as a percentage margin business, because that is not the way internally we track.

Rabindranath Naik: That is fair point. Sir, you guided the Rs. 800 crores of Goodworth, because in a first half, we have already done Rs. 632 crores, so why?

Pramod Gupta: I think Rs. 800-Rs. 900 crores. And TV season is little slow this year, because of the very high price increase. And TV season is almost coming to an end. So, we are not going to continue to see very high growth in the TV business in the second half, which is always the case, it is typically a low season. And as I was telling you that this year, price increase is there, because of that price elasticity working negative, the volume growth is not so high in TV.

Rabindranath Naik: And sir, last question about the coolers. We see significant big growth in the cooler. Is it a trend currently or it is going to revive? How do we see the market in the cooler market?

Pramod Gupta: Last 2 years have been little unusual for coolers. First, we had a bad monsoon last year. And then there was a very high inventory in the channel, which was a low cost inventory. And this year, cooler, as you know, has a very high component of plastic injection molded component. Basically, plastic has almost about 65%-70% of the bill of material is plastic and coolers. Now, because the plastic prices went up very significantly, the raw material price for the cooler or the bill of material for the cooler increased significantly. That led to channel not accepting or taking the huge inventory of cooler and they were working on basically getting rid of the earlier inventory only. Now, this season should be a much more normalized season. And we think that coming season should see a decent growth for the cooler as an industry, because the heat is increasing and the inventory levels are now normalized across the channel. And we hope that we will be able to pass on the price increase and the whole value chain will also be able to pass on the price increase.

Rabindranath Naik: And sir, RAC, what is the percentage of price increase you left that way so that we can cover actually up to some extent a good amount of our cost?

Vishal Gupta: RAC on price increase and commodity increase is always a moving average. So, whatever prices you have averaged for the last quarter is implemented for the next quarter. So, it is always an ongoing activity. As we said earlier, we have already taken the price increase which was required till now to maintain our normal margins. January onwards, we are expecting further price increase, keeping in mind the commodity movement in this quarter. So, OND largely we see that where the copper, aluminum and dollar is moving. Accordingly, we have a pricing mechanism with our clients and we are able to do that with the clients.

Rabindranath Naik: So, one last question if I may allowed to do that. So, there is a change in Auditor, one of these subsidiaries, Next Gen Manufacturing. So, is there anything to look at in this and what product this subsidiary is providing us in terms of services?

Pramod Gupta: We have got a single auditor across the whole company now, which is BSR & Company. And earlier, there was another auditor whose term has come to an end. And therefore, now from this quarter onward, which is Q3 onwards, we will have BSR & Company across the whole company as a statutory auditor.

Rabindranath Naik: All the best, sir. Thank you very much for answering my question.

Pramod Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: Thank you. Keyur from ICICI Life Insurance. Congratulations on good numbers. Sir, two questions. First, last year Q3, we had a strong growth because of the shifting the inventory stocking. Now, based on current channel inventory, you think that Q3 also will have volume growth or whatever you are guiding for in terms of volume, all will be backhanded towards Q4?

Vishal Gupta: We see some maybe kind of middle teens volume growth for us in third quarter also, keeping in mind the kind of volume or commitments that we are getting from clients as of now. And Q4 will be much better.

Keyur Pandya: Sir, you mentioned early teens, right?

Vishal Gupta: Yes, kind of early teens.

Keyur Pandya: And just on follow up on that. So, if I just take base number of say 20% volume growth, based on what you have delivered in say 1H, based on what is the channel inventory plus last year's

base, very weak base of second half, you see any possibility of upside or this is more conservative or there are other reasons for which you are keeping volume growth guidance a little lower? I thought 20% is lower versus being current scenario in the last year's base?

Pramod Gupta: See, what happens usually, our financial year ends on 31st March. So, whatever growth will be there will get transmitted to the FY '28 also. So, April-May is also always a strong primary sales month for people like us. So what we are guiding is something, I think we are not guiding any number, we are not saying any number, but we will see a decent volume growth and much better value growth in RAC in FY27 and some part of that growth will get percolated to FY28.

Keyur Pandya: Understood. And just last question on newer categories, so say ref and compressor. So, where have we reached in terms of say approvals or validations and should, whatever say guidance or at least numbers that you are talking about for FY28, it takes care of that timeline?

Vishal Gupta: First of all, for compressor, as I told our trial production will start in the month of November, end of November, we should have trial production and we will be submitting our samples to our clients for compressor and which is very similar to the designs which they are using currently. So, we will not see much challenge in approval and largely, we will be using those compressors for our in-house consumption. And as per our understanding with the clients, most of the clients we need not go for their approvals also. If we are able to technically clear those compressors ourselves, we need not take their approvals. This is about compressors. We have already guided the kind of number of calendar year 27, should be anything between 1.5-1.8 million is what we are targeting for next year and we might take a call on the second line by month of April-May next year. Coming to refrigerator, we will start trial production in January-February. The designs and the model selection has been done in consultation with our anchor customers. The model which is being developed is in consultation with that client. So, when the production will start, most likely approvals will not be a very big bottleneck as far as for that refrigerator is also concerned.

Keyur Pandya: And that is 1.2 million in first phase?

Vishal Gupta: 1.2 million is the installed capacity for that and I think FY '28, we are targeting 700k production, not more than that. That is the number we are trying to do in FY '28. That is the kind of base number.

Keyur Pandya: Understood. So, that 700k is a function of anchor plus to other customers or just based on anchor since the other customers is more of soft commitment then?

Vishal Gupta: This is on the basis of anchor customer plus soft commitment from other customers plus our experience and our gut feeling for this business.

Keyur Pandya: Fair enough. Sir, thanks a lot and all the best.

Vishal Gupta: Thank you, Keyurji.

Moderato: Thank you. The next question is from the line of Chirag Shah from White Pine. Please go ahead.

Chirag Shah: Hello, am I audible?

Vishal Gupta: Yes, please.

Chirag Shah: Hello. Yes, thanks for the opportunity and congrats for good set of numbers. My first question is with respect to inventory, if you compare with September 24th and how would it be today? You said 1.7 odd million which is estimated inventory in the system today. How would it be versus September 24? Will it be lower? Will it be higher than September 24?

Vishal Gupta: September 24 numbers, I cannot recollect. See, September 25, I can say, it was much higher. But September 24 numbers, I don't recollect right now, Chiragji.

Chirag Shah: Second is your 20% volume plus kind of indicative guidance. Does it take into account the so-called expected rural, semi-rural slowdown? And if yes, generally, how does this slowdown affect the RAC demand in general? So, is it a big contributor to RAC demand and hence the impact is generally higher based on your past experience? How should we look at it?

Vishal Gupta: Chiragji, first try to understand AC business. Whatever sales we do, it gets converted into secondary sales with a gap of 2-3 months, right?

Chirag Shah: Yes.

Vishal Gupta: And the numbers we are guiding or telling you people in this call right now is the numbers up to March. So, up to March, we don't see much challenge as far as the primary numbers what we have been getting from our clients. Yes, going forward, the way, agrarian economy is going to behave, I don't see still, automobile and if you see two-wheeler sectors, they are doing decently well right now also. So, going forward, we will come to know about that. But till March, I don't see much challenge in the numbers what we are getting.

Pramod Gupta: Anyhow, AC is not a rural product. AC is largely an urban product. And at least whatever sales we have seen in the last 2-3 months from whatever we are hearing from our clients, it looks like the momentum is pretty decent and the industry itself is likely to clock more than 15% kind of a growth this year on a full year basis. That is what the estimate most of the brands have.

Chirag Shah: So, why because generally Tier-3 onwards, this rural-urban definition gets intertwined in that sense. Tier-1, Tier-2 cities is fair urban, you can say, but from. So, basically, we can have a large part of the industry volumes are driven by Tier-1 or Tier-2, up to Tier-2 cities, maybe 70%-80%. That is the right way to understand?

Vishal Gupta: Yes. Tier-3 also, expansion is happening because you can see some kind of saturation happening in Tier-1 cities in India as far as these product categories are concerned. But all said and done Chiragji, as I told you earlier, for us, primary numbers up to March are looking very, we are quite confident about those numbers, but how they translate into secondary numbers, we will come to know about that.

Chirag Shah: Yes, that is a fair point. That is right. That you can't take a call off now, which I appreciate. And lastly, on compressor, just a clarification. So, we are starting with one anchor customer. But in generally, how should one claim this one anchor customer number can become 4, 5 or the customer profile of AC gets converted to compressor or there could be different tie-ups that different AC customer could do for compressor given the way the industry requirements are there, right, for localized sourcing?

Vishal Gupta: The compressor, what we are making is largely for our in-house consumption and there is one anchor customer in compressor, right? We have a large variety of customers who have already given in-principle approval for this product to be used in the RAC, which we will make for them in our factory.

Chirag Shah: Fair point. What I understood was how you clarified it. Thank you. I thought it is only for one and one of the key customers for whom there is, go ahead. Fair point. You clarified it. Great. Thank you.

Vishal Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Pulavarthi Saikiran from Pulavarthi Finserv. Please go ahead.

Pulavarthi Saikiran: Yes. Hi. Thank you for taking my question. So, just a very broad question. Five years back, India's AC manufacturing was not very much backward integrated and then PLI has come in across. And then now, when we look back, how far we have come across and then that journey, how far we are there at the PGEL in terms of total manufacturing process in terms of backward integration? Thank you.

Vishal Gupta: I think it is a good question. Please understand, 5 years back, India started on this journey and we are largely becoming from an assembly country to a manufacturing country. Barring electronic components, I think most of the things now will be manufactured in India, compressor, B8B compressor, copper tube, aluminum, and motors, which are the very large part of the bomb value. Electronic components, we do assemblies in India. But largely all those electronic components are getting still imported from outside India. So, that is one area which we have not progressed very well as a country. But copper tubes, aluminum, and compressor and motors will be largely coming from India. So, yes, we expected this to happen little earlier. But there has been some delays. But this year onwards, FY '28 onwards, we will see a very large production

of these things happening in India. And largely people buy from local. So, if you say in case of compressor, the compressor imports are not allowed after 31st March of 2027. So, compressor has to be made in India. And the government has said that you can't import compressor after 31st March, 2027. In case of copper tube also, now that copper tube import is also not allowed. So, largely people are buying from local sources also now.

Pulavarthi Saikiran: Got it, sir. And in that, how far now that logically we understand that you are entering the electronic components. If you can explain PGEL journey as well, how well we are backward integrated. And one follow-up question is that in terms of compressor, manufacturing is happening in India, but the technology is also owned by Indians and then maybe in this case, our company as well?

Vishal Gupta: See, technology is, this is a difficult thing to answer. But let me tell you, technology right now we have acquired from outside India. But going forward, we believe that once we start manufacturing these compressors in India, in next 2 or 3 years, we will have that capability of developing these products in-house only, these components.

Pulavarthi Saikiran: Thanks. This is really helpful.

Vishal Gupta: Thank you.

Moderator: Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.