BUY
TP: Rs 180 | ▲ 16%

EPACK DURABLE | EMS | 02 November 2026

Scale up, earnings yet to follow

- **Q2 revenue doubled YoY to Rs 4.4bn on a weak base. EBITDA turned positive ex-PLI, but the net loss widened to Rs 251mn**
- **RAC rose 161% YoY on a low base and 15-20% price hikes. SDA+LDA rose 57%, led by washing machines and air fryers**
- **Cut estimates; assign 15x to Sep'28E EPS for a Sep'27 TP of Rs. 180; Maintain BUY**

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Research Associate

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Research Analyst
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Revenue beat, EBITDA in line: EPACK's Q2FY27 revenue rose 106% YoY to Rs 4.39bn, 37% above our estimate, against a Q2FY26 base hit by unseasonal rains and GST-led destocking. EBITDA was Rs 71mn vs Rs 5mn in Q2FY26, in line with our Rs 73mn estimate. EBITDA margin was 1.6%, up 136bps YoY. Ex-PLI, EBITDA moved from a Rs 75mn loss to a Rs 71mn profit, and margin expanded 525bps YoY. Gross margin was 12.8%, up 40bps YoY ex-PLI.

Below-EBITDA costs widen the loss: Depreciation rose 33% YoY to Rs 180mn as new capacity was commissioned. Finance cost was flat at Rs 203mn, and other income fell to Rs 17mn from Rs 62mn. The EPAVO JV loss rose to Rs 32mn from Rs 16mn. Net loss widened to Rs 251mn from Rs 222mn in Q2FY26, against our estimated loss of Rs 208mn.

RAC recovers off a low base: RAC revenue rose 161% YoY to Rs 1.61bn. Management attributed part of the growth to model-wise price increases of 15–20%, taken to offset commodity and currency costs.

SDA+LDA keeps scaling: SDA+LDA revenue grew 57% YoY to Rs 1.69bn, led by washing machines and air fryers; H1FY27 growth was 62%. Components grew 45% YoY to Rs 475mn and Others 435% to Rs 621mn. Non-RAC was 63% of revenue vs 71% in Q2FY26, as RAC grew faster than the rest of the portfolio.

Capex largely complete; JV exit approved: EPACK had deployed Rs 3.75bn of its Rs 4.7bn capex programme (80%) by Sep'26. The ~Rs 1bn balance is to be spent over the next 6–12 months. The Board approved the sale of the 50% EPAVO stake to the Ram Ratna Group for Rs 150mn; the JV lost Rs 55mn in H1FY27. Front-load washing machine pilot production for Hisense is scheduled for end-Nov'26.

Cut estimates; maintain BUY: We cut FY28E/FY29E EPS by 37%/25%. Over FY26–FY29E, we now model revenue/EBITDA CAGR of 29%/42%. We roll forward to Sep'28E EPS and lower our multiple to 15x from 18x, for a Sep'27 TP of Rs 180. That implies 16% upside. Maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	EPACK IN/Rs 155
Market cap	US$ 156.4mn
Free float	39%
3M ADV	US$ 0.9mn
52wk high/low	Rs 350/Rs 150
Promoter/FPI/DII	48%/2%/7%

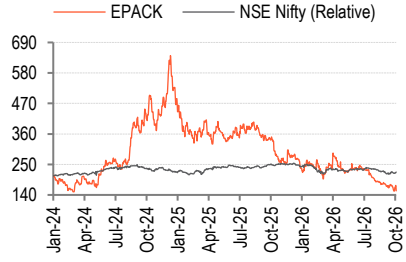
Source: NSE | Price as of 30 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	18,945	26,494	34,036
EBITDA (Rs mn)	1,139	1,241	2,572
Adj. net profit (Rs mn)	33	(119)	822
Adj. EPS (Rs)	0.3	(1.2)	8.5
Adj. ROAE (%)	0.3	(1.2)	8.3
Adj. P/E (x)	457.0	(125.3)	18.1
EV/EBITDA (x)	8.6	6.5	3.5
Adj. EPS growth (%)	(94.1)	(464.7)	(791.2)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY27 financial snapshot

Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	Q2FY27E	Var (%)
Revenue	4,393	2,133	106	8,860	(50)	13,254	8,757	51	3,215	37
EBITDA	71	5	1,214	550	(87)	621	552	13	73	(4)
EBITDA Margin (%)	1.6	0.3	140bps	6.2	(460bps)	4.7	6.3	(160bps)	2.3	(68bps)
Depreciation	180	135		166		346	262		166	8
Interest	203	202		202		405	361		155	31
Other Income	17	62		17		34	118		40	(56)
PBT	(294)	(270)	9	199	(248)	(95)	47	(302)	(208)	42
Tax	(75)	(64)		58		(17)	21		0	#DIV/0!
Adjusted PAT	(251)	(222)	13	118	(312)	(133)	6	(2,153)	(208)	21
Exceptional item	-	-		-		-	-		-	
Reported PAT	(251)	(222)	13	118	(312)	(133)	6	(2,153)	(208)	21
Adj. PAT Margin (%)	(5.7)	(10.4)	470bps	1.3	(700bps)	(1.0)	0.1	(110bps)	(6.5)	75bps
EPS (Rs)	(2.6)	(2.3)	13	1.2	(312)	(0.8)	0.3	(403)	(2.2)	21

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

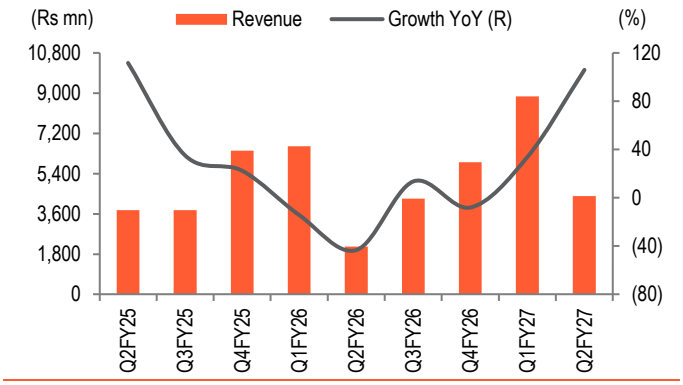
Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Segment revenue								
RAC	1,612	617	161	6,221	(74)	7,833	4,944	58
SDA + LDA	1,686	1,073	57	1,314	28	3,000	1,851	62
Components	475	341	39	853	(44)	1,328	1,450	(8)
Others	621	116	435	472	32	1,093	526	108

Source: Company, BOBCAPS Research

Earnings Call Highlights

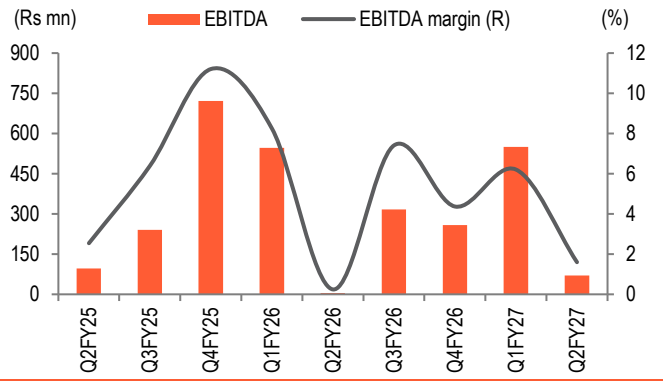
- **Commodity costs passed on; forex not yet:** Management said commodity inflation has been largely passed on to brand customers, with prices reset each quarter and a one-quarter lag. Forex remains the main drag on margin, because rupee depreciation against the USD cannot be recovered from customers in real time.
- **No margin guidance; two levers named:** Management gave no FY27 or FY28 margin guidance. It named two levers: a phased rollback of the PLI-linked discounts given to brands, and a shift in mix towards SDA/LDA, which it called its most margin-accretive categories. It did not quantify either.
- **PLI: no accrual in FY27:** No PLI income has been accrued in H1FY27, against Rs 213mn in H1FY26. Management said FY27 is the last year of EPACK's AC PLI. Talks with the ministry on an extension are ongoing, since most of the scheme's ~Rs 50bn budget is unused.
- **Sri City utilisation is the constraint:** Management said Dehradun and Bhiwadi are well utilised, while Sri City still needs volume. It expects Hisense, more washing-machine models and new brand business from South India to fill the plant. It gave no utilisation figures (Q1: >85% at the older plants, ~50% at Sri City).
- **Front-load washing machines delayed to end-Nov'26:** Pilot production of front-load washing machines for Hisense at EMTPL is now set for end-Nov'26, with commercial production to follow. Q1 had guided mass production from end-Sep/Oct'26. Hisense revenue for Q2 was not disclosed.
- **Capex programme raised to Rs 4.7bn:** By Sep'26, EPACK had spent Rs 3.75bn (80%) of a Rs 4.7bn programme, up from ~Rs 4.5bn cited in Q1. H1FY27 spend was Rs 774mn, against Q1's Rs 600–700mn guide for all of FY27. The ~Rs 1bn balance will be spread over 6-12 months, depending on demand. CWIP was Rs 1.18bn, up from Rs 886mn at Mar'26.
- **EPAVO stake sold for Rs 150mn:** The Board approved selling EPACK's 50% stake in the EPAVO JV to the Ram Ratna Group for Rs 150mn. The JV lost Rs 65mn in FY26 and Rs 55mn in H1FY27. Two subsidiaries with no plants, Bumjin India Audio Products and EPACK Electronic Component, will be wound up.
- **AC channel inventory 40–50% lower YoY:** Management estimated AC channel inventory at 40–50% below end-Q2FY26 levels, based on order visibility for Q3 and Q4. Last year's stock had built up after unseasonal rains.
- **Customer count unchanged at 72:** EPACK had 72 customers across 19 categories, the same as in Q1; the FY27-end target is ~75 customers and ~20 categories. The top two customers made up 32% of H1FY27 revenue, down from 37% in FY26 and 72% in FY23. Four launches are planned for FY27: oil-filled radiators, slushie machines, air purifiers and coffee makers.
- **Cash cycle shorter, net debt higher:** The cash-conversion cycle fell to 81 days in H1FY27 from 91 days in FY26, with inventory days down to 99 from 161. Net debt still rose to Rs 7.74bn from Rs 6.91bn at Mar'26. Net debt/equity went from 0.72x to 0.82x.

Fig 3 – Revenue growth trend



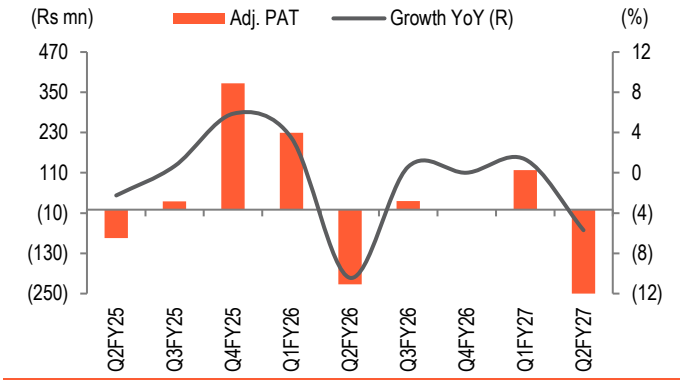
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



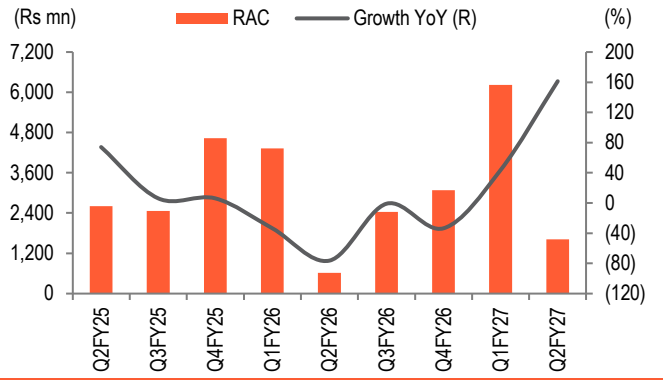
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



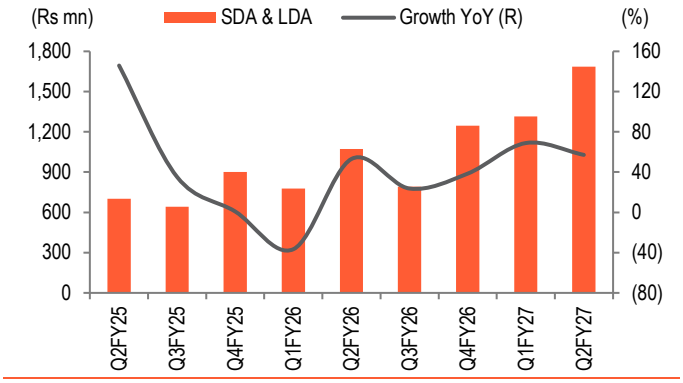
Source: Company, BOBCAPS Research

Fig 6 – RAC growth



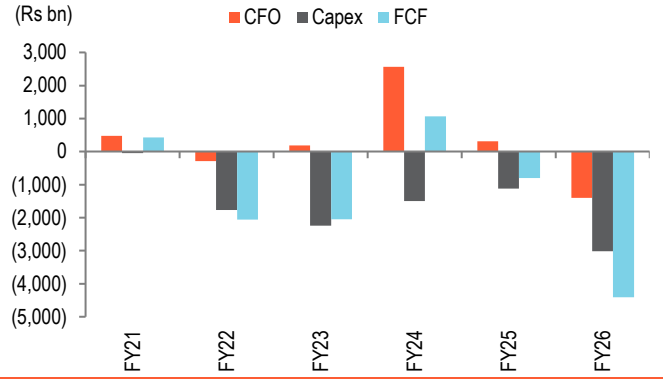
Source: Company, BOBCAPS Research

Fig 7 – SDA & LDA growth



Source: Company, BOBCAPS Research

Fig 8 – Cashflow trend



Source: Company, BOBCAPS Research

Valuation methodology

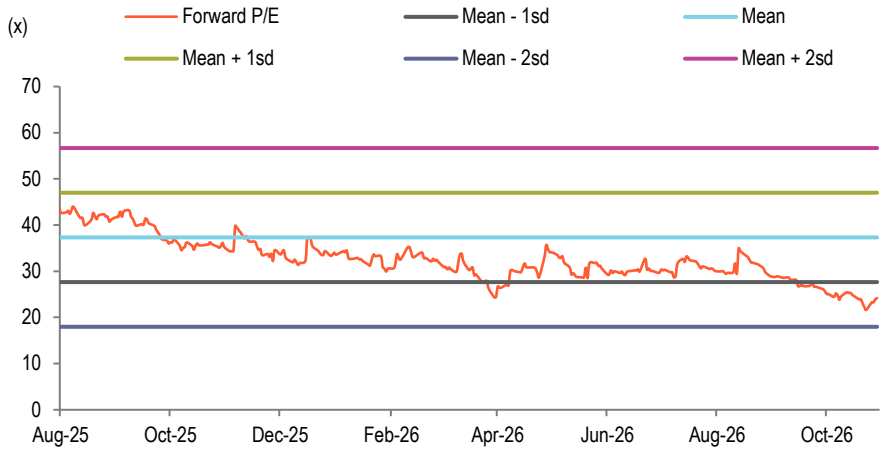
We raise FY27E–FY29E revenue by 2–3%, after the H1FY27 revenue beat and continued growth in SDA+LDA. We cut EBITDA more deeply, by 40% for FY27E and 10–14% for FY28E–FY29E, by lowering margins to 4.7% in FY27E and ~8% by FY29E. We now assume H2FY27 margins hold at H1 levels, instead of the sharp seasonal recovery in our earlier estimates.

Three factors support the lower margins. PLI income is no longer accruing, and the discounts it funded for customers are being recovered only in phases. Currency costs are not being passed through as quickly as commodity costs. Fixed-cost absorption at Sri City is lagging, and the front-load washing machine ramp-up has moved to end-Nov'26.

The earnings cut is deeper than the EBITDA cut because depreciation rises as the Rs 4.7bn capex programme is capitalised and other income falls. FY27E now shows a loss, and FY28E/FY29E EPS are cut 37%/25%. We lower our multiple to 15x Sep'28E EPS from 18x to reflect the downgrade and the lack of earnings visibility and remain well below the stock's 35x one-year-forward mean.

We roll forward to Sep'28E EPS and lower our multiple to 15x from 18x, for a Sep'27 TP of Rs 180. Maintain BUY.

Fig 9 – EPACK 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

Particulars (Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	26,494	34,036	40,821	25,769	33,278	40,045	2.8	2.3	1.9
EBITDA	1,241	2,572	3,258	2,081	2,977	3,636	(40.4)	(13.6)	(10.4)
EBITDA Margin (%)	4.7	7.6	8.0	8.1	8.9	9.1	(340bps)	(140bps)	(110bps)
PAT	(119)	822	1,433	626	1,310	1,923	(119.0)	(37.3)	(25.5)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**21,709**	**18,945**	**26,494**	**34,036**	**40,821**
EBITDA	1,577	1,139	1,241	2,572	3,258
Depreciation	474	540	740	988	1,104
EBIT	1,103	599	502	1,584	2,154
Net interest inc./(exp.)	(329)	(447)	(607)	(447)	(255)
Other inc./(exp.)	211	163	100	200	208
Exceptional items	0	0	0	0	0
EBT	774	153	(105)	1,137	1,900
Income taxes	193	56	(26)	285	477
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(30)	(64)	(40)	(30)	10
Reported net profit	**551**	**33**	**(119)**	**822**	**1,433**
Adjustments	0	0	0	0	0
Adjusted net profit	**551**	**33**	**(119)**	**822**	**1,433**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	5,389	7,141	8,710	10,257	11,743
Other current liabilities	968	533	745	957	1,148
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	8,522	9,344	10,776
Shareholders' fund	9,518	9,603	9,484	10,306	11,739
Total liab. and equities	**20,128**	**25,056**	**26,719**	**28,100**	**29,210**
Cash and cash eq.	442	158	414	601	(322)
Accounts receivables	2,980	3,522	4,355	5,129	6,151
Inventories	5,807	8,357	7,984	8,392	9,506
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	8,612	9,510	9,407
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**	**26,719**	**28,100**	**29,210**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**313**	**(1,396)**	**1,942**	**2,387**	**2,077**
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**	**256**	**187**	**(923)**
Closing cash & cash eq.	**442**	**158**	**414**	**601**	**(322)**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	5.7	0.3	(1.2)	8.5	14.9
Adjusted EPS	5.7	0.3	(1.2)	8.5	14.9
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	99.2	99.8	98.6	107.1	122.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.6	0.5	0.3	0.3	0.2
EV/EBITDA	7.7	8.6	6.5	3.5	3.1
Adjusted P/E	26.9	457.0	(125.3)	18.1	10.4
P/BV	1.6	1.6	1.6	1.4	1.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	71.2	21.3	112.9	72.3	75.4
Interest burden (PBT/EBIT)	70.2	25.5	(21.0)	71.8	88.2
EBIT margin (EBIT/Revenue)	5.1	3.2	1.9	4.7	5.3
Asset turnover (Rev./Avg TA)	398.3	247.1	307.6	357.9	434.0
Leverage (Avg TA/Avg Equity)	0.6	0.8	0.9	1.0	0.9
Adjusted ROAE	6.0	0.3	(1.2)	8.3	13.0

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	52.9	(12.7)	39.8	28.5	19.9
EBITDA	35.8	(27.8)	9.0	107.2	26.7
Adjusted EPS	55.6	(94.1)	(464.7)	(791.2)	74.4
Profitability & Return ratios (%)					
EBITDA margin	7.3	6.0	4.7	7.6	8.0
EBIT margin	5.1	3.2	1.9	4.7	5.3
Adjusted profit margin	2.5	0.2	(0.4)	2.4	3.5
Adjusted ROAE	6.0	0.3	(1.2)	8.3	13.0
ROCE	8.0	2.9	2.5	8.0	11.2
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	2.5	2.8	3.0
Current ratio	1.0	1.0	1.0	1.0	1.1
Net interest coverage ratio	2.0	1.0	0.7	2.4	4.7
Adjusted debt/equity	0.4	0.7	0.7	0.6	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%

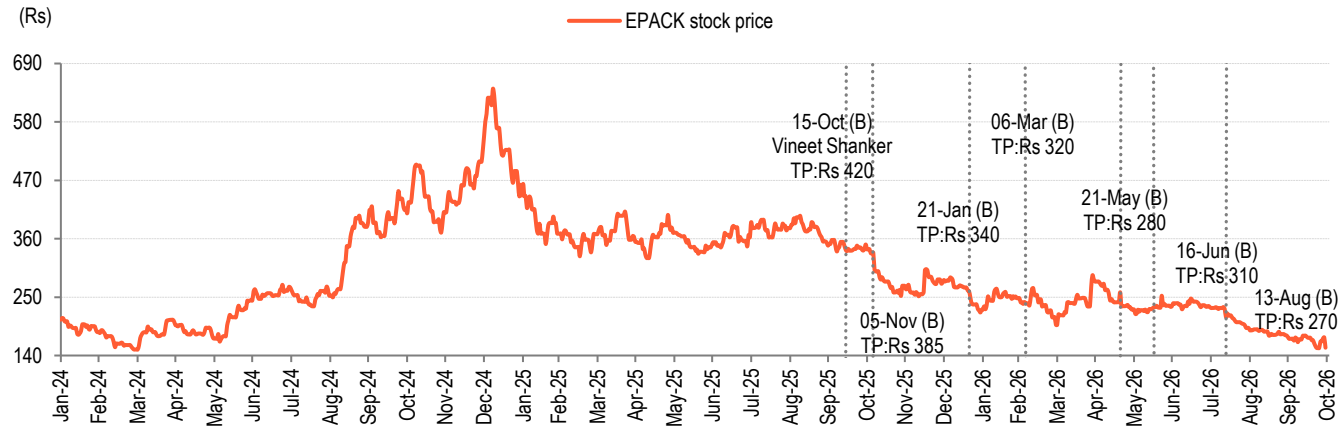
HOLD – Expected return from -6% to +15%

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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