

21 July 2025

India | Equity Research | Results update

EPACK Durable

White Goods

Addition of new customers augurs well for long-term value creation

Takeaways: (1) The company reported revenue decline of 14.4% YoY, primarily due to exceptionally high base YoY when industry witnessed 70% growth and early monsoon. There was also higher inventory of RAC at end of Mar'25 which impacted primary sales in Q1FY26. (2) EBITDA and PAT margins expanded 156bps and 43bps YoY led by superior product mix, primarily contributed by components and LDA segments. (3) The company has added 14 new customers in Q1FY26. This will steadily reduce dependence on its large consumers and RAC business. (4) EPACK is progressing well on its strategic tie up with Hisense and may start commercial production of white goods in H2FY26. We remain positive on strong growth prospects led by business diversification, capacity addition and strategic tie ups.

We cut FY26-27E earnings by 2-8% to factor in Q1FY26 results and weakness in RAC markets. Maintain **BUY** with DCF-based revised TP of INR 450 (implied target P/E of 31.9x FY27E).

Q1FY26 result review

EPACK reported revenue decline of 14.4% YoY due to weaker revenues of RAC due to unseasonal rains (in Apr-May'25 affecting the Southern and Western regions) and surplus finished goods inventory (in industry) carried over from Q4FY25. EBITDA grew 5.6% YoY due to cost saving initiatives. Higher depreciation (+12.4% YoY) and finance cost (+13.1% YoY) weighed on profitability. PAT declined 2.1% YoY.

Segment-wise performance

RAC revenues were lower by 14% YoY whereas small domestic appliances reported revenue growth of 16% YoY. Components business has continued to do well with 556% revenue growth YoY. Large domestic appliances revenues were up 29% YoY. The company has added 14 customers in Q1FY26. There is steady reduction in dependence on air conditioner segment with strong success of large and small domestic appliances.

Customer acquisition and market expansion

In FY25, top two customers contributed 46% of revenue. EPACK secured 14 new customers during Q1FY26. Three customers have already commenced business with Epack. We believe this move is likely to result in Epack reducing dependence on top clients.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	14,196	21,709	26,189	34,053
EBITDA	1,162	1,577	2,148	2,895
EBITDA Margin (%)	8.2	7.3	8.2	8.5
Net Profit	354	551	713	1,146
EPS (INR)	4.3	5.7	7.4	11.9
EPS % Chg YoY	(12.0)	32.1	29.2	60.8
P/E (x)	87.6	66.3	51.3	31.9
EV/EBITDA (x)	29.0	25.4	19.1	14.5
RoCE (%)	5.6	6.3	7.9	9.7
RoE (%)	5.9	6.0	7.2	10.6

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Market Data

Market Cap (INR)	37bn
Market Cap (USD)	424mn
Bloomberg Code	EPACK IN
Reuters Code	EPAC.BO
52-week Range (INR)	674 /232
Free Float (%)	38.0
ADTV-3M (mn) (USD)	2.8

Price Performance (%)	3m	6m	12m
Absolute	(5.6)	(27.8)	50.1
Relative to Sensex	(9.7)	(34.5)	49.6

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(9.8)	(15.7)
EBITDA	1.3	(3.8)
EPS	(2.7)	(8.1)

Previous Reports

03-02-2025: [Q3FY25 results review](#)

26-12-2024: [Initiating Coverage](#)

Strategic growth initiatives

In next 12-18 months, Epack plans to invest INR 4,000-5,000mn in expanding its capacity at Southern and Northern plants. It is also establishing a new manufacturing facility for its subsidiary, EMTPL in Sri City, for manufacturing RACs and other appliances. The production will commence in Q3FY26. It is planning to incorporate an entity in UAE to cater International markets. The EPAVO JV continues to strengthen its backward integration related to RACs.

Maintain BUY

We model EPACK to report revenue/PAT CAGR of 25.2%/44.1% over FY25–27E. Maintain **BUY** with DCF-based revised TP of INR 450 (earlier: INR 555; implied target P/E of 32x FY27E EPS).

Risks

Key risks: Steep increase in competitive pressures, higher insourcing by OEMs (brands) and execution miss (if any).

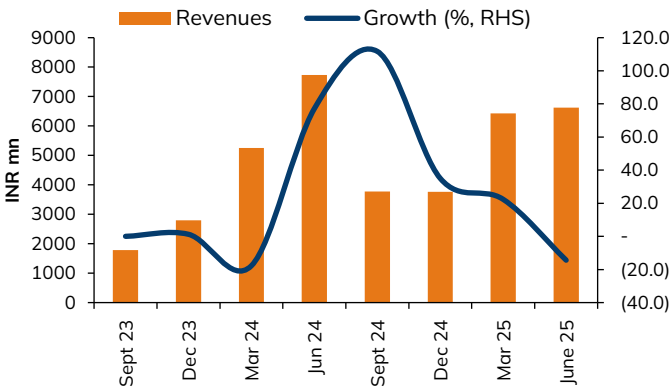
Exhibit 1: Q1FY26 (consolidated) financial performance

Y/e March INR mn	Q1FY26	Q1FY25	YoY % chg.	Q4FY25	QoQ % chg.
Revenue	6,624	7,737	(14.4)	6,432	3.0
Expenditure					
Raw materials	5,587	6,656	(16.1)	5,205	7.3
% of revenue	84.3	86.0		80.9	
Employee cost	199	177	12.9	179	11.6
% of revenue	3.0	2.3		2.8	
Other expenditure	291	387	(24.8)	328	(11.2)
% of revenue	4.4	5.0		5.1	
Total expenditure	6,078	7,220	(15.8)	5,712	6.4
EBITDA	546	517	5.7	721	(24.2)
<i>EBITDA margin</i>	8.2	6.7		11.2	
Other income	57	61	(7.3)	55	3.4
PBDIT	603	578	4.3	776	(22.3)
Depreciation	127	113	12.4	124	2.9
PBIT	476	465	2.4	652	(27.0)
Interest	159	140	13.1	137	15.4
PBT	317	325	(2.3)	515	(38.3)
Prov. for tax	86	89	(3.7)	126	(31.9)
% of PBT	27.0	27.4		24.4	
PAT before MI/Share of associate	232	236	(1.8)	389	(40.4)
Minority Interest	3	2	55.9	12	(75.9)
Adjusted PAT	229	234	(2.2)	377	(39.3)
Extra ordinary items	(1)	(1)	13.1	(1)	(51.5)
Reported PAT	228	234	(2.2)	376	(39.3)

Source: Company data, I-Sec research

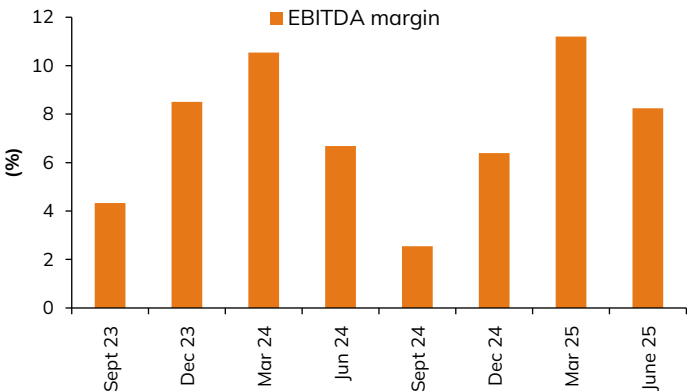
Key performance highlights

Exhibit 2: Revenue and revenue growth



Source: Company data, I-Sec research

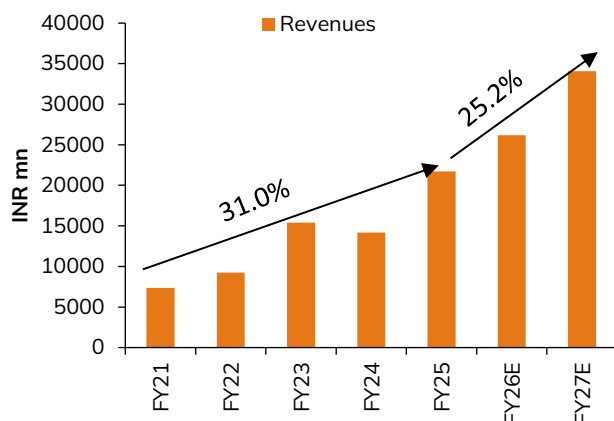
Exhibit 3: EBITDA margin



Source: Company data, I-Sec research

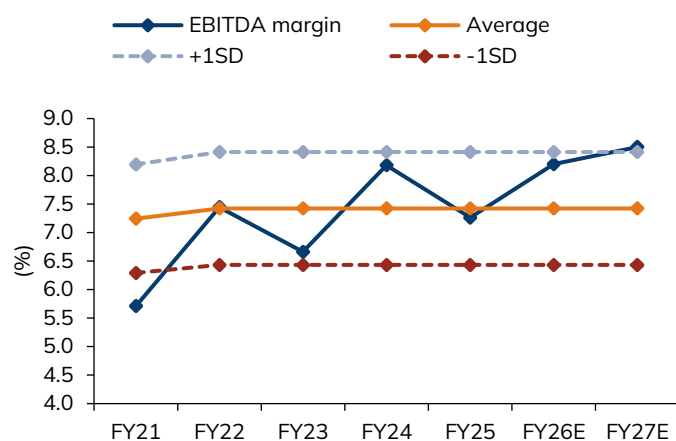
Key indicators – Annual

Exhibit 4: Revenue and revenue growth



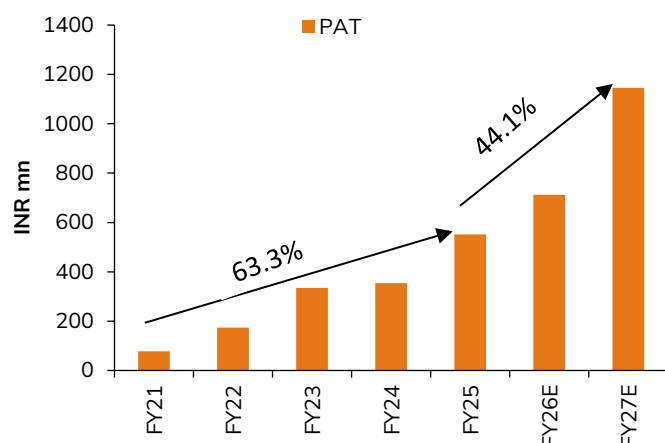
Source: Company data, I-Sec research

Exhibit 5: EBITDA margin



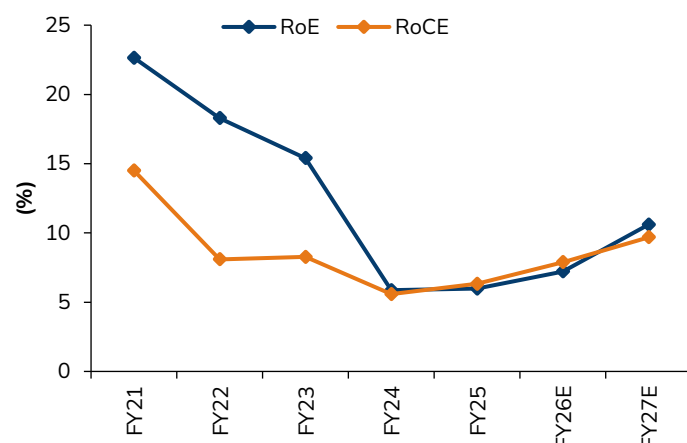
Source: Company data, I-Sec research

Exhibit 6: PAT and PAT growth



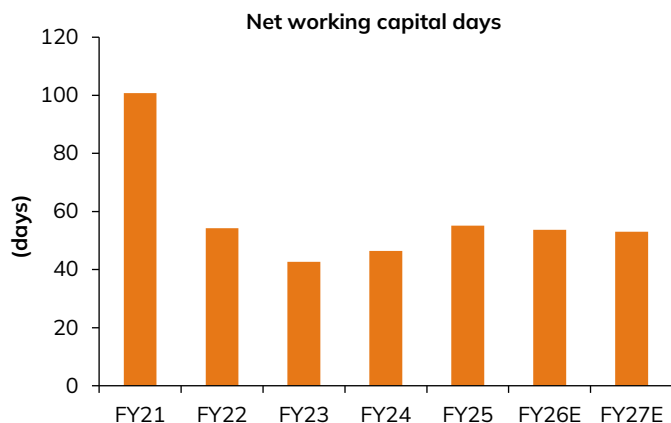
Source: Company data, I-Sec research

Exhibit 7: RoE and RoCE



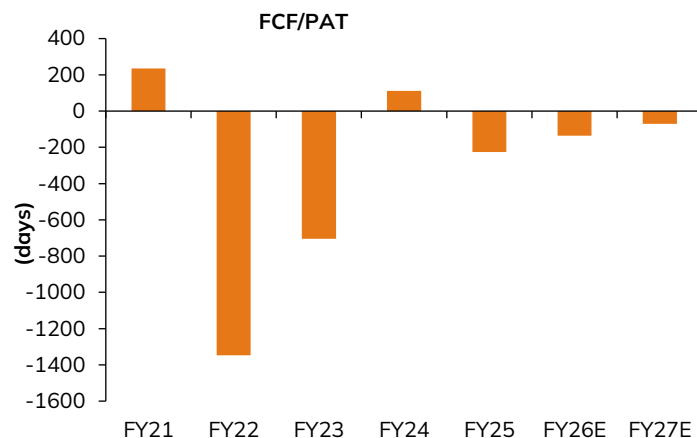
Source: Company data, I-Sec research

Exhibit 8: Net working capital days



Source: Company data, I-Sec research

Exhibit 9: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and key risks

DCF valuation

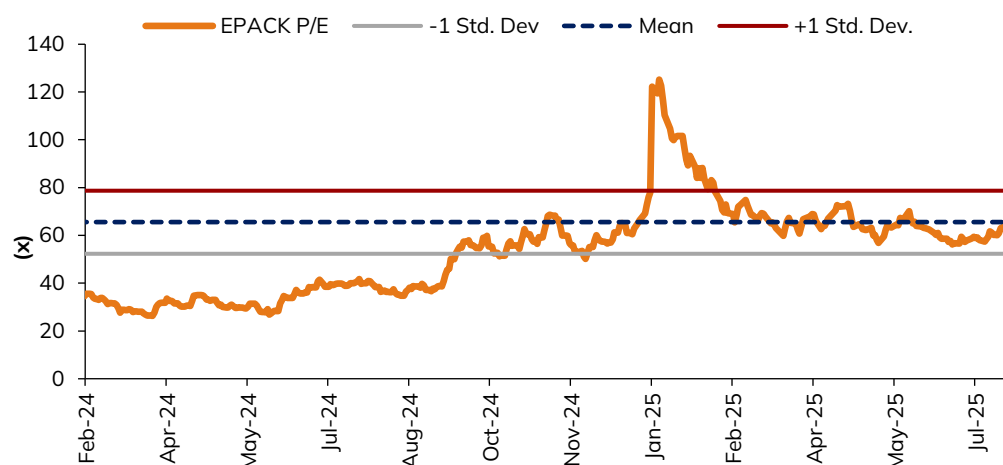
We model EPACK to report revenue/PAT CAGR of 25.2%/44.1% over FY25–27E. Maintain **BUY** with DCF-based revised TP of INR 450 (earlier: INR 555; implied target P/E of 32x FY27E EPS).

Exhibit 10: DCF-based valuation

Particulars	
Cost of Equity (%)	10.8%
Terminal growth rate (%)	3.0%
Discounted interim cash flows (INR mn)	6,054
Discounted terminal value (INR mn)	37,132
Total equity value (INR mn)	43,186
Value per share (INR)	450

Source: Company data, I-Sec research

Exhibit 11: Mean PE (x) and standard deviations



Source: I-Sec research, Bloomberg

Risks

Sharp increase in input prices and competitive pressures

Major increase in input prices and/or increase in competitive pressures may result in downside to our estimates.

Delays in launch of new plants/products

Any delays in launch of new products and/or plants may result in lower earnings than estimated.

Higher insourcing by OEMs

RAC brands may backward integrate their operations, resulting in downside to our estimates.

Exhibit 12: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	48.1	48.0	48.0
Institutional investors	12.6	10.3	8.2
MFs and other	0.7	0.7	0.4
Banks/ FIs	7.9	6.2	4.6
Insurance Cos.	2.0	2.0	1.6
FIs	2.0	1.3	1.6
Others	39.3	41.7	43.8

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	14,196	21,709	26,189	34,053
Operating Expenses	13,034	20,132	24,042	31,159
EBITDA	1,162	1,577	2,148	2,895
EBITDA Margin (%)	8.2	7.3	8.2	8.5
Depreciation & Amortization	355	474	570	707
EBIT	807	1,103	1,577	2,188
Interest expenditure	389	539	754	889
Other Non-operating Income	89	211	120	203
Recurring PBT	507	774	943	1,502
Profit / (Loss) from Associates	(15)	(30)	10	27
Less: Taxes	138	193	241	383
PAT	354	551	713	1,146
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(2)	(3)	-	-
Net Income (Reported)	352	548	713	1,146
Net Income (Adjusted)	354	551	713	1,146

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	7,704	10,075	13,103	15,563
of which cash & cash eqv.	1,071	442	1,495	706
Total Current Liabilities & Provisions	4,829	6,357	7,752	9,910
Net Current Assets	2,875	3,718	5,351	5,654
Investments	2,927	2,562	2,562	2,562
Net Fixed Assets	6,775	6,904	8,566	9,410
ROU Assets	-	-	-	-
Capital Work-in-Progress	266	582	-	-
Total Intangible Assets	5	5	5	5
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	12,849	13,771	16,484	17,630
Liabilities				
Borrowings	3,739	4,028	6,028	6,028
Deferred Tax Liability	188	225	225	225
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	958	960	960	960
Reserves & Surplus	7,964	8,559	9,271	10,417
Total Net Worth	8,922	9,518	10,231	11,377
Minority Interest	-	-	-	-
Total Liabilities	12,849	13,771	16,484	17,630

Source Company data, I-Sec research

Exhibit 16: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-24	Jun-25
Net Sales	3,771	3,768	6,432	6,624
% growth (YOY)	111.7	35.0	22.4	(14.4)
EBITDA	96	241	721	546
Margin %	2.5	6.4	11.2	8.2
Other Income	47	49	55	57
Extraordinaries	(1)	(1)	(1)	(1)
Adjusted Net Profit	(85)	25	377	229

Source Company data, I-Sec research

Exhibit 17: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,977	(182)	703	761
Working Capital Changes	1,424	(1,182)	(580)	(1,092)
Capital Commitments	(1,566)	(1,130)	(1,650)	(1,550)
Free Cashflow	411	(1,456)	(947)	(789)
Other investing cashflow	(2,210)	(26)	-	-
Cashflow from Investing Activities	(3,776)	(1,157)	(1,650)	(1,550)
Issue of Share Capital	4,000	26	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(1,732)	386	2,000	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	2,268	412	2,000	-
Chg. in Cash & Bank balance	469	(927)	1,053	(789)
Closing cash & balance	1,069	142	1,495	706

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	4.3	5.7	7.4	11.9
Adjusted EPS (Diluted)	4.3	5.7	7.4	11.9
Cash EPS	8.7	10.7	13.4	19.3
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	109.7	99.2	106.6	118.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(7.8)	52.9	20.6	30.0
EBITDA	13.3	35.8	36.2	34.8
EPS (INR)	(12.0)	32.1	29.2	60.8
Valuation Ratios (x)				
P/E	87.6	66.3	51.3	31.9
P/CEPS	43.7	35.6	28.5	19.7
P/BV	3.5	3.8	3.6	3.2
EV / EBITDA	29.0	25.4	19.1	14.5
P / Sales	2.2	1.7	1.4	1.1
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	16.2	16.3	16.5	16.5
EBITDA Margins (%)	8.2	7.3	8.2	8.5
Effective Tax Rate (%)	27.3	24.9	25.5	25.5
Net Profit Margins (%)	2.5	2.5	2.7	3.4
NWC / Total Assets (%)	22.4	27.0	32.5	32.1
Net Debt / Equity (x)	0.3	0.4	0.4	0.5
Net Debt / EBITDA (x)	2.3	2.3	2.1	1.8
Profitability Ratios				
RoCE (%)	5.6	6.3	7.9	9.7
RoE (%)	5.9	6.0	7.2	10.6
RoIC (%)	7.6	8.6	10.3	12.4
Fixed Asset Turnover (x)	2.3	3.0	3.3	3.8
Inventory Turnover Days	93	118	108	111
Receivables Days	52	61	56	58
Payables Days	119	129	118	120

Source Company data, I-Sec research

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