EPACK DURABLE (EPADUR)

ICICI Direct

CMP: ₹212 | Target ₹ 275 (+30%) | Target Period: 12 months | **BUY**

August 13, 2026

Robust volume expansion anchors growth narrative ...

About the stock: EPACK Durable Limited (Epack) is a prominent Indian Original Design Manufacturer (ODM) and Original Equipment Manufacturer (OEM) specializing in room air conditioners (RACs), small domestic appliances (SDA) i.e. induction cooktops, mixer-grinders, water dispensers, large domestic appliances (LDA) i.e. washing machines & coolers and components like heat exchangers and cross-flow fans.

Q1FY27 performance: Epack reported healthy revenue growth of ~34% YoY and 50% QoQ to ₹886 crore, led by recovery among summer products. RAC segment grew 44% YoY to ₹622 crore, SDA & LDA grew 69% YoY to ₹131 crore, components de-grew by 23% YoY to ₹85 crore. Gross profit declined by 159 bps YoY to 14.1%. Input cost inflation amid geopolitical uncertainty and PLI accounting change impacted EBITDA which was flattish YoY at ₹55 crore. EBITDA margins of 6.21% declined 203 bps YoY (up 184 bps QoQ). PLI adjusted EBITDA margins remained flat YoY with PLI adjusted EBITDA growth of ~33% YoY, suggesting strong operational performance. PAT declined 48% YoY to ₹11.8 crore, impacted by investment related expenses, forex loss and change in PLI income accounting.

Investment Rationale:

- **Strong momentum starting to pick up with diversification and Hisense ramp-up:** EPACK delivered a strong start to FY27 with revenue growth of 33.8% YoY, led by 43.8% growth in RAC and 68.9% growth in SDA & LDA. RAC growth was driven by ~30% volume growth, while SDA/LDA continues to scale rapidly, led by air fryers and washing machines. Hisense has also started contributing, with ~35,000 ACs manufactured in Q1 generating ~₹65cr revenue, while front-load washing machine production is targeted from October onwards. With 73+ customers, 19 product categories and further customer/product additions in the pipeline, diversification should support growth while reducing seasonality and customer concentration.
- **Margin recovery to be driven by price pass-through and operating leverage:** EBITDA margin declined to 6.2%, impacted by forex losses, input-cost volatility and the lag in passing through cost increases. However, management indicated that most commodity price hikes they are passing through while forex is impacting margin much more. More importantly, EPACK is targeting >60% utilisation across its three plants in FY27, versus significantly lower utilisation in FY26, while SDA/LDA carries ~150–200bps higher gross margins than RAC. As new capacities ramp up, non-RAC mix improves and the company progressively withdraws PLI-linked discounts to customers, operating leverage should support a gradual recovery in underlying EBITDA margins.

Rating and Target Price:

Epack has showcased initial signs of strong business growth across segments in Q1. This trend going ahead remains key factor from growth as well as margin perspective as operating leverage plays out. Client addition in past couple of years and growth across diversified product basket, shall support ~30% CAGR over FY26-28E. Hisense's production is ramping up for RAC & Washing machines. However short-term jitters due to geopolitical uncertainty may pose pressure to near term profitability. We maintain BUY rating on the stock, valuing the stock at 30x PE on FY28E EPS with a target price of ₹ 275.

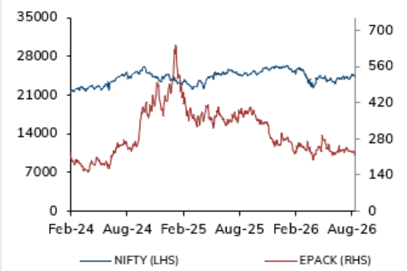
Particulars

Particular	Amount
Market Cap (₹ Crore)	2,042
FY26 Debt (₹ Crore)	707
FY26 Cash (₹ Crore)	15
EV (Rs Crore)	2,734
52 Week H/L (₹)	410/ 196
Equity Capital (₹ Crore)	96.0
Face Value	10

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	47.9	47.2	47.2	46.5
FII	1.5	0.3	0.3	0.3
DII	5.9	7.1	6.6	5.2
Public	44.7	45.5	46.0	48.0

Price Chart



Key risks

(i) Intensifying competition

(ii) Underwhelming demand uptick

(iii) Execution risk in new ventures

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net Sales	1,532	1,419	2,171	1,895	7.3	2,566	3,178	29.5
EBITDA	96	116	158	114	5.9	177	241	45.5
EBITDA margin (%)	6.3	8.1	7.3	6.0		6.9	7.6	
Net Profit	26	35	55	3	(49.4)	35	88	416.4
Diluted/Adjusted EPS (₹)	2.7	3.6	5.7	0.3		3.6	9.2	
P/E(x)	81.5	58.5	36.9	617.6		58.4	23.2	
EV/EBITDA (x)	29.7	20.0	15.3	24.2		15.3	11.0	
RoCE (%)	9.8	8.9	9.9	4.4		6.7	9.5	
RoE (%)	8.1	3.9	5.8	0.3		3.5	8.1	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- Epack Durable reported a healthy start to FY27, with highest ever quarterly revenue of ~₹886 crore (+34% YoY/ +50% QoQ). Growth was broad based with core RAC continuing to grow strongly.
- Margins remained impacted by the absence of PLI income and forex costs. Q1FY27 EBITDA was ₹55 crore with 6.21% margin, while Q1FY26 EBITDA margin excluding ₹13.3 crore PLI income was ~6.4%, implying ~15 bps YoY improvement.
- **RAC** business grew 44%, led by ~30% volume growth and ~14% value growth from high ASPs and commodity price hike pass through.
- Management indicated that commodity price increase was largely passed on, while forex impacted the margins.
- **SDA & LDA** segment grew 69% YoY to ~₹131 crore while **components** de-grew 23% YoY to ~₹85 crore. Management expects non-RAC segment growth momentum to be much higher than RAC as new products and customers are added.
- **Customer and product diversification:** The company now has 73 customers and 19 product lines in production. The company added 2 new customers during the quarter with 2-3 additional product lines under PPA/pilot and expects ~75 customers and 20 product lines by end of FY27.
- **Hisense partnership progressing well**: The company delivered ~60,000 ACs during Jan-June period with ~120 crore of revenue from AC business, including ~₹65 crore revenue in Q1FY27. Front load washing machine pilot production is underway and management expects production to start by end of October 2027.
- Management remains confident that Hisense partnership can scale significantly with cumulative revenue opportunity of > ₹8,000 crore over next five years.
- **Washing machines** remain a key factor for reducing seasonality, with top-load fully automatic machines already under production for three large national/MNC brands, while front-load machines are being developed with Hisense.
- **Capacity utilization**: The older Dehradun and Bhiwadi plants operated at >85% utilization in Q1, while the newer Sri City facility improved to ~50%. Management is targeting overall utilization of >60% for FY27, supported by higher non-AC volumes and product diversification.
- **Capex** remains on track, with ~₹340–350 crore already done against the previously announced ~₹450 crore, ~₹40–45 crore in CWIP and another ~₹60–70 crore of capex expected during the balance of FY27. The spending is aimed at supporting capacity expansion and newer product categories
- **Andhra Pradesh** expansion provides an additional long-term opportunity, with the company committed to ~₹1,085 crore investment

over five years and already allotted ~35 acres of land. The state incentive is expected to provide approximately 50% of eligible capex as investment subsidy over 10 years, supporting future capacity expansion.

- Management aspires to achieve revenue of ₹5,000 crore by FY29, with the key focus being reducing seasonality. Growth is expected to be led by RAC, faster-growing SDA/LDA, washing machines, components, new customers and strategic partnerships.

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ (%)	Comments
Revenue	886	662	34%	591	50%	Witnessed healthy growth, RAC segment grew 44% YoY, small domestic appliances (SDA) & large domestic appliances (LDA) grew 69% YoY & components de-grew by 23% YoY to ₹85 crore.
Other Income	2	6	-70%	3	-40%	
Raw Material Exp	761	559	36%	513	49%	Commodity inflation is expected to stay, while price hikes are being taken to mitigate the same.
Employee cost	24	20	19%	20	21%	
Other Exp	46	29	57%	33	39%	
Total Exp	831	608	37%	565	47%	
EBITDA	55	55	1%	26	113%	EBITDA remained flat YoY while PLI adjusted EBITDA grew 33% YoY.
EBITDA Margin (%)	6.2	8.2	-204 bps	4.4	184 bps	Margins declined owing to change in accounting policy for PLI income. Adjusting that EBITDA margins stood stable YoY.
Depreciation	17	13	31%	14	17%	
Interest	20	16	28%	11	78%	
PBT	20	32	-37%	3	NM	
Share of JV	-2	0	NM	-2	NM	
Total Tax	6	9	-33%	1	NM	
PAT	12	23	-48%	0.02	NM	Adjusting PLI, PAT % decline limited in single digit.

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**2,171**	**1,895**	**2,566**	**3,178**
% Growth	53.0	-12.7	35.5	23.8
Other income	21	16	10	12
Total Revenue	**2,192**	**1,911**	**2,576**	**3,190**
Employee Expenses	69	70	87	105
Other expenses	1,944	1,710	2,302	2,831
Total Operating Expenditure	2,013	1,781	2,390	2,936
Operating Profit (EBITDA)	**158**	**114**	**177**	**241**
% Growth	36.3	-27.7	55.0	36.6
Interest	54	61	65	56
PBDT	104	53	112	185
Depreciation	47	54	69	81
PBT before Exceptional Items	56	-1	42	104
Total Tax	19	6	18	29
PAT before MI	55	3	35	88
Adjusted PAT	**55**	**3**	**35**	**88**
% Growth	58.7	-94.0	958.2	152.0
EPS	**5.7**	**0.3**	**3.6**	**9.2**

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	55	3	35	88
Depreciation	47	54	69	81
Interest	54	61	65	56
Cash Flow before WC changes	156	118	169	226
(Inc)/dec in Current Assets	-70	-366	28	-196
Changes in creditors	123	175	92	129
Other current liabilities	32	-14	13	24
Inc/(dec) in CL and Provisions	155	161	104	152
Net CF from Operating activities	**242**	**-86**	**301**	**183**
(Purchase)/Sale of Fixed Assets	**-92**	**-303**	**-181**	**-70**
Others	-11	4	-1	-4
Net CF from Investing activities	**-103**	**-299**	**-182**	**-74**
Dividend	-	-	-	-
Others	-24	262	-88	-76
Net CF from Financing Activities	**-24**	**262**	**-88**	**-76**
Net Cash flow	115	-123	31	32
Closing Cash/ Cash Equivalent	**44**	**16**	**52**	**80**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	96	96	96	96
Reserve and Surplus	856	864	899	987
Total Shareholders' funds	952	960	995	1,083
Total Debt	416	739	716	696
Other liabilities	5	20	8	10
Total Liabilities	**1,373**	**1,719**	**1,719**	**1,790**
Gross Block	779	1,106	1,306	1,406
Acc: Depreciation	144	198	267	348
Net Block	635	909	1,039	1,058
Capital WIP	58	89	70	40
Total Fixed Assets	694	997	1,109	1,098
Non-Current Assets	252	154	153	159
Inventory	581	837	801	909
Debtors	298	352	398	461
Other Current Assets	85	140	103	127
Cash	44	16	52	80
Total Current Assets	1,008	1,345	1,353	1,577
Current Liabilities	634	777	896	1,045
Net Current Assets (Ex Cash)	417	583	509	612
Total Assets	**1,318**	**1,719**	**1,719**	**1,790**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data (₹)				
EPS	5.7	0.3	3.6	9.2
Cash per Share	4.6	1.6	5.4	8.4
BV	99.2	99.8	103.4	112.6
Dividend per share	-	-	-	-
Operating Ratios (%)				
EBITDA Margin	7.3	6.0	6.9	7.6
PAT Margin	2.5	0.2	1.4	2.8
Return Ratios (%)				
RoE	5.8	0.3	3.5	8.1
RoCE	9.9	4.4	6.7	9.5
Valuation Ratios (x)				
EV / EBITDA	15.3	24.2	15.3	11.0
P/E	36.9	617.6	58.4	23.2
Market Cap / Sales	0.9	1.1	0.8	0.6
Price to Book Value	2.1	2.1	2.0	1.9
Working Capital Management Ratios				
Inventory Days	96.7	159.8	113.4	104.0
Debtors Days	49.6	67.3	56.4	52.7
Creditors Days	89.7	136.4	114.2	106.9
Asset turnover	2.8	1.7	2.0	2.3
Solvency Ratios				
Debt / Equity	0.4	0.8	0.7	0.6
Current Ratio	1.6	1.8	1.5	1.5
Quick Ratio	0.6	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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