

BUY
 TP: Rs 280 | ▲ 20%

EPACK DURABLE

Consumer Durables

21 May 2026

PLI reversal, RAC de-growth dent Q4; recovery underway

- A subdued quarter with a sharp decline in Revenue, EBITDA and PAT; PLI reversal amplified the profitability pressure
- RAC de-growth of 33% YoY, offset partially by 171% YoY growth in Components; non-AC diversification continues to show resilience
- Cut estimates, assign 20x (unchanged) multiple to Mar'28 EPS to arrive at Mar'27TP of Rs 280. Maintain BUY

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Significant miss on all parameters; PLI reversal weighs on profitability: Epack Durable (EPACK) reported a weak performance in Q4FY26, with revenue at Rs 5.9bn (-8% YoY) 27% below our estimate dragged by a continued RAC weakness and uneven seasonal offtake. EBITDA stood at Rs 258mn (-64% YoY), with margin compressing 680bps YoY to 4.4%, impacted by the adverse operating leverage and a higher promotional intensity. Adjusted PAT was close to nil, further weighed down by the reversal of Rs 320mn of previously recognised PLI income. For FY26, revenue stood at Rs 18.9bn (-13% YoY), EBITDA at Rs 1.1bn (-28% YoY) with margin at 6.0%, and PAT at Rs 33mn (-81% YoY).

Component growth limits RAC-decline impact; non-AC breadth continues to expand: RAC revenue declined 33% YoY to Rs 3.1bn, reflecting BEE norm transition, elevated channel inventory, and demand deferment. Component segment was a standout performer surging 171% YoY to Rs 1.4bn driven by heat exchangers, copper parts and injection-moulded components. SDA+LDA revenues declined 12% YoY to Rs 792mn; though category breadth continues to expand with traction in air fryers and a steady ramp-up in washing machines.

Summer recovery and utilisation improvement underpin near-term outlook: Demand trends have improved sharply from mid-April, with channel inventory largely normalised and Q1FY27 industry volume growth expected at ~15% YoY. RAC capacity utilisation averaged just ~40% in FY26 (vs ~45-50% in FY25), with peak-season utilisation at ~75% vs ~90% earlier, leaving a meaningful room for recovery as volumes normalise.

Cut estimates; maintain BUY: We cut FY27/28E EBITDA by 9%/10% considering the margin pressure from commodity inflation and higher depreciation from the recent capex. while cut revenue by 12%/11% to factor in a slower RAC recovery and PLI uncertainty. We roll forward to a Mar'27 TP of Rs 280 (vs previous TP of Rs 320), based on 20x Mar'28E EPS. We maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	EPACK IN/Rs 233
Market cap	US\$ 236.5mn
Free float	39%
3M ADV	US\$ 7.0mn
52wk high/low	Rs 415/Rs 196
Promoter/FPI/DII	48%/2%/7%

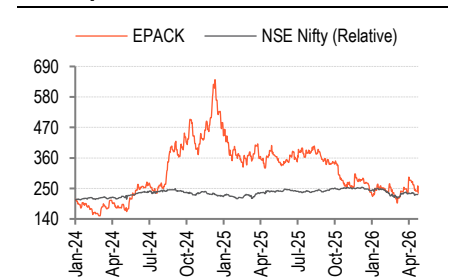
Source: NSE | Price as of 21 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	18,945	25,160	33,039
EBITDA (Rs mn)	1,139	2,171	3,111
Adj. net profit (Rs mn)	33	649	1,343
Adj. EPS (Rs)	0.3	6.7	14.0
Adj. ROAE (%)	0.3	6.5	12.3
Adj. P/E (x)	687.5	34.5	16.7
EV/EBITDA (x)	15.1	7.2	5.3
Adj. EPS growth (%)	(94.1)	1891.6	106.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly & FY26 financial highlights

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	Q4FY26E	Var (%)
Revenue	5,910	6,432	(8)	4,278	38	18,945	21,709	(13)	8,121	(27)
EBITDA	258	721	(64)	317	(18)	1,127	1,575	(28)	583	(56)
EBITDA Margin (%)	4.4	11.2	(680bps)	7.4	(300bps)	5.9	7.3	(130bps)	7.2	(280bps)
Depreciation	141	124		136		540	474		213	(34)
Interest	114	137		135		609	539		216	(47)
Other Income	28	55		28		175	212		14	106
PBT	32	515	(94)	74	(57)	153	774	(80)	168	(81)
Tax	10	126		24		56	193		27	(63)
Adjusted PAT	0	377	(100)	26	(99)	33	551	(94)	141	(100)
Exceptional item	-	-		-		-	-		-	
Reported PAT	0	377	(100)	26	(99)	33	551	(94)	141	(100)
Adj. PAT Margin (%)	0.0	5.9	(590bps)	0.6	(60bps)	0.2	2.5	(240bps)	1.7	(174bps)
EPS (Rs)	0.0	3.9	(100)	0.3	(99)	1.0	6.1	(83)	1.5	(100)

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Segment revenue								
RAC	3,081	4,631	(33)	2,436	26	10,440	16,202	(36)
SDA + LDA	792	901	(12)	792	0	3,907	3,471	13
Components	1,393	515	171	835	67	3,695	1,501	146
Others	189	386	(51)	215	(12)	903	535	69

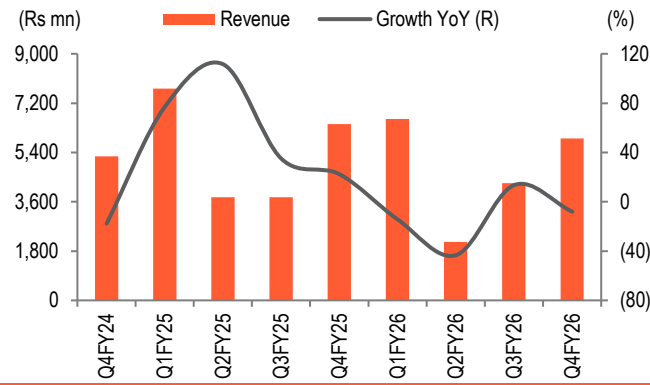
Source: Company, BOBCAPS Research

Earnings Call Highlights

- Management highlighted that FY26 was a challenging year for the RAC-based appliance industry. This was due to multiple temporary factors including unseasonal weather conditions, channel inventory recalibration, commodity inflation, and BEE norm transition-led demand deferment all of which impacted the industry. Q4 witnessed further pressure because of uneven seasonal offtake, elevated channel inventory, and higher promotional intensity; resulting in a de-growth of ~25% YoY in the RAC segment, during the quarter.
- Summer demand has recovered sharply post Q4FY26, with management noting that channel inventory has largely normalised as of early May'26; trade inventory plus brand inventory estimated at ~4-4.5 mn units at or slightly below expected norms. Strong secondary sell-through has resumed and fresh manufacturing orders have picked up, with industry-wide Q1FY27 volume growth expected at ~15% YoY.
- The Hisense partnership facility under wholly-owned subsidiary EPAC Manufacturing Technologies Limited at Sri City commenced commercial AC production in the last week of March 2026, marking a key milestone in EPACK's manufacturing expansion. Front-load washing machine production is under trial with commencement expected by mid-Q2FY27, and the subsidiary is expected to progressively contribute to revenues, product mix, and exports to the Middle East and Africa.

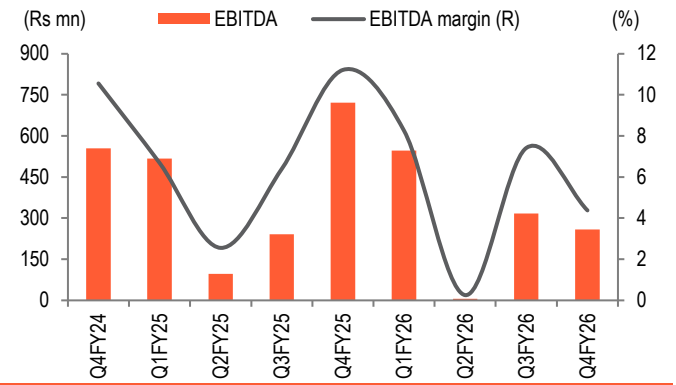
- Full-year PLI eligibility for FY25-26 stood at ~Rs 565 mn of which ~Rs 320 mn recognised in 9MFY26 was reversed in Q4 following an anticipated shortfall in the incremental revenue growth criterion. The capex criterion of Rs 3.0 bn stands fulfilled. Against this, Rs 218 mn was recognised under the RIPS 2024 scheme (including Rs 168 mn pertaining to prior periods), with the net profitability shortfall from this adjustment at ~Rs 350-360 mn; PLI recognition will resume only upon confirmed DPIIT clarification.
- Elevated end-March inventory of ~Rs 8.4 bn was primarily driven by a deliberate build-up of imported compressors ahead of the BIS certification expiry in mid-April, with ~Rs 500-600 mn attributable to the Hisense subsidiary ramp-up. With a strong Q1 order book and healthy execution through April-May, inventory is expected to normalise to prior-quarter levels by the end of Q1FY27.
- Customer additions remained strong, with 5 new customers added during Q4 taking the total additions in FY26 to 17. Of these, approximately 5 are large multinationals in cooling appliances and the rest are leading players in SDA. Total active customer base stood at 72 as of Q4FY26, reflecting the continued reduction in customer concentration risk.
- Price hikes of ~15-20% (varying by model) have been passed through to the brand customers, as of end-March. These were driven by commodity inflation, forex movements, and BEE rating transition costs implemented across December, January, and mid-March. Additional price increases have come into effect in April'26 and May'26.
- Management highlighted of the total planned capex of ~Rs 4.7 bn over 18-24 months, ~Rs 3.0 bn has been capitalised through March 2026, with the residual ~Rs 1.7-2.0 bn earmarked for Bhiwadi and Sri City ramp-up and newer product categories over the next 9-12 months
- Management provided an update on EPAVO the 50:50 JV focused on BLDC motors — noting that the Bhiwadi greenfield facility has commissioned mass production since Jan'26, with an installed capacity of ~50 mn motors per annum. Customer approvals and product development are advancing, with a meaningful revenue contribution expected from FY28 onwards.
- Management reiterated its medium-term aspiration to grow the revenues twofold, from the current base of ~Rs 19 bn. This will likely be supported by the Hisense facility ramp-up, expansion of the SDA and LDA categories, and a target asset turnover of ~4x vs ~2.6x in FY26. FY26-27 is the last year of PLI eligibility (~Rs 600 mn); the company will recognise the income only upon confirmed compliance. Normalised gross margins are guided at ~13–14%, with normalised EBITDA at ~7%, with government incentives treated as an incremental upside.

Fig 3 – Revenue growth trend



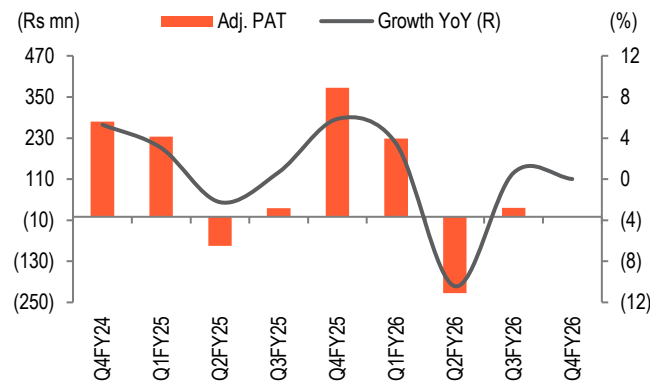
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



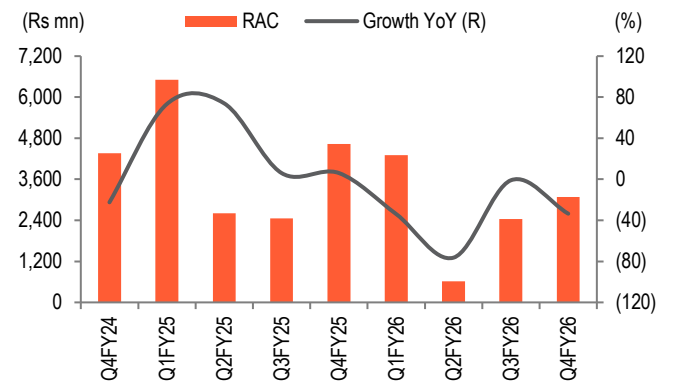
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



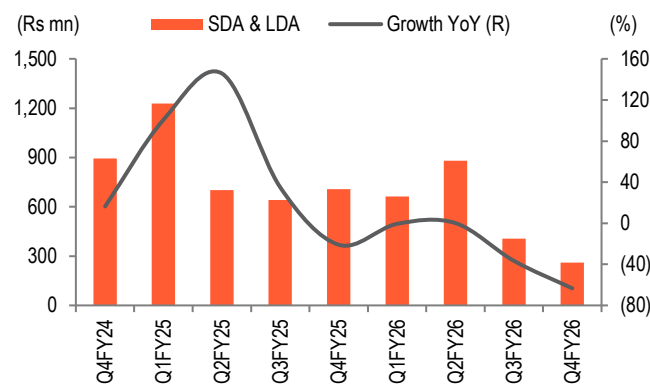
Source: Company, BOBCAPS Research

Fig 6 – RAC growth



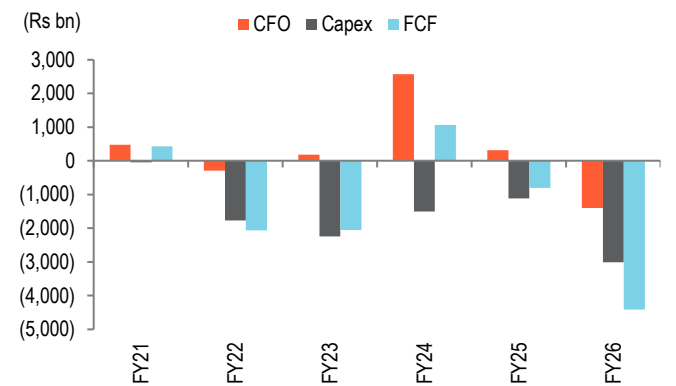
Source: Company, BOBCAPS Research

Fig 7 – SDA-LDA growth



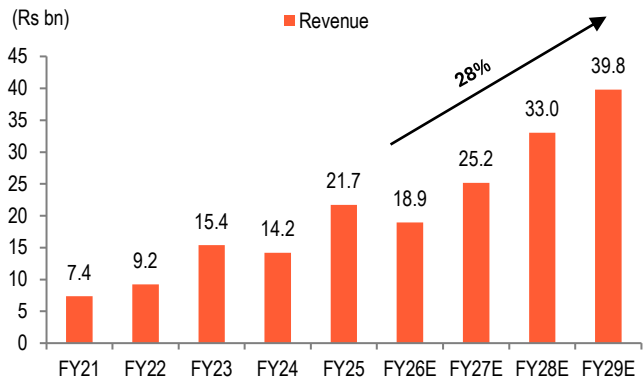
Source: Company, BOBCAPS Research

Fig 8 – Cashflow trend



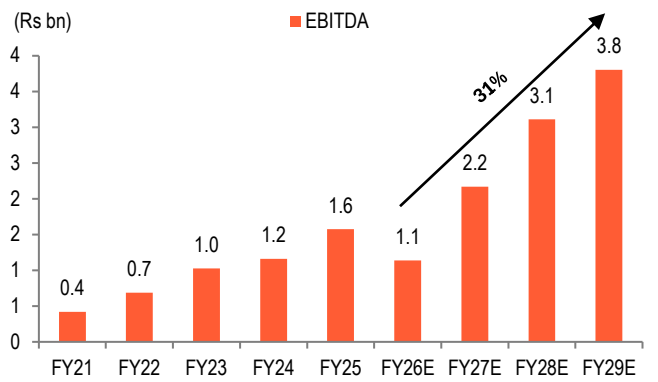
Source: Company, BOBCAPS Research

Fig 9 – Annual revenue trend



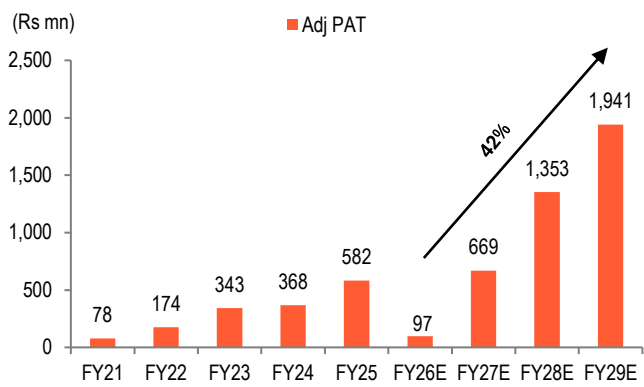
Source: Company, BOBCAPS Research

Fig 10 – Annual EBITDA trend



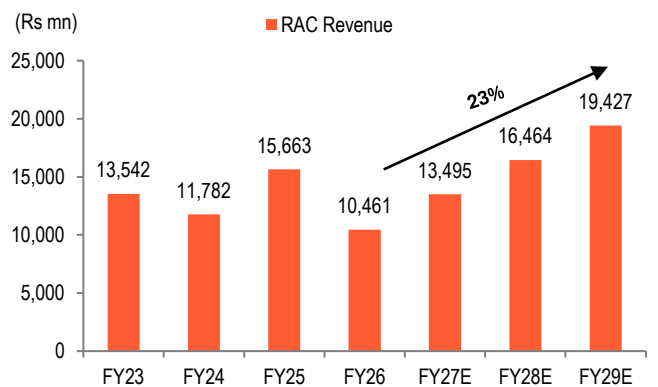
Source: Company, BOBCAPS Research

Fig 11 – Annual PAT trend



Source: Company

Fig 12 – Annual RAC trend

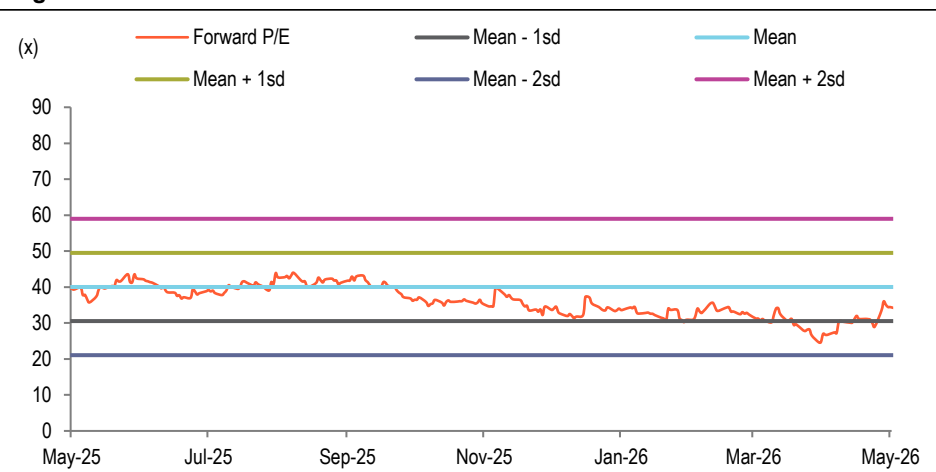


Source: Company

Valuation Methodology

We cut FY27-28E EBITDA by 9%/10%, reflecting near-term margin pressure from commodity inflation and adverse product mix resulting in a 10-20bps reduction in margin assumptions. Revenue estimates for FY27-28E are cut by 12%/11%, factoring in a slower-than-expected recovery in RAC and PLI income uncertainty. PAT estimates are reduced by 11-12% over FY27-28E, further impacted by higher depreciation on the recent capex and elevated interest costs. We roll forward to a Mar'27 TP of Rs 280 (vs previous TP of Rs 320), based on 20x Mar'28E EPS. We maintain BUY.

Fig 13 – EPACK 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	25,160	33,039	39,799	28,529	37,129	NA	(11.8)	(11.0)	NA
EBITDA	2,171	3,111	3,803	2,387	3,450	NA	(9.0)	(9.8)	NA
EBITDA Margin (%)	8.6	9.4	9.6	8.4	9.3	NA	20bps	10bps	NA
PAT	649	1,343	1,951	725	1,517	NA	(10.5)	(11.5)	NA

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	21,709	18,945	25,160	33,039	39,799
EBITDA	1,577	1,139	2,171	3,111	3,803
Depreciation	474	540	771	928	1,029
EBIT	1,103	599	1,400	2,183	2,774
Net interest inc./(exp.)	(329)	(447)	(507)	(377)	(182)
Other inc./(exp.)	211	163	200	270	281
Exceptional items	0	0	0	0	0
EBT	774	153	893	1,806	2,592
Income taxes	193	56	224	453	651
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(30)	(64)	(20)	(10)	10
Reported net profit	551	33	649	1,343	1,951
Adjustments	0	0	0	0	0
Adjusted net profit	551	33	649	1,343	1,951

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	5,389	7,141	8,272	9,957	11,449
Other current liabilities	968	533	708	929	1,119
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	9,290	10,633	12,584
Shareholders' fund	9,518	9,603	10,252	11,595	13,547
Total liab. and equities	20,128	25,056	27,011	29,061	30,695
Cash and cash eq.	442	158	458	1,029	551
Accounts receivables	2,980	3,522	4,136	4,978	5,997
Inventories	5,807	8,357	7,582	8,147	9,268
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	9,481	10,439	10,411
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	27,011	29,061	30,695

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	313	(1,396)	2,887	2,771	2,522
Capital expenditures	(1,117)	(3,015)	(2,586)	(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)	(2,586)	(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	300	571	(478)
Closing cash & cash eq.	442	158	458	1,029	551

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	5.7	0.3	6.7	14.0	20.3
Adjusted EPS	5.7	0.3	6.7	14.0	20.3
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	99.2	99.8	106.5	120.5	140.8

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.9	0.9	0.6	0.5	0.5
EV/EBITDA	12.4	15.1	7.2	5.3	4.8
Adjusted P/E	40.5	687.5	34.5	16.7	11.5
P/BV	2.3	2.3	2.2	1.9	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	71.2	21.3	72.7	74.3	75.3
Interest burden (PBT/EBIT)	70.2	25.5	63.8	82.7	93.4
EBIT margin (EBIT/Revenue)	5.1	3.2	5.6	6.6	7.0
Asset turnover (Rev./Avg TA)	398.3	247.1	265.4	316.5	382.3
Leverage (Avg TA/Avg Equity)	0.6	0.8	1.0	1.0	0.8
Adjusted ROAE	6.0	0.3	6.5	12.3	15.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	52.9	(12.7)	32.8	31.3	20.5
EBITDA	35.8	(27.8)	90.6	43.3	22.2
Adjusted EPS	55.6	(94.1)	1891.6	106.9	45.3
Profitability & Return ratios (%)					
EBITDA margin	7.3	6.0	8.6	9.4	9.6
EBIT margin	5.1	3.2	5.6	6.6	7.0
Adjusted profit margin	2.5	0.2	2.6	4.1	4.9
Adjusted ROAE	6.0	0.3	6.5	12.3	15.5
ROCE	8.0	2.9	7.0	10.5	13.2
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	2.3	2.5	2.7
Current ratio	1.0	1.0	1.0	1.0	1.1
Net interest coverage ratio	2.0	1.0	2.0	3.4	6.0
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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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

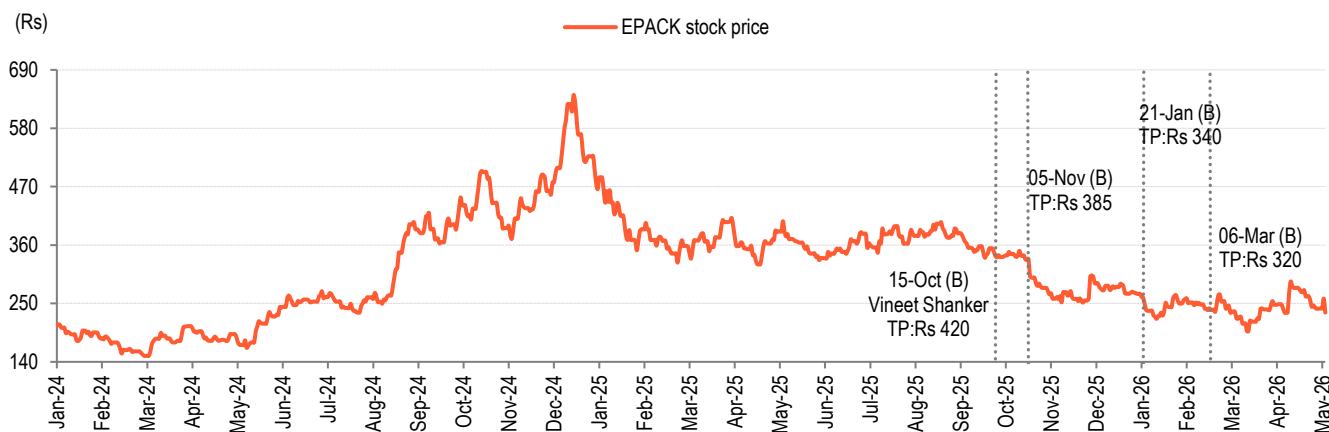
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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



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

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