



IPO NOTE

EPACK DURABLE LIMITED

Rating:

Subscribe

(For Long Term)



ISSUE OFFER

Issue Opens on	JAN 19, 2024
Issue Close on	JAN 23, 2024
Total IPO size (cr)	₹640.05
Fresh issue (cr)	₹400.00
Offer For Sale (cr)	₹240.05
Price Band (INR)	218-230
Market Lot	65
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	50%
NIB Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue

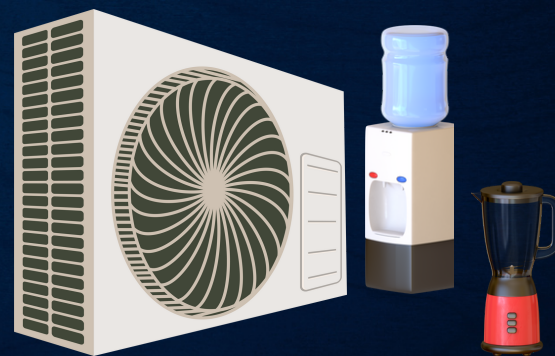
78,407,387

Post Issue

95,798,691

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	24-01-2024
Refunds/Unblocking ASBA Fund	25-01-2024
Credit of equity shares to DP A/c	25-01-2024
Trading commences	29-01-2024



EPACK Durable Limited is the second largest room air conditioner original design manufacturer ("ODM") in India in terms of number of units (indoor units + outdoor units) manufactured in Fiscal 2023. Its current product portfolio currently comprises i) Room air conditioners where it designs and manufactures complete RACs. ii) Small domestic appliances. and iii) Components.

OBJECTS OF THE ISSUE

- Funding capital expenditure for the expansion.
- Payment of certain outstanding loans of the company.
- General corporate purposes.

OUTLOOK & VALUATION

EPACK Durable is India's second-largest room air conditioner (RAC) ODM. The company boasts long-standing relationships with top customers, leverages advanced vertically integrated manufacturing and possesses robust product development capabilities. EPACK Durable prioritizes continuous product portfolio expansion. And its consistent financial performance demonstrates operational efficiency and growth potential.

However, some key risks warrant consideration. The company's dependence on a limited number of major customers. Additionally, the RAC industry is highly competitive, and the business experiences seasonal fluctuations.

The issue is fully priced at a P/E valuation of 56.4x; thus, considering all the factors, we recommend that investors apply for this IPO with a mid- to long-term view. However, they should carefully evaluate their risk tolerance and current market sentiments.



KEY MANAGERIAL PERSONNEL

01

Bajrang Bothra

Chairman and Whole-time Director on the Board of the Company. He oversees the business operations and management of the Company. He has a master's degree in commerce from Shri Ram College of Commerce, University of Delhi, Delhi. He has approximately 27 years of experience in the electronics manufacturing sector.

02

Ajay DD Singhania

Managing Director and Chief Executive Officer of the Company. He has approximately 24 years of experience in the electronics manufacturing sector. He oversees the sales and marketing, production, supply chain management, and R&D departments of the Company.

03

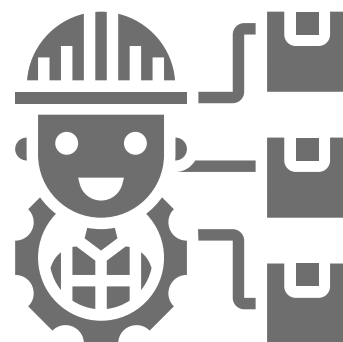
Rajesh Kumar Mittal

Chief Financial Officer of the Company. He has been associated with the Company since June 8, 2020. He has approximately 25 years of post-qualification work experience in the finance and accounting.

04

Esha Gupta

Company Secretary and Compliance Officer of the Company. She has been associated with the Company since April 3, 2023. She has approximately 15 years of experience in the secretarial sector.



COMPANY PROFILE

- Since 2003, EPACK has been on a journey of evolution, where it initially started as an OEM for RAC brands. Driven by its focus on product development and innovation, it evolved into an ODM partner for RACs for its customers.
- The company also identified the opportunity to increase its value addition in its offerings to customers, and accordingly, started manufacturing various components such as sheet metal, injection moulded, cross-flow fans, and PCBA components.
- In parallel, it capitalized on its existing manufacturing infrastructure to strategically expand its operations in the small domestic appliances ("SDA") market.
- The Company has dedicated R&D centers in Greater Noida, Bhiwadi, and Dehradun and it has 4 manufacturing facilities in Dehradun and two other facilities as Bhiwadi Manufacturing Facility and the Sri City Manufacturing Facility.
- Its top customers include Blue Star Limited, Daikin Airconditioning India Private Limited, Carrier Midea India Private Limited, Voltas Limited, Havells India Limited, Haier Appliances (India) Private Limited.

COMPETITIVE STRENGTHS

- Long-standing relationships with established customers.
- Among the key manufacturers in the fast-growing RAC and SDA manufacturing industries.
- Advanced vertically integrated manufacturing operations with a product portfolio aimed at capturing the full spectrum of the RAC and SDA value chain.
- Robust product development and design optimization capabilities.
- Experienced Promoters supported by the senior management team.

KEY STRATEGIES

- Expanding its existing product portfolio.
- Continue to drive operational efficiencies through expansion of its integrated manufacturing capabilities and continued investment in its R&D infrastructure.
- Increase wallet share with existing customers and continue to focus to expand its customer base.
- Further, explore initiatives to strengthen control over its supply chain.

KEY CONCERNS

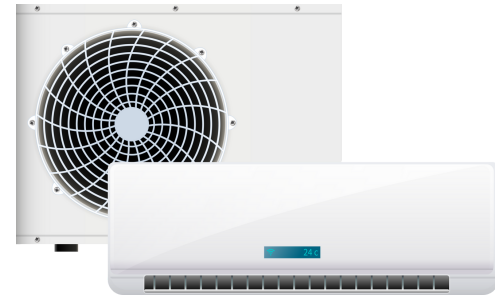
- A significant portion of the company's revenue is generated from its top 5 customers.
- The Company's customers do not make long-term commitments to it and may cancel or change their sourcing requirements.
- Failure to maintain its quality accreditations and certifications may negatively impact its brand and reputation.
- The industry is competitive and company's inability to compete effectively may adversely affect its business.
- Its RAC business is subject to seasonal variations and cyclicalities.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
EPACK Durable Limited	4.71	46.21	-	15,388.32	14.68
Peer Group					
Amber Enterprises India Ltd	46.66	579.94	66.28	69,270.95	8.79
PG Electroplast Limited	35.78	174.09	67.27	21,599.48	21.88
Dixon Technologies (India) Ltd	42.92	215.69	139.96	121,920.10	22.36
Elin Electronics Ltd	6.29	99.30	24.28	10,754.28	6.73

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	520.89	520.89	481.72
Other Equity	2,427.05	697.76	207.41
Net Worth	3,136.18	1,218.65	689.13
Total Borrowings	1,135.80	596.20	677.10
Revenue from Operations	15,388.32	9,241.62	7,362.45
EBITDA	1,025.25	688.03	420.33
Profit before Tax	440.47	263.02	108.77
Net Profit/loss for the year	319.72	174.34	78.03



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CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: compliance@swastika.co.in Phone: (0731) 6644 241

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