BUY
TP: Rs 270 | ⮝ 27%

EPACK DURABLE | EMS | 13 August 2026

Volume recovery; margin normalisation underway

- **Revenue up 34% YoY on broad demand; PAT halved on PLI non-accrual, higher depreciation, finance costs and JV loss**
- **RAC grew 44% and SDA+LDA grew 69% YoY on broad demand, partially offset by a 23% YoY decline in components on a high base**
- **Cut estimates; assign 18x multiple to Jun'28E EPS for a Jun'27 TP of Rs 270. Maintain BUY**

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Revenue delivers; capex-cycle drag on PAT: EPACK reported Q1FY27 revenue at Rs 8.86bn (+34% YoY), 3% ahead of our estimate on broad-based demand. EBITDA at Rs 550mn was flat YoY (+1%) with margin compressing 200bps YoY to 6.2% as the company accrued no PLI income this quarter versus Rs 133mn in Q1FY26. Adj. PAT halved YoY to Rs 118mn, weighed by a 31% YoY rise in depreciation and a 28% rise in finance costs from the recent capex build-out at Sri City, Bhiwadi and EMTPL, alongside a wider EPAVO JV loss.

Broad-based growth barring components; diversification playing out: RAC revenue surged 44% YoY to Rs 6.22bn on strong peak-season demand and continued customer share gains, while SDA+LDA jumped 69% YoY to Rs 1.31bn outpacing RAC and reinforcing the diversification thesis on healthy order inflows across existing and newly launched products, particularly air-fryers and washing machines. Components declined 23% YoY to Rs 853mn against a high year-ago base, the sole drag on the quarter, while Others grew 15% YoY to Rs 472mn. Non-RAC mix stood at ~30% of revenue this quarter (vs 45% in FY26), reflecting RAC's seasonal Apr-Jun peak rather than a reversal of the underlying diversification trend.

Channel reset and utilisation ramp underpin near-term recovery: With AC channel inventory at multi-year lows and industry room-AC volumes tracking ~20% growth in FY27; aiding demand visibility into H2, with industry room-AC volumes set to grow ~20% in FY27. Combined plant utilization at above 85% for the two older facilities and ~50% at the newer Sri City site in Q1 is targeted for FY27 as the non-AC ramp progresses.

Cut estimates; maintain BUY: We cut FY27/28E EBITDA by 4% to factor in the near-term PLI-timing drag and forex headwind, and revise FY27/28E PAT by 4%/3% for the higher depreciation and finance-cost run-rate visible in Q1; revenue estimates are broadly unchanged as the Q1 beat offsets our earlier trajectory. We assign a target multiple of 18x to Jun'28E EPS to arrive at a Jun'27 TP of Rs 270. Maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	EPACK IN/Rs 212
Market cap	US$ 214.5mn
Free float	39%
3M ADV	US$ 3.0mn
52wk high/low	Rs 410/Rs 196
Promoter/FPI/DII	48%/2%/7%

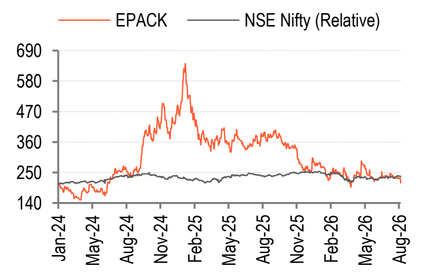
Source: NSE | Price as of 12 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	18,945	25,769	33,278
EBITDA (Rs mn)	1,139	2,081	2,977
Adj. net profit (Rs mn)	33	626	1,310
Adj. EPS (Rs)	0.3	6.5	13.6
Consensus EPS (Rs)	0.3	6.5	13.6
Adj. ROAE (%)	0.3	6.3	12.0
Adj. P/E (x)	626.7	32.6	15.6
EV/EBITDA (x)	13.4	6.7	5.1
Adj. EPS growth (%)	(94.1)	1820.2	109.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Q1FY27 Financial Snapshot

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Revenue	8,860	6,624	34	5,910	50	8,582	3
EBITDA	550	546	1	258	113	575	(4)
EBITDA Margin (%)	6.2	8.2	(200bps)	4.4	180bps	6.7	(49bps)
Depreciation	166	127		141		150	11
Interest	202	159		114		150	35
Other Income	17	57		28		28	(40)
PBT	199	317	(37)	32	526	303	(34)
Tax	58	86		10		76	(24)
Adjusted PAT	118	229	(48)	0	48,734	227	(48)
Exceptional item	-	-		-		-	
Reported PAT	118	229	(48)	0	48,734	227	(48)
Adj. PAT Margin (%)	1.3	3.5	(210bps)	0.0	130bps	2.6	(131bps)
EPS (Rs)	1.2	2.4	(48)	0.0	48,734	2.4	(48)

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
RAC	6,221	4,327	44	3,081	102
SDA + LDA	1,314	778	69	1,247	5
Components	853	1,109	(23)	1393	(39)
Others	472	410	15	189	150

Source: Company, BOBCAPS Research

Earnings Call Highlights

- Management explicitly attributed the near-term profitability pressure to the ongoing investment cycle and input-cost inflation, and not to any weakening in end-demand or competitive intensity; the flagged priority is converting the current scale into operating leverage as new facilities absorb volume.
- Of the RAC growth, management attributed roughly 30% to volume led by the anchor customer and 13-15% to value/pricing via contractual quarterly cost pass-through; an adverse forex movement, not a pass-through lag, was flagged as the larger unhedged drag on gross margin this quarter.
- Reported RAC growth continues to reflect newly BEE-rated products only, since manufacturers were barred from producing old-rated stock from 1 January 2026 and the channel's sell-through window for old-rated inventory closed end-June 2026; management estimates channel-level old-rated stock has now been largely liquidated.
- Combined trade-and-brand AC channel inventory is estimated at ~3.5-4mn units currently, at or slightly below prior-cycle norms and materially lower than the FY26 overhang; strong secondary sell-through has resumed post the BEE-rating transition window closing end-June 2026.

- The Company serves 72 customers across 19 product categories at Q1FY27-end, up from 55 customers and 15 categories in FY25; three new product categories were added in Q1 alone, four more launches are planned later in FY27, with customer count targeted at ~75 and product lines at ~20 by year-end.

- **Hisense partnership**: During Jan-Jun 2026 the company supplied ~60,000 air conditioners to the partner, generating ~Rs 1.2bn of H1 revenue (~Rs 650mn in Q1 alone, on ~35,000 units); management said timelines remain broadly on track versus the original MOU, and reiterated a five-year cumulative revenue target of ~Rs 80bn from the relationship.

- Management highlighted top-load fully automatic washing machines are already in production for three national/international brand customers, with category revenue up to ~Rs 1.3bn from ~Rs 800mn a year ago; front-load washing machine production, a new higher-price OEM category, is in pilot phase, with mass production targeted from end-Sept/Oct 2026.

- Government-permitted compressor imports run through end-CY2026; management believes domestic capacity coming on stream by December will be adequate for industry demand, and EPACK has no plans to set up in-house compressor capacity, continuing to rely on tie-ups with existing large suppliers.

- Management noted that PLI income has historically been shared ~50-50 with brand customers; FY27 is the final PLI-eligible year, and management has begun rolling back these customer discounts, targeting full reversal by year-end. Ex-PLI EBITDA margin has run at ~6.5% for the past few quarters and should look more "normalised" from FY28.

- Of a total planned capex of ~Rs 4.5bn, ~Rs 3.4-3.5bn had been booked by FY26-end and a further ~Rs 100mn in Q1FY27, with ~Rs 400-450mn currently in CWIP; management guided to ~Rs 600-700mn of incremental capex over the balance of FY27, with a similar quantum of depreciation to flow through in parts. The quarter's other-expense line also included a one-off project/forex loss of ~Rs 60-70mn.

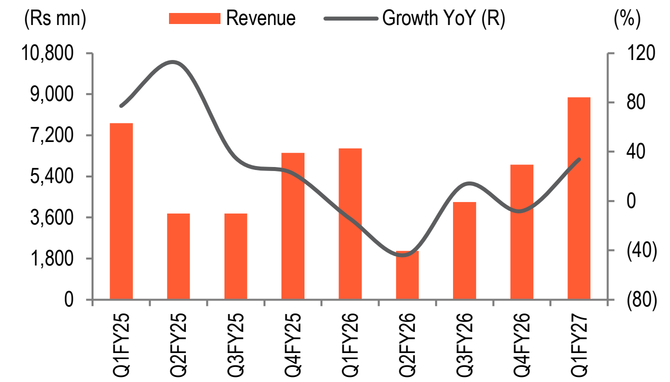
- **EPAVO JV**: No fresh update on the 50:50 BLDC-motor JV was provided this quarter beyond the wider JV-loss impact on reported PAT; management maintained that meaningful revenue contribution is expected from FY28 onwards.

- **Andhra Pradesh MOU -** Investment commitment stands at ~Rs 10.85bn over five years (effective January 2024), against which 255 acres of land have been allotted; management characterised further capacity addition here as a medium-term, not immediate, opportunity.

- **Working capital -** In-house inventory skews ~70-75% AC and ~25-30% non-AC, with the recent build partly reflecting buffer stock held through compressor and copper QCO/PCO amendments; cash-conversion cycle runs at ~50-60 days depending on season, and management does not foresee incremental working-capital funding needs to support growth.

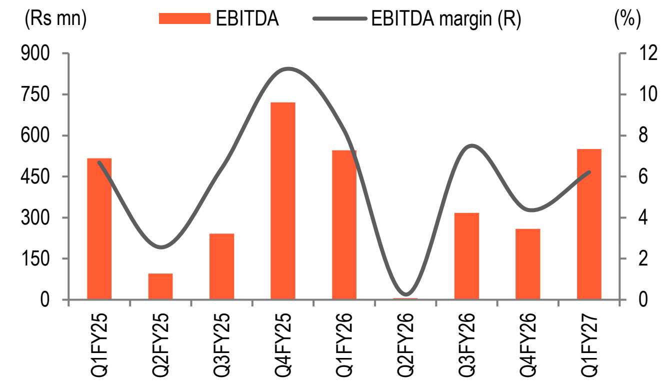
- Management reiterated the company's FY29 revenue aspiration of ~Rs 50bn as broadly on track, and targets elimination of the seasonal Q2/Q3 EBITDA losses over the next four-to-six quarters as washing-machine and other SDA/LDA volumes scale; SDA/LDA gross margin is guided ~150-200bps above RAC.

Fig 3 – Revenue growth trend



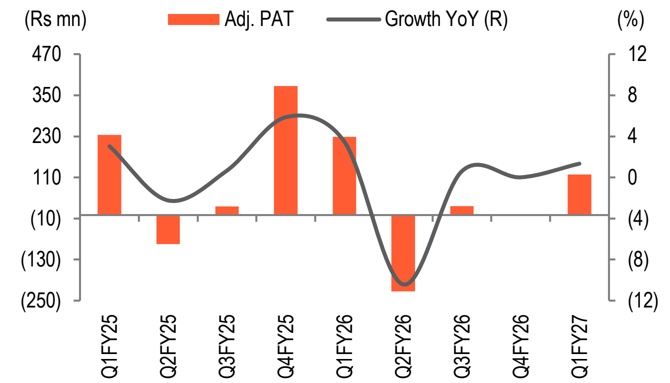
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



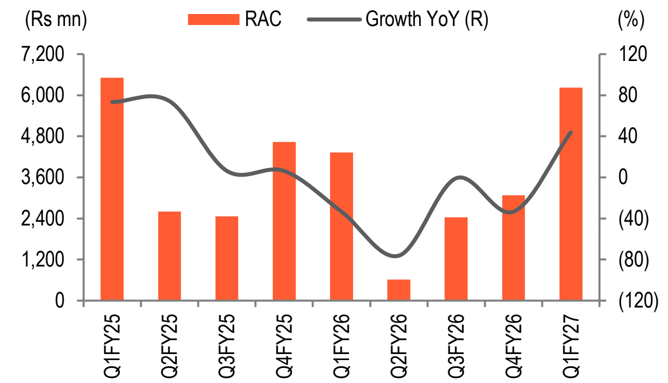
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



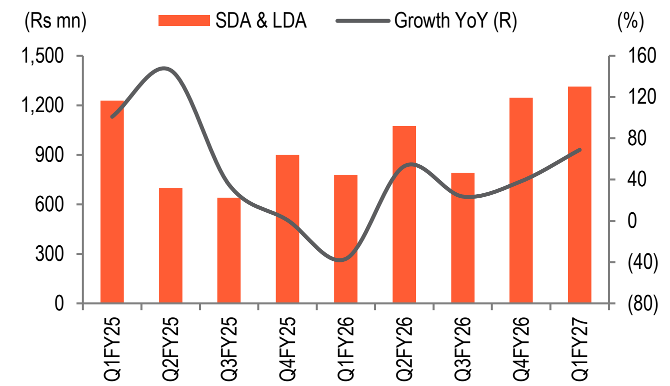
Source: Company, BOBCAPS Research

Fig 6 – RAC growth



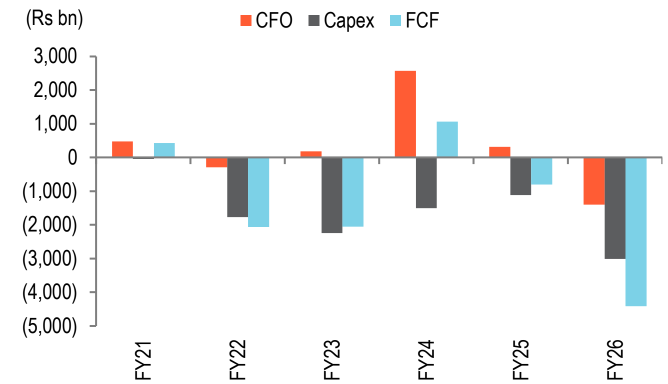
Source: Company, BOBCAPS Research

Fig 7 – SDA & LDA growth



Source: Company, BOBCAPS Research

Fig 8 – Cashflow trend

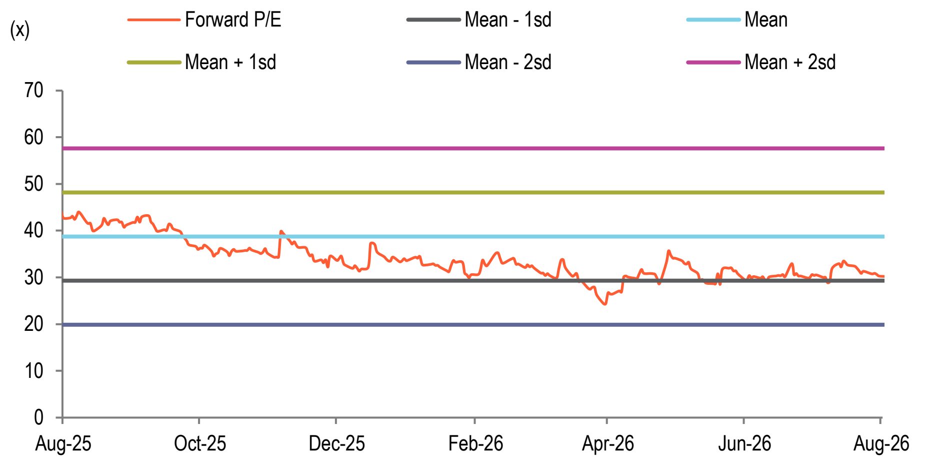


Source: Company, BOBCAPS Research

Valuation methodology

We revise our FY27/28E EBITDA by 4%, reflecting near-term margin pressure from PLI non-accrual, adverse forex and capex-cycle cost step-up, resulting in a 50-60 bps reduction in margin assumptions. PAT estimates are reduced by 4%/3% over FY27-28E, further impacted by higher depreciation on the recent capex, elevated finance costs and a wider EPAVO JV loss. We assign a target multiple of 18x to Jun'28E EPS to arrive at a Jun'27 TP of Rs 270. Maintain BUY.

Fig 9 – EPACK 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	25,769	33,278	40,045	25,160	33,039	39,799	2.4	0.7	0.6
EBITDA	2,081	2,977	3,636	2,171	3,111	3,803	(4.1)	(4.3)	(4.4)
EBITDA Margin (%)	8.1	8.9	9.1	8.6	9.4	9.6	(60bps)	(50bps)	(50bps)
PAT	626	1,310	1,923	649	1,343	1,951	(3.6)	(2.5)	(1.5)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**21,709**	**18,945**	**25,769**	**33,278**	**40,045**
EBITDA	1,577	1,139	2,081	2,977	3,636
Depreciation	474	540	666	741	828
EBIT	1,103	599	1,416	2,236	2,809
Net interest inc./(exp.)	(329)	(447)	(527)	(447)	(255)
Other inc./(exp.)	211	163	180	200	208
Exceptional items	0	0	0	0	0
EBT	774	153	889	1,789	2,554
Income taxes	193	56	223	449	641
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(30)	(64)	(40)	(30)	10
Reported net profit	**551**	**33**	**626**	**1,310**	**1,923**
Adjustments	0	0	0	0	0
Adjusted net profit	**551**	**33**	**626**	**1,310**	**1,923**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	5,389	7,141	8,472	10,029	11,520
Other current liabilities	968	533	725	936	1,126
Provisions	0	0	0	0	0
Debt funds	3,697	7,070	7,070	5,870	3,870
Other liabilities	556	709	709	709	709
Equity capital	960	962	962	962	962
Reserves & surplus	8,559	8,641	9,267	10,576	12,499
Shareholders' fund	9,518	9,603	10,229	11,539	13,462
Total liab. and equities	**20,128**	**25,056**	**27,205**	**29,083**	**30,687**
Cash and cash eq.	442	158	1,163	1,564	856
Accounts receivables	2,980	3,522	4,236	5,014	6,034
Inventories	5,807	8,357	7,766	8,206	9,325
Other current assets	845	1,410	1,410	1,410	1,410
Investments	0	0	0	0	0
Net fixed assets	5,450	7,665	8,686	9,831	10,004
CWIP	582	886	886	0	0
Intangible assets	12	10	10	10	10
Deferred tax assets, net	0	0	0	0	0
Other assets	4,008	3,049	3,049	3,049	3,049
Total assets	**20,128**	**25,056**	**27,205**	**29,083**	**30,687**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**313**	**(1,396)**	**2,692**	**2,601**	**2,292**
Capital expenditures	(1,117)	(3,015)	(1,686)	(1,000)	(1,000)
Change in investments	(144)	1,768	0	0	0
Other investing cash flows	315	119	0	0	0
Cash flow from investing	**(946)**	**(1,128)**	**(1,686)**	**(1,000)**	**(1,000)**
Equities issued/Others	26	40	0	0	0
Debt raised/repaid	167	3,097	0	(1,200)	(2,000)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(486)	(599)	0	0	0
Cash flow from financing	**(294)**	**2,538**	**0**	**(1,200)**	**(2,000)**
Chg in cash & cash eq.	**(927)**	**14**	**1,005**	**401**	**(708)**
Closing cash & cash eq.	**442**	**158**	**1,163**	**1,564**	**856**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	5.7	0.3	6.5	13.6	20.0
Adjusted EPS	5.7	0.3	6.5	13.6	20.0
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	99.2	99.8	106.3	119.9	139.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.8	0.8	0.5	0.5	0.4
EV/EBITDA	11.2	13.4	6.7	5.1	4.6
Adjusted P/E	36.9	626.7	32.6	15.6	10.6
P/BV	2.1	2.1	2.0	1.8	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	71.2	21.3	70.4	73.2	75.3
Interest burden (PBT/EBIT)	70.2	25.5	62.8	80.0	90.9
EBIT margin (EBIT/Revenue)	5.1	3.2	5.5	6.7	7.0
Asset turnover (Rev./Avg TA)	398.3	247.1	296.7	338.5	400.3
Leverage (Avg TA/Avg Equity)	0.6	0.8	0.9	0.9	0.8
Adjusted ROAE	6.0	0.3	6.3	12.0	15.4

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	52.9	(12.7)	36.0	29.1	20.3
EBITDA	35.8	(27.8)	82.7	43.0	22.2
Adjusted EPS	55.6	(94.1)	1820.2	109.3	46.8
Profitability & Return ratios (%)					
EBITDA margin	7.3	6.0	8.1	8.9	9.1
EBIT margin	5.1	3.2	5.5	6.7	7.0
Adjusted profit margin	2.5	0.2	2.4	3.9	4.8
Adjusted ROAE	6.0	0.3	6.3	12.0	15.4
ROCE	8.0	2.9	6.8	10.3	13.1
Working capital days (days)					
Receivables	50	68	60	55	55
Inventory	98	161	110	90	85
Payables	91	138	120	110	105
Ratios (x)					
Gross asset turnover	3.2	2.3	2.4	2.7	2.9
Current ratio	1.0	1.0	1.0	1.1	1.1
Net interest coverage ratio	2.0	1.0	2.0	3.5	6.1
Adjusted debt/equity	0.4	0.7	0.7	0.5	0.3

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

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Note: Recommendation structure changed with effect from 21 June 2021

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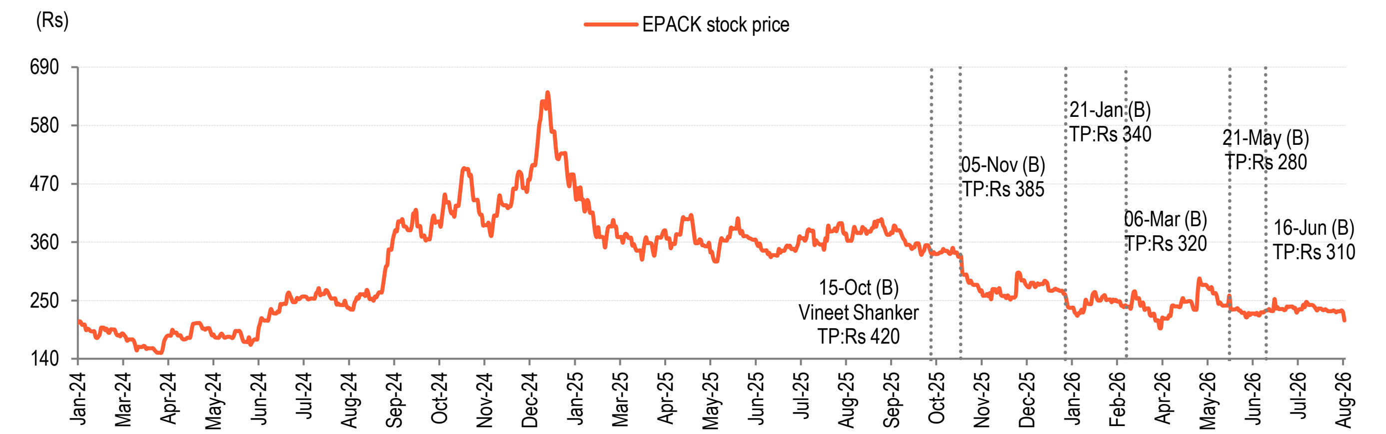
Ratings and Target Price (3-year history): EPACK DURABLE (EPACK IN)



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