May 29, 2025 | Q4 FY25 Result Update

EPACK DURABLE LIMITED

Temporary Headwinds, Structural Tailwinds

LKP Since 1948 Trust • Invest • Grow

Epack Durable Limited (EPL) demonstrated robust growth in line with our expectations in Q4FY25, reflecting the benefits of strategic diversification and continued investment in capacity and capabilities. Strong traction was visible across all key verticals, with growth being led by expansion in newer product categories and improved localization. The LDA segment, in particular, is on a clear growth path with the washing machine portfolio set to ramp up meaningfully by Q3FY26E. SDA continued to gain scale with the introduction of new high-margin products, which are expected to contribute significantly to volumes and margins going forward. The company is also scaling its presence in the air cooler segment, having secured two new customers in H2FY25. In parallel, the Components business remained a critical growth vector, aided by healthy demand across PCBs, copper-based parts, and molded plastics. Operationally, margin tailwinds in Q4FY25 were supported by favorable mix shifts, improved realizations in the components business, and selective price increases. The ramp-up at the Sri City facility is expected to drive additional margin expansion in the coming quarters as utilization improves and fixed costs are better absorbed. While short-term headwinds from adverse weather conditions and elevated trade inventory may impact Q1FY26E performance, management commentary remains constructive, with no red flags from large customers. Regulatory developments on compressors are manageable in the near term, with the government providing a one-year extension and domestic capacity additions by key suppliers progressing as scheduled. With an active capex pipeline, EPL is well-positioned to address future demand, expand its customer base, and support growth across RAC, LDA, SDA, and components. The full benefit of these investments is expected to reflect from H2FY26E, driving both top-line acceleration and profitability enhancement.

We expect the EPL to deliver robust growth of 27% in FY26E, supported by a well-diversified product portfolio, improving realizations, and rising traction across key segments, including SDA, Components, and LDA. The strategic partnership with Hisense is expected to act as a meaningful growth lever, contributing to both topline visibility and margin stability. Additionally, increasing utilization of the Sri City and other facilities, coupled with a favourable product mix, is likely to aid operating leverage. We anticipate EBITDA margins to improve to 7.5% in FY26E, driven by better absorption of fixed costs and incremental contribution from higher-margin businesses. Post our earnings revision, we arrive at a TP of ₹454, valuing the company at 40x FY27E EPS of ₹11.

Key Financials	FY23	FY24	FY25	FY26E	FY27E
Total Sales (Rs mn)	15,388	14,196	21,709	27,569	32,726
EBITDA Margins (%)	6.7%	8.2%	7.3%	7.5%	8.1%
PAT Margin s (%)	2.2%	2.6%	2.7%	3.0%	3.4%
EPS (Rs)	6.6	3.8	6.1	8.6	11.5
P/E (x)	57.3	98.3	62.4	44.0	32.9
P/BV (x)	6.3	4.1	3.8	3.5	3.2
EV/EBITDA (x)	39.5	33.1	25.2	21.0	17.0
RoE (%)	11%	4%	6%	8%	10%
RoCE (%)	16%	8%	11%	12%	14%

BUY

Current Market Price (₹)	:	376
12M Price Target (₹)	:	454
Potential Return (%)	:	21

Stock Data	
Sector :	Consumer Durables
Face Value (₹)	1
Total MCap (₹ bn)	36
Free Float MCap (₹ bn)	13
52-Week High / Low (₹)	670 / 158
BSE Code / NSE Symbol	544095 / EPACK
Bloomberg	EPACK IN
Sensex / Nifty:	81,312 / 24,752

Shareholding Pattern

(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	48.04	48.04	48.06	48.14
Foreign Company	10.47	11.42	11.55	11.65
AIFs	4.64	6.23	7.89	10.71
Bodies Corporate	3.27	3.15	4.53	2.00
Insurance	1.57	2.03	1.97	4.56
FPIs	1.58	1.31	1.97	0.73
MFs	0.36	0.72	0.72	0.74
Others	33.34	30.25	27.84	23.47

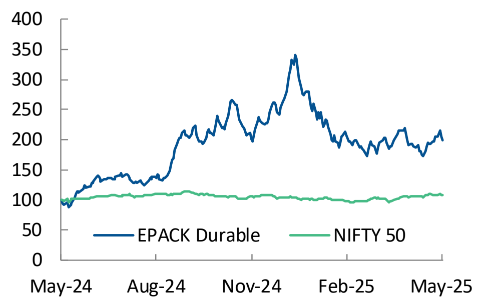
Source: BSE

Price Performance

(%)	1M	3M	6M	12M
EPACK	3.1%	1.8%	-0.5%	99.9%
Nifty 50	1.7%	11.9%	2.3%	8.1%

** To date / current date : May 28, 2025*

EPACK vs Nifty 50



Avinash Kumar Pathak | Research Analyst
avinash_kumar@lkpsec.com
Rahul Deshmukh | Research Associate
rahul.deshmukh@lkpsec.com

LKP Research

LKP Since 1948
Trust • Invest • Grow

Result Snapshot

The company delivered a strong operating performance in Q4FY25, with revenue rising 22% YoY to ₹6,432 mn, in line with our expectations. Growth was broad-based, supported by strong execution across segments, and further aided by a ₹190 mn benefit under the PLI scheme. EBITDA increased 30% YoY to ₹721 mn, with margins expanding ~66 bps YoY to 11.2%, driven by improved product mix, selective price hikes by clients, and enhanced operational efficiencies. PBT rose 31.6% YoY to ₹515 mn, translating to a margin of 8%, compared to 7.4% in Q4FY24. RAC continued to be the dominant revenue contributor, accounting for 64% of operating revenue.

For the full year FY25, revenue stood at ₹21,709 mn, reflecting a robust 52.9% YoY increase. EBITDA grew 35.8% YoY to ₹1,577 mn, though margins moderated ~92 bps to 7.3%, largely impacted by underutilization at the Sri City facility during the ramp-up phase. PBT came in at ₹774 mn, up 52.8% YoY, with a margin of 2.6%. Segment-wise, LDA recorded exceptional growth of 1,172% YoY, supported by the onboarding of new customers. SDA posted 20% YoY growth, driven by strong momentum across both legacy and new product categories. The Components business delivered a 124% YoY increase, underpinned by a solid order pipeline across PCBs, copper parts, and plastic molded components. The company's diversification strategy and continued investments in capacity and backward integration position it well for sustained growth and margin expansion over the medium term.

Consolidated Quarterly Result

(₹ mn)	Q4FY25	Q3FY25	*QoQ*	Q4FY24	*YoY*
Gross Sales	6,432	3,768	*70.7%*	5,257	*22.4%*
COGS	5,205	3,096	*68.1%*	4,312	*20.7%*
EBITDA	721	241	*199.1%*	554	*30.0%*
Margins (%)	*11.2%*	*6.4%*	*-481bps*	*10.5%*	*66bps*
Depreciation	124	121	*2.1%*	106	*17.1%*
Interest	137	124	*10.4%*	113	*21.4%*
Other Income	55	49	*12.9%*	55	*-0.9%*
PBT	515	44	*1063.1%*	391	*31.6%*
Tax	126	10	*1178.2%*	107	*17.2%*
Share of Asso.	-12	-9	*-27.9%*	-6	*-112.0%*
Reported PAT	377	25	*1402.9%*	278	*35.5%*
Adj PAT	389	34	*1030.2%*	284	*37.0%*
Margins (%)	*6.0%*	*0.9%*	*-514bps*	*5.4%*	*65bps*

Source: Company, LKP Research

Q4FY25 Con-Call Key Takeaways

Operational Performance & Drivers

- Capacity utilization at the Shree city plant is being progressively ramped up. This facility is expected to contribute significantly to margins as it approaches optimal utilization in the coming quarters (next two to three quarters).
- RAC growth is expected to surpass the market growth (15-20%).
- SDA and component segments are looking at multifold growth, driven by newer categories like air fryers, coffee makers, vacuum cleaners, etc., enabled by localization. Air Cooler revenue grew significantly and is expected to double in FY26E due to two new customers added in H2FY25.
- Washing Machine ramp-up is expected to start from the end of June 2024 (beginning of Q2 FY26) for three key customers, with significant ramp-up expected from Q3FY26E.

New Projects & Capex

- Hisense Business: The ODM started from March 2024 (within Q4FY25). Pilot production for ODM washing machines for Hisense commenced in Q4FY25, with mass production aligned from end of June 2024. A wholly-owned subsidiary (EPACK Manufacturing Private Limited) is under construction to cater to Hisense's own design products (domestic and export), with production scheduled to start from end of December 2024/beginning of January 2025 (Q4 FY26).
- Total Capex Guidance: Plan to invest approximately ₹4,500 to 5,000 mn over the next 12 to 18 months. This includes:
  - EDL Dehradun –₹200 Mn
  - EDL Bhiwadi – ₹1,250 Mn
  - EDL Sricity – ₹2,250 Mn
  - New Sricity Plant through EMTPL (WOS) – ₹1,000 Mn

Outlook & Guidance

- For FY26E, the company is looking to grow overall by more than 35% in terms of topline.
- Plan to maintain EBITDA margins at around 7.5% plus for FY26E.
- For the medium term (next 2-3 years), the company is looking at an EBITDA margin of around 8% plus minus.

Challenges/Market Conditions

- Q1FY26E saw an abrupt impact from unseasonal rains, especially in May, affecting AC secondary sales and leading to market inventories.
- Despite the short-term concern for Q1FY26E, the overall outlook from customers is positive, with expectations of inventory movement going forward and no substantial or worrying concerns indicated by large customers. The industry is still poised to grow at the forecasted 15-17%.
- On the compressor issue, the government has given a year's respite, and capacities by established players (GMCC and JV with Daikin) are on track, expected to ramp up for the domestic market, leading to belief that sufficient capacity will be available long-term.
- The BE rating standards from January 1st are still under discussion, but the company is ready with products for upgraded ratings.

Consolidated Profit and Loss Statement

(₹ mn)	FY24	FY25	FY26E	FY27E
Total Income	**14,196**	**21,709**	**27,569**	**32,726**
Change (%)	*-7.8%*	*52.9%*	*27.0%*	*18.7%*
RM Cost	11,899	18,177	23,048	27,293
Employees Cost	482	692	882	1,047
Other Expenses	653	1,262	1,571	1,734
EBITDA	*1,162*	*1,577*	*2,068*	*2,651*
Margin (%)	*8.2%*	*7.3%*	*7.5%*	*8.1%*
Depreciation	355	474	611	837
EBIT	**807**	**1,103**	**1,457**	**1,814**
Finance cost	389	539	579	606
Other Income	89	211	221	262
PBT	**507**	**774**	**1,098**	**1,470**
Total Tax	138	193	275	367
Minority Interest	-15	-30	-29	-34
Reported PAT	**354**	**551**	**795**	**1,068**
Adjusted PAT	368	582	824	1,102
Change (%)	*7.3%*	*57.8%*	*41.6%*	*33.8%*
Margin (%)	*2.6%*	*2.7%*	*3.0%*	*3.4%*

Key Ratios

YE Mar	FY24	FY25	FY26E	FY27E
Basic				
Adj EPS	3.8	6.1	8.6	11.5
Cash EPS	7.5	11.0	14.9	20.2
BV/Share	93.1	99.2	107.5	118.6
Valuation (x)				
P/E	98.3	62.4	44.0	32.9
Cash P/E	50.1	34.4	25.3	18.7
P/BV	4.1	3.8	3.5	3.2
EV/Sales	2.7	1.8	1.6	1.4
EV/EBITDA	33.1	25.2	21.0	17.0
Return Ratios (%)				
RoE	4%	6%	8%	10%
RoCE	8%	11%	12%	14%
RoIC	3%	4%	5%	5%
Working Capital Ratios				
Fixed Asset Turnover (x)	2.9	3.7	3.4	3.0
Asset Turnover (x)	0.2	0.3	0.3	0.3
Inventory (Days)	103.0	96.3	83.5	68.7
Debtor (Days)	88.9	42.9	55.7	65.8
Creditor (Days)	123.4	95.8	92.7	92.7
Leverage Ratio (x)				
Current Ratio	1.3	1.0	0.9	0.8
Interest Cover Ratio	2.1	2.0	2.5	3.0
Net Debt/Equity	0.3	0.4	0.7	0.8

Consolidated Balance Sheet

(₹ mn)	FY24	FY25	FY26E	FY27E
Equity Share Capital	958	960	960	960
Reserves & Surplus	7,964	8,559	9,354	10,422
Total Networth	8,922	9,518	10,314	11,382
Non-current Liabilities				
Long term debt	618	326	1,326	1,326
Deferred tax assets/liabilities	188	225	225	225
Other non curent liabilities	425	331	331	331
Total non-current liab & provs	1,230	881	1,881	1,881
Current Liabilities				
Trade payables	4,156	5,389	6,314	7,552
Short term provs+ borrowings	2,734	3,425	6,395	7,581
Other current liabilities	635	914	914	914
Total current liab and provs	7,526	9,728	13,624	16,048
Total Equity & Liabilities	**17,678**	**20,128**	**25,819**	**29,311**
Assets				
Net block	7,042	7,479	11,424	13,613
Intangible assets	6	12	12	12
Other non current assets	626	2,562	2,562	2,562
Total non current assets	7,673	10,053	13,997	16,186
Cash and cash equivalents	1,069	142	502	80
Inventories	3,782	5,807	4,736	5,533
Trade receivables	2,124	2,980	5,438	6,366
Other current assets	3,029	1,145	1,145	1,145
Total current Assets	10,004	10,075	11,821	13,125
Total Assets	**17,678**	**20,128**	**25,819**	**29,311**

Consolidated Cash Flow Statement

(₹ mn)	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	354	551	1,098	1,470
Depreciation	355	474	611	837
Interest & Finance Charges	389	539	579	606
Direct Taxes Paid	-96	-156	-275	-367
(Inc)/Dec in WC	1,424	-1,182	-461	-487
Others	144	86	-29	-34
CF from Operations	**2,570**	**313**	**1,524**	**2,024**
(Inc)/Dec in FA	-1,566	-1,138	-4,556	-3,026
(Pur)/Sale of Investments	-2,148	341	0	0
Others	-52	-149	0	0
CF from Investments	**-3,766**	**-946**	**-4,556**	**-3,026**
Issue of Shares	4,000	26	0	0
Inc/(Dec) in Debt	-1,732	167	3,970	1,186
Interest Paid	-395	-486	-579	-606
Others	-207	0	0	0
CF from Fin. Activity	**1,666**	**-294**	**3,391**	**580**
Inc/Dec of Cash	469	-927	359	-422
Opening Balance	600	1,069	142	502
Closing Balance	**1,069**	**142**	**502**	**80**

DISCLAIMERS AND DISCLOSURES

LKP Sec. ltd. (CIN-L67120MH1994PLC080039, www. Lkpsec.com) and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1992 and is one of India's leading brokerage and distribution house. LKP is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited(NSE), MCX Stock Exchange Limited (MCX-SX).LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds etc.

LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

LKP offers research services to clients. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

Research Analyst or his/her relative's financial interest in the subject company. (NO)

LKP or its associates may have financial interest in the subject company.

LKP or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company.

LKP or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report and LKP may have co-managed public offering of securities for the subject company in the past twelve months.

Research Analyst has served as officer, director or employee of the subject company: (NO)

LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person.

Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.