



EPACK DURABLE LIMITED

(Formerly Known as EPACK Durable Private Limited)

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May 27, 2026

Listing Department
BSE Limited ("BSE")
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip Code: 544095
ISIN: INE0G5901015

Listing Department
National Stock Exchange of India Limited ("NSE")
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051
Symbol: EPACK
ISIN: INE0G5901015

Sub.: Transcript of the Investors' Conference Call on the Standalone and Consolidated Financial Statements/Results for the quarter and financial year ended as on March 31, 2026

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Para A of Part A of Schedule III thereto, please find enclosed herewith the transcript of the Investors' Conference Call held on May 21, 2026 w.r.t. Standalone and Consolidated Financial Statements/Results of the Company for the quarter and financial Year ended March 31, 2026.

A copy of same is also available on the website of the Company i.e. www.epackdurable.com

We request you to kindly take this on your record and oblige.

Thanking You

For **EPACK Durable Limited**

Esha Gupta
Company Secretary and Compliance Officer

Encl. as above



“EPACK Durable Limited Q4 FY '26 Earnings Conference Call”

May 21, 2026



MANAGEMENT: **MR. BAJRANG BOTHRA – CHAIRMAN AND WHOLE-TIME DIRECTOR – EPACK DURABLE LIMITED**
MR. AJAY DD SINGHANIA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – EPACK DURABLE LIMITED
MR. RAJESH KUMAR MITTAL – CHIEF FINANCIAL OFFICER – EPACK DURABLE LIMITED

MODERATOR: **MR. MANAN GOYAL – ICICI SECURITIES**



*EPACK Durable Limited
May 21, 2026*

Moderator: Ladies and gentlemen, good day and welcome to the EPACK Durable Limited Q4 FY26 Earnings Conference Call hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manan Goyal from ICICI Securities. Thank you and over to you, sir.

Manan Goyal: Thank you. On behalf of ICICI Securities, we welcome you all to Q4 and FY26 Results Conference Call of EPACK Durable Ltd.

Today, we have with us senior management represented by Mr. Bajrang Bothra – Chairman and Whole-Time Director, Mr. Ajay DD Singhanian – Managing Director and CEO, Mr. Rajesh Kumar Mittal – CFO.

Now, I hand over the call to the Management for their initial comments on the quarterly and annual performance. Then we will open the floor for Q&A sessions. Thank you and over to you, Mr. Rajesh Sir.

Rajesh Kumar Mittal: Thank you, Manan. Thank you and good morning, everyone. Welcome to our conference call for the fourth Quarter of the Financial Year 2026. I would like to thank ICICI Securities for arranging today's Earnings Call.

The key highlights for the Q4 FY26 and the Financial Year ended 31st March 2026 are as follows:

For the fourth quarter under review, revenue from operations stood at Rs. 591 crore, which declined by around 8% on year-on-year basis. The EBITDA for the quarter was Rs. 25.8 crore, decreased by around 64.2% year-on-year basis. The EBITDA margin reported at 4.37% as against 11.21%. The net profit was Rs. 2.4 lakh.

For the financial year under review:

Revenue from operations stood at Rs. 1,894 crore, which declined by 12.7% on year-on-year basis. The EBITDA for the year was Rs. 113.9 crore, decreased by around 27.7% year-on-year basis. The EBITDA margin reported at 6.01% as against 7.26%. The net profit was Rs. 3.3 crore.

During the fourth Quarter, the company has recognized incentive income amounting to Rs. 21.78 crore under the RIPS 2024 scheme based on the management assessment of compliance with the



*EPACK Durable Limited
May 21, 2026*

prescribed eligibility conditions. This also includes an amount of Rs. 4.96 crore pertaining to the Financial Year 25-26 and an amount of Rs. 16.82 crore pertaining to the earlier period. During the fourth Quarter, the company reversed previously recognized PLI income amounting to Rs. 32.42 crore accrued during the nine months ended December 31, 2025.

Now, I would request our Managing Director and CEO – Mr. Ajay DD Singhania to brief you on the operational highlights. Over to you, sir.

Ajay DD Singhania:

Thank you, Rajesh Ji. And once again, good morning, everyone.

FY26 was a challenging year for the Room Air Conditioner industry, impacted by multiple temporary external factors, including unseasonal weather conditions, channel inventory recalibration, commodity inflation, and demand deferment across parts of the industry.

Despite these near-term headwinds, we remained focused on strengthening our long-term business fundamentals through diversification, localization, customer expansion, and strategic capacity creation.

Q4 also witnessed temporary pressure in RAC segment due to revised BEE norms, uneven seasonal offtake, and elevated inventory levels across the industry, which resulted in higher promotional intensity and discounting during second half of the year. While these factors impacted industry-wide profitability and utilization levels, we continued to execute our long-term strategic priorities.

During the fourth Quarter, we added five new customers with supplies already commenced, taking our overall customer additions to 17 during FY26, and our total active customer base to 72. This reflects continued strengthening of customer relationships, increasing market acceptance across categories, and our focused efforts towards reducing customer concentration risk.

Our diversification strategy continues to progress well. While RAC segment witnessed approximately 25 year-on-year decline during the quarter, our SDA, LDA, and components business continued to demonstrate encouraging momentum. The SDA and LDA segment delivered robust growth of approximately 53% Y-o-Y, supported by healthy order inflows across both existing and newly launched products. Demand trends in categories such as Air Fryers continue to remain encouraging, and we see increasing customer engagement across multiple product categories.

Our component business also delivered strong performance with approximately 50% Y-o-Y growth during the quarter, supported by increasing localization requirements and deeper customer integration. We continue to see strong long-term opportunities in heat exchangers,



*EPACK Durable Limited
May 21, 2026*

injection molded components, PCBs, and copper components as domestic manufacturing ecosystem evolves further.

We believe our continued investments toward backward integration component capabilities will not only improve operational efficiencies over time, but also support higher value addition, improved supply chain resilience, and broader participation across adjacent manufacturing opportunities.

We are also pleased to share that investments made towards the Hisense partnership through our wholly-owned subsidiary, EPACK Manufacturing Technologies Limited, had become operational in Q4 of FY26, making another important milestone in our long-term manufacturing expansion journey. As operations scale up progressively over the coming quarters, we expect the subsidiary to gradually contribute towards revenues, product mix enhancement, and future growth opportunities.

During FY26, we continue to invest in strategic capacity expansion, localization initiatives, and new product categories. During Q4 FY26 alone, we incurred a CAPEX of approximately Rs.79 crores, primarily towards washing machine capacity expansion and component manufacturing capabilities. The new Greenfield facility at Bhiwadi is also expected to commence meaningful contribution over the coming quarters.

While the margin profile during FY26 remained below our earlier expectations due to lower RAC utilization, elevated industry discounting, commodity inflation, and Forex volatility, we believe the structural drivers for long-term margin improvement through localization, backward integration, and scale efficiencies remain intact.

During the quarter, the company reversed previously recognized PLI income accrued during the first nine months of FY26 based on evolving assessment and ongoing procedural review. Excluding this one-time impact, the operational performance during Q4 FY26 provides a more normalized reflection of the underlying business performance during the quarter.

The company continues to engage with relevant authorities regarding the matter and has submitted the necessary representations. At this stage, management believes it is prudent to await further clarity.

On the positive side, we are pleased to share that during Q4 FY26, the company recognized incentive under the Rajasthan Investment Promotion Scheme (RIPS) based on the management's assessment of the compliance with prescribed eligibility conditions. We believe this represents an important milestone in strengthening of the long-term competitiveness of our manufacturing ecosystem. The current proposal pertains to Phase I investments and we continue to evaluate



*EPACK Durable Limited
May 21, 2026*

further expansion opportunities under subsequent phases as a part of our long-term growth strategy.

Looking ahead, early trends for FY27 appear relatively more encouraging compared to FY26, supported by improved customer conditions and normalization in industry inventory levels. At the same time, we remain focused on disciplined execution, improving utilization levels, scaling newer categories and strengthening operational efficiencies.

With a diversified portfolio, expanding manufacturing ecosystem, improving localization capabilities and growing customer engagement, we believe EPACK Durable remains well-positioned for sustainable long-term growth and value creation.

With this, we now open the floor for Q&A sessions.

Moderator: Thank you. We will now begin the question-and-answer session. Our first question comes from the line of Bala Subramanian with Arihant Capital. Please go ahead.

Bala Subramanian: Good Morning Sir, the PLI reversal was due to evolving assessment and ongoing procedure review. Can you specify, was this disqualification event like a localization shortfall, export target miss or any sales target within the specific state?

Ajay DD Singhanian: So, Mr. Bala, Good Morning. Regarding the PLI reversal, this is based on certain commitments made by the company and signed when we applied for the PLI incentive. There were two criteria, one related to investments to be done in the previous year and second was a 5x growth in incremental revenue for the applicable components.

So, during the first three quarters, the company had done the proper, as we have been following the practice in the previous years as well, the company had been following the same practice and recognized the benefits as being achieved. Whereas in end of the Quarter 4, we realized that due to the sales shortfall, there is certain anticipated fall in achieving the incremental revenue growth.

However, the incremental investment and CAPEX has already been fulfilled, but incremental revenue growth is something which is being still evaluated and verified by the auditors. Hence, we took a proactive decision not to recognize the benefit as of now and also to involve with the relevant governmental agencies and get further clarifications. Till we get the clarification, the company stands that we will not recognize it until it is properly the due diligence is complete.

Bala Subramanian: Sir, under Hisense JV, I think we have planned the front load washing machine line, which is planned annual capacity. So, I just want to understand how much the annual capacity and what is the target utilization in FY27?



*EPACK Durable Limited
May 21, 2026*

Ajay DD Singhania: So, in Sri City, we have two operational facilities. One is the EPACK Durable's own facility where we manufacture the components and the second facility by the name of EPACK Manufacturing is the unit which is dedicated to Hisense manufacturing for air conditioners.

The facility started operations in the last week of March 26 and since then the AC production for the Hisense design products has been scaling up over the last 2.5 months now, almost 2 months now. The other set of products to be manufactured there which include the front load washing machine as you said is something which is currently under trial, and we are currently expecting the production to commence towards the mid of Q2.

Bala Subramanian: Also, my third question, I think we have seen a sharp increase in the inventory levels, nearly 837 crores. So, like how much raw material for the Hisense JV startup versus finished goods awaiting BEE transition clearance? And if you could, when we can expect the normalization of inventory days as well as payable days also nearly increased to 138 to 140 days levels, which is usually nearly 90 to 100 days.

Ajay DD Singhania: Mr. Bala, I am sorry, I did not get the first question. First, let me answer you on part of the inventory days, the question on inventory days and the conversion cycle. So, the current working capital deterioration in FY26 reflects basically three factors. First, we built inventory in anticipation of the strong summer season for this year.

At the same time, one of the very key components which goes into our product and is currently largely import dependent is compressor for which the BIS was expiring in second week of April. Hence, to keep manufacturing for the entire season and the peak season of April, May, June, Q1 of this year, a lot of inventory has to be created since the local ecosystem is not or the local manufacturing capacity is still not enough to meet the industry demand.

Hence, the elevated inventory what we see today as of March ending is basically mostly of the imported components which has been built up to support the Q1 of this year. That is primarily with regards to the inventory levels. And the first question around Hisense is not clear to me. If you can just please repeat.

Bala Subramanian: Actually, we have 837 crore inventories. How much raw material for the Hisense JV startup compared to finished goods awaiting BEE transition clearance?

Ajay DD Singhania: So, I don't have the company-wise inventory data ready with me as of now. But it is largely that I said the Rs. 837 crores of total inventory is there overall in the entire ecosystem put together. And that is roughly the...

Bala Subramanian: Approximate values, in percentage terms also fine.

Ajay DD Singhania: 50 to 60 crores.



*EPACK Durable Limited
May 21, 2026*

- Rajesh Kumar Mittal:** Yes.
- Ajay DD Singhanian:** 50 to 60 crores at max. But this is a very approximate figure. The audited number is 13 crores. I am sorry.
- Rajesh Kumar Mittal:** And Bala, just to confirm this, you are saying that AP days has increased to 130 from 90 earlier. I am sorry. And actually, you see that with respect to the AP days, which has gone up by around 50 days, you see that inventory days has gone up.
- This is parallel, actually. When you are buying the inventory, there are the trade payables also standing in the books of the account. If you can see that inventory days has also gone up in proportion to the trade payable days.
- Moderator:** The next question comes from the line of Tanay Shah with DAM Capital. Please go ahead.
- Tanay Shah:** Good Morning Sir, just wanted to understand the ongoing summer outlook for players like us in the MS space. How is demand panning out for us? What are the current inventory levels? And what kind of pressures are we seeing on our margin profile?
- Ajay DD Singhanian:** Thanks, Tanay. So, the outlook or the current status of the industry, if we talk about, so, post the stabilization in the Q4, which is largely Feb and March, April onwards, and especially from mid of April, the overall tailwinds and everything has been very strong.
- And most of the limited inventory levels, what has been the pain area for EPACK Durable as well as the whole industry over the last 12 months or so has now eased out. And we are seeing a very strong pull in the trade. And so, the real sale-in in terms of liquidation and further fresh manufacturing orders have started pouring in. And we see definitely a very strong Q1 currently.
- And I think it will be prudent to say that in line with the industry expectation or what we have been hearing over the last two weeks in terms of the results being declared by most of the other peers in the industry is that a growth of 15% approx is what the industry is expecting at least in this Q1. And definitely, EPACK believes that this is in line with our internal expectations as well.
- Tanay Shah:** So, growth of 15-20% in terms of volume is something what the industry is looking at. But even the value itself has sort of gone up. So, we have been able to take the price hikes which are required from a brand's perspective to be passed on. And just to that, I wanted to understand if there is any pressure on our margin profile given the costs are continuously increasing.
- Ajay DD Singhanian:** So, two things here. Tanay, definitely, yes, a lot of commodity increase and FX increase is what has impacted the industry. On top of it, again, the BEE revision is another factor.



*EPACK Durable Limited
May 21, 2026*

So, overall, the costs have gone up. And a lot of this cost is what has already been passed on to the brand customers from us. And we believe that even the brands have further passed on in parts or in several stages or phases to the market.

So, yes, there has been a significant increase in the overall cost and price. And that has also been passed on from our side.

Tanay Shah:

Sir, just any number which you would like to put up in terms of the current inventory levels at the channel?

Ajay DD Singhanian:

Tanay, broadly speaking, basis our discussion with the industry leaders, the inventory currently in the trade is normalized. And the type of sell-in, what we say sell-in means the sales from the brand to the distributor or the channel has picked up significantly.

So, just to throw in some numbers which could be very approximate, I believe the trade inventory plus the brand inventory put together as of May opening, if we talk about, would be anywhere between 4-4.5 million. That is the max kind of inventory I can anticipate, which means we are largely or rather slightly below the expected inventory norms, looking at a very significant ramped up summer season.

Tanay Shah:

And my second question is with respect to the Hisense JV, while many congratulations on operationalizing the plant, just wanted to understand, given that just recently there was news about China sort of going a little hard on the companies wanting to sort of scale up in India and sort of tighten their supply norms, their knowledge norms as well, any impact on our JV with Hisense to sort of scale up in India?

Ajay DD Singhanian:

Relationship with Hisense, we can call it like a strategic tie-up, wherein all the investments in the manufacturing facility currently has been done by EPACK Durable. And this facility currently is more of, let's say, a tech transfer, wherein the tools and designs have come to us and the investment has been done by EPACK Durable solely. And we are supplying to Hisense to market the products both in India as well as to explore further opportunities of supplying to the overseas market, especially the Middle East and African.

We don't see any impact in terms of any policy change or any so-called the Chinese government stand on any such thing. Rather, we see that Hisense is definitely becoming a lot more aggressive or ambitious would be the correct word, ambitious in taking a significant position on market share in India. And the way they have scaled up the overall distribution channel, the network, is a clear indicator of their intent to be one of the market leaders and a dominant force in times to come.



*EPACK Durable Limited
May 21, 2026*

So, they are definitely increasing their overall penetration, increasing their product portfolio. Starting with TV now, they have significantly ramped up air conditioners. Going forward, Q2, Q3, when they are to further increase their penetration with both top-load and front-load washing machines, and then subsequently add more products.

So, they are going very steadily and very focused in India market, we can say.

Tanay Shah: Just one last question. So, CAPEX number for FY27?

Ajay DD Singhanian: So, again, Tanay, based on our last year's guidance to the market, we had budgeted a total CAPEX of approximately Rs. 470 crores in 18 to 24 months, out of which Rs. 300 crores is what we have capitalized till end of March. And there is a balance of almost Rs. 170-200 crores, which we are strategically looking to invest in ramping up capacities, primarily both in Bhiwadi as well as in Sri City and looking at newer product categories to enter. So, this is something we would say Rs. 170-200 odd crores is something which is planned over next 9 to 12 months, I mean, the rest of this financial year.

Tanay Shah: Understood, sir. Thank you so much for answering my questions and wishing you all the best for FY27.

Moderator: The next question comes from the line of Pratap Maliwal with Mount Infra Finance. Please go ahead.

Pratap Maliwal: So, I am just trying to look at our business from a two to three-year perspective. So, we have got a current revenue base of approximately Rs. 1,900 crores to Rs. 2,000 crores, but we also have the Hisense revenues coming in.

So, over two to three years, do you see our revenues kind of doubling because of the aggressive target that we have for Hisense? And then we'd also be moving in line with the industry based on the run rate. So, over two to three years, given the scale, can our revenues actually double?

Ajay DD Singhanian: Thanks, Pratap. Yes. For players like us in the OEM and ODM ecosystem and with strategic partnerships, the one we have with Hisense, which has an aggressive growth plan, the categories we are into and the way we are expanding our overall portfolio and increasing our customer penetration, definitely, that is the intent and that is the kind of overall outlook we internally have.

And over the past, the previous earnings call and every time we have shared a similar vision. So, here, we echo our shared vision with you and definitely, that is the way ahead we are looking to grow. Year of ups and downs, definitely, we believe are a part of the learning for us and they make us more resilient and further help us strengthen our resolve to grow better and grow stronger.



*EPACK Durable Limited
May 21, 2026*

Pratap Maliwal: So, as you said that in Q1, the industry would expect maybe a 15% kind of growth. That is for all players involved. So, we should get our share of that.

Now, there was a notification in Feb that said that Phase 1 of our CAPEX has been operationalized, I believe, 0.75 million units at the Hisense facility. Then, going forward, Q2, Q3, we would be operationalizing, I believe, the washing machines and television.

So, is there any kind of outlook for FY27 at least that you can give us based on our Hisense numbers or what kind of scale-up we can see here? So, we can get an idea of how EPACK can actually outperform maybe some of the other peers.

Ajay DD Singhanian: Again, Pratap, we have historically refrained from giving any quantitative numbers, both in terms of subsidiaries or the parent company. But yes, broadly, as a guideline, we are in line that considering an industry growth of 15% around, EPACK should definitely outgrow the industry growth. Basis that the way we have diversified our customer portfolio and the way we have reduced our concentration risk with any single large customer.

So, yes, definitely, we are on the right path to outgrow the industry and especially with the dedicated facility for Hisense, which is at extremely low level currently. So, that will help us significantly improve our growth. And with the new product categories, both in SDA and LDA segment, yes, the kind of ambitions we are talking about, it is a similar kind of good doubling in medium-term and in short-term FY27 we are outpacing the industry.

Pratap Maliwal: Just one last thing. Sir, you had given an interview, I think, at the end of April, where you had said that we have been able to take on the price hike and pass it on to the brands. Now, a large peer in the similar space had said that the FY27, they are looking at some margin pressures, maybe 50 to 100 bps. So, are we expecting any margin pressure going ahead? Because our margins have been quite volatile. So, what kind of understanding can we get on the margin going ahead?

Ajay DD Singhanian: So, again, Mr. Pratap, in terms of margin, yes, we have been largely able to pass on the commodity hikes to the brand customers. But under the current geopolitical situation where the commodities and FX are changing on a daily or an hourly basis, you please appreciate that it is not possible for us to anticipate the upcoming increase and pass it on in advance. Even the customers are very resistant, and they are also thorough in their analysis.

So, there could be lag in terms of passing on, but yes, broadly and largely we have passed on. So, this is why I believe that a point of stress or strain on the margin for a shorter term could be there. But in the longer term, yes, typically we pass on all the cost increase to the customers.



*EPACK Durable Limited
May 21, 2026*

Moderator: The next question comes from the line of Arshia Khosla with Ashika Institutional Equities. Please go ahead.

Arshia Khosla: Sir, just in a continuation with the previous participant's question, how much price increase have you already taken?

Ajay DD Singhanian: Yes, thanks Arshia. So, the price increase is something which has been done in last two quarters, let us say, starting December and then because of the commodity hikes, then again in January because of the regulation change, the upgradation of products from the old rated to the new BEE rated and then again mid-March because of again the geopolitical situation. So, there have been multiple price increase which have been negotiated at different points in time with the customers.

Overall, again a very broad figure could be as of end of March, the overall price increase in the product which has been passed on due to both the reasons, the revised commodities as well as the revised rating levels is 15% to 20% varying between model to model. And after that, again in April and May, then there has been another price increase. And I believe that a similar kind of price increase has been passed on from brands to the market as well.

Arshia Khosla: That is helpful, sir. And I am sorry, I just missed it on gross margins front. Do we think that now the worst has begun and we will be able to maintain these margins or can we see more contraction on that?

Ajay DD Singhanian: So, gross margins level again, Arshia, broadly we have been maintaining in the past also. So, our gross margins overall are at the EBITDA level if we talk about, barring the one-time adjustments done in Q4, are largely been stable at 7.5 to 8.25 is what has been the stability number for us over the last four years historically.

And the type of diversification in terms of the product diversification and concentration risk reduction we are doing and the depth of component ecosystem we are entering, we believe that in medium to short-term, medium to long-term, these margins are bound to improve.

So, barring a one-time correction, we are very confident that these margins are largely stable in medium to longer-term, these are going to improve.

Arshia Khosla: That is helpful, sir. And, sir, what will be the capacity utilization for RAC in FY26?

Ajay DD Singhanian: In FY26, the capacity utilization would be roughly, I mean, compared to previous year, it has dropped to almost 20-odd percent. So, that is the kind of drop we had. Earlier it was anywhere at 45% to 50% on an average annualized basis. So, the last year it would be at 40-odd percent. So, that is again a very broad number, but yes.



*EPACK Durable Limited
May 21, 2026*

So, this is an annualized basis, whereas of the seasonal utilization, if you look at previous years, it was close to 90%, especially for Q1 and Q4 period, which are the peak season period. So, the last year, they had dropped significantly to, let us say, around 75-odd percent for the peak period of Q1 and Q4.

Arshia Khosla: And my last question would be on the compressors plant. So, we are sitting at optimum inventory for compressors, or are we going to see some shortage for this year as well as next year?

Ajay DD Singhanian: So, on compressor front, again, Arshia, what we expect for, especially in terms of the inventory level, we had covered ourselves with the inventory for the current season, that primarily till June or July is what we had covered up based on our output.

Going forward, there are two conditions. One, the government has now increased the relaxation on import basis there was a circular in the first week of May, 8th May, I believe, wherein the import has been allowed up to 30%, approximately 30-odd percent of import is allowed. This is the quantity which was imported in FY24. So, that gives some relaxation to the industry, and at the same time, the domestic capacity ramp up and increase is on the way, and out of the four leading players who have established capacity in India, they are gradually increasing their capacity.

So, we believe, we think, or we expect that the capacity available for the next season would be sufficient, including the 30% of imports allowed.

Arshia Khosla: That is helpful, sir.

Moderator: The next question comes from the line of Pawan with ICICI Bank. Please go ahead. Since there is no response from the participant, we move to the next question that comes from Abhishek Agarwal with Prithvi Finmart. Please go ahead.

Abhishek Agarwal: Sir, first of all, I would like to appreciate the effort of the management and the way we are steering the company for a long-term perspective. First thing, I think in 2024, we have guided some revenue target of around Rs. 5,000 crores. That we understand that '25 has not gone the way we have thought. Are we still sticking with the Rs. 5,000 crores target in '28 or '29 whatever?

Ajay DD Singhanian: Thanks, Abhishek. Yes. So, I think the previous participant, even Pratap, had a question around the same in terms of the growth aspirations the company has, and we still reiterate that yes, barring a year of uncertainty in the trade or the disruption we have faced as an industry and as a company in FY25-26, we still remain very confident of a positive growth and outpacing the industry growth, and we still believe that our vision of achieving Rs. 5,000 crores around in the next two to three years is something which is definitely achievable, and this is what we strive for.



*EPACK Durable Limited
May 21, 2026*

Abhishek Agarwal: Great, sir. And, sir, what asset turn we can expect the CAPEX we have done or we are going to do? What CAPEX we have planned as of now?

Ajay DD Singhania: So, Abhishek, again, there are two things to look at here. Compared to FY25, wherein the asset turn was approximately 3.2, in the current FY26, it has deteriorated to almost 2.6 around.

But the silver lining here is that the CAPEX of approximately Rs. 300 crores, what we have done in last four quarters, is especially done to ramp up capacity and capture the opportunities and to help us also take on our intent to diversify the product portfolio.

So, all these intents and all this increase in CAPEX are in the right direction, and we are already seeing the fruits the way we have approximately 50% increase in revenue of the non-AC segment.

So, with the continued growth, which will outpace the AC growth, we are very positive that the asset turn is bound to improve beyond 3.2, and we are looking to achieve around asset turn of 4 in the medium to longer term.

Abhishek Agarwal: And, sir, in this year, this financial year, we have added around 17 new clients. So, how many customers we have added in the RAC segment?

Ajay DD Singhania: So, again, Abhishek, since we are bound by certain signed NDAs, not to disclose the names and the categories in which we have added them, but yes, the 17 new customers broadly, 5 of them are large, multinational, and established customers for the cooling appliances, and the others are significant players against among the top 10 players for the small domestic appliances. So, that is a large breakup of the 17 new customers we have added.

Abhishek Agarwal: And, sir, my last question on the net effect on the one-off item, if you see that one is the reversal of the PLI benefit, and second, on the Rs. 21 crore somewhere, we have accounted to the RIPS scheme. So, I think net effect on the net profit level, it would be around Rs. 11 crores to Rs. 12 crore, correct?

Ajay DD Singhania: Yes.

Abhishek Agarwal: I am correct in that sense?

Ajay DD Singhania: Okay. So, again, two things, Mr. Abhishek, here. First of all, we want to be very clear and precise. The reversal of Rs. 32.42 crores of the previously accrued PLI incentive, the total eligibility for financial year was roughly Rs. 56.5 crores, of which we had only accrued roughly Rs. 32 crores, which means there was an additional amount of Rs. 24 crores available for us to be or the incentive available to us for Quarter 4 to be taken, which we had traditionally been doing in the previous years.



*EPACK Durable Limited
May 21, 2026*

So, we not only lost Rs. 32.42 crores, but we have not recognized the entire Rs. 56.5 crores. So, that is the quantum. So, against this 56.5, we have only recognized Rs. 21 crores of additional PLI. So, the overall difference still remains around Rs. 35-36 crores.

Abhishek Agarwal: Done, sir. This is from my side.

Moderator: The next question comes from the line of Pawan with ICICI Bank. Please go ahead.

Pawan: My question is, given the ongoing transition to BEE-rated air conditioners, does the company foresee any risk of inventory write-offs or markdowns on older non-compliant AC models? And if so, has any provision been made for the same in the current or upcoming quarters?

Ajay DD Singhania: Thanks, Pawan. So, in terms of old BEE-rated products basis the BEE guidelines, the company doesn't hold any inventory of old rated products on its own. Whatever was produced was shipped out latest by 31st of December 2025.

So, after 31st December 2025, the company is not holding any inventory of old rated products because it is not allowed to be held by the manufacturers. And it was largely available with the brand's warehouse or with the traders.

And again, basis the BEE norms, it cannot be sold beyond June, I believe. So, by end of June, the entire inventory of the old BEE-rated products would either get liquidated or has to be re-rated again by the brands or the traders.

So, on this front, as an OEM ODM, EPACK has no liability to be accounted for or to be recognized.

Pawan: Sir, I have one more question. Auditors have issued a qualified opinion citing a disputed trade receivable of Rs. 19.61 crores. So, can management provide more details on this dispute? What is the nature of the receivable, the counterparty and expected timeline for resolution?

Moderator: Sir, please go ahead.

Ajay DD Singhania: So, Pawan, in terms of the reservations or being highlighted by the, qualifications being raised by the auditors, this especially pertains to one of the cases wherein the receivable is from a customer called Gangnam from Rs 19.61 crores, which is currently or has not been paid by these. The matter is sub-judice.

We have already filed legal complaints and the company still believes that the receivable is good and the company has a strong chance to recover it. And the customer also has the capability to pay it or is worthy or has the net assets to actually pay it. And hence, we have given the same



*EPACK Durable Limited
May 21, 2026*

opinion to the auditors as well. And since the matter is currently under legal proceedings, any further amount of information cannot be shared on it.

Pawan: Thank you, sir. And wish you all the best for Fiscal Year '27.

Moderator: The next question comes from the line of Keshav Lahoti with HDFC Securities. Please go ahead.

Keshav Lahoti: Sir, as you highlighted, Q1, the volume growth can be 15%-20% in RAC side and you have taken the price hike also of around 15%-20%. Fair to assume Q1 on the RAC and that way the revenue growth should be upwards or at least 30%?

Ajay DD Singhania: Thanks, Keshav. Again, yes, the price hike we shared is correct and the industry outlook of growth in the current quarter is also in line with our overall expectation of growth for the current quarter. So largely, we are in line with the revenue growth or the anticipated industry growth.

But giving any numbers currently would be not right. But yes, we definitely foresee a growth in the industry and that kind of growth will be replicated in EPACK performance as well. So, current order book is strong and we are definitely seeing a recovery path as compared to the last year.

Keshav Lahoti: As you highlighted, the higher cost is getting passed on. Is it entirely passed on or we will be seeing some margin pressure for next few quarters?

Ajay DD Singhania: So, there is always a time lag, Keshav, in terms of passing on the price increase and when it is actually realized. Actually, the volatility around Forex is something which is highly unpredictable, which is definitely something of a greater concern.

But yes, commodity hikes are passed on every quarter and we have been following this practice. And in case there is any force majeure wherein there is a requirement to pass on the price increase even midterm is something which is always negotiated and accepted by the customers. So, yes, the price increases are largely passed on. There could always be a lag when it is passed on and when it is actualized.

Keshav Lahoti: Can you just highlight what sort of margin pressure can we see in Q1 because of lag effect and possibly Q1 margin will get normalized due to, let's say, Q3?

Ajay DD Singhania: So, we will see some improvement in material margins as compared to Q4 definitely. But on a Y-on-Y basis, if we compare Q1 of this year to Q1 of last year, we will still see some lag in terms of passing the price increase.

Keshav Lahoti: That is helpful.



*EPACK Durable Limited
May 21, 2026*

- Moderator:** The next question comes from the line of Siddharth with Tusk Investment. Please go ahead.
- Siddharth:** Sir, my question is regarding the compressor side. So, what percentage of imports currently for the compressor are we doing, sir? And domestically, what is that percentage that we are sourcing for compressors?
- Ajay DD Singhania:** So, Siddharth, currently, in the Calendar Year '25 or from the Financial Year '25, the amount of compressors imported in India were typically at 45% to 50% of the entire consumption. So, that is a broader number for the industry. And of which, then again, we have seen ramp up in capacities by multiple players, including Hailey, GMCC, and Daikin. All three of them are ramping up capacities of local manufacturing in India. So, it is an evolving situation.
- But yes, traditionally, from 100% to today, 45% is the kind of journey we have seen in last three years. And as the domestic ecosystem is, or the manufacturing capacities are further getting improved, we believe that government's intent of allowing close to 30-odd percent of import should be sufficient for the industry to meet its requirement for the next year.
- Siddharth:** So, sir, for EPACK, the current sourcing will be 50-50, import and domestic?
- Ajay DD Singhania:** For us, it is roughly in line with the industry. 60-40, kind of 60% domestic and 40% import.
- Siddharth:** And so the vendors will be Highly, JVs, and all for the domestic compressors?
- Ajay DD Singhania:** So, domestically, we have four air-con compressors manufacturers, Highly, and then GMCC, which is a Midea company, then Daikin, and LG. So, these are the four established compressor manufacturers for the air-con compressors in India today.
- Siddharth:** Sir, my second question is regarding the PLI reversal. Like you highlighted that the entire Rs. 56 crores we were eligible, but we haven't taken any of that into the FY26 results. So, my question is, though we are eligible, we haven't taken, or is it that the entire Rs. 56 crores, we couldn't take this year?
- Ajay DD Singhania:** So, against that, yes, you are right. Rs. 56.5 crores was the eligibility for us to receive in the Financial Year FY25-26, of which we had accrued Rs. 32 crores in the first nine months. And in Quarter 4, because we found that there is certain shortfall in terms of the growth which was required to be achieved, hence we have currently reversed the Rs. 32 crores which was accrued in the first nine months and we are still evaluating with the agencies on the applicability and qualification.
- So, this is something which is still under discussion or under evaluation by the DPIT and the concerned agencies. And hence we thought it is prudent not to currently recognize it and do it



EPACK Durable Limited
May 21, 2026

only when we are confident or the auditors are able to allow us to recognize that kind of an incentive.

- Siddharth:** So, there is a chance that in the subsequent quarters we might realize this PLI reversal?
- Ajay DD Singhanian:** We will ask or we will advise a caution before making any such commitment. So, we will still want to wait for another quarter or so before we get the confirmed intent from the agencies on this.
- Moderator:** The next question comes from the line of Rabindra Nayak with Nirmal Bang Securities. Please go ahead.
- Rabindra Nayak:** So, thank you for the opportunity. Sir, actually I have seen that in the last quarter, Y-o-Y basis there is a 700 basis point decline in the gross margin and in Q-o-Q there is a 300 basis point decline in the gross margin.
- So, can you please highlight what is due to the mix and what is due to the cost inflation? If you can quantify it, it would be helpful. And how the things are going to be in the coming quarters?
- Rajesh Kumar Mittal:** The gross margin has not been reduced. On which basis you are saying that gross margin has been reduced? There is a dip in the EBITDA margin, which we have already explained. On what basis you are comparing? You are comparing on a quarter basis or yearly basis?
- Rabindra Nayak:** Quarter basis. I am talking about quarter basis. What is due to the cost inflation and what is due to the mix? Because we have increased the component and also the durable mix better as compared to AC. What is due to the decline in the gross margin due to the mix and what is due to the cost inflation?
- Rajesh Kumar Mittal:** But there is no major dip in the gross margin on quarter-on-quarter basis.
- Ajay DD Singhanian:** Mr. Rabindra, actually the gross margin has been fairly stable across all the four quarters on Y-on-Y and Q-on-Q basis both. Sorry, but we are not clear with the question. Yes, any fluctuation in terms of EBITDA margin is definitely visible, but gross margins are largely consistent.
- Rabindra Nayak:** I am talking about the sales minus the cost of retail and purchases. That is the gross margin I am talking about. Last year it was 16.3% and this year it is 15.1% quarter-to-quarter basis from Y-o-Y 20% to 13%. That is what I am talking about.
- Ajay DD Singhanian:** Mr. Rabindra, what you are highlighting in terms of numbers is correct. So, typically if we look at Quarter 4 would be there, the margins would be slightly better because of certain year end TOD discounts are received in the end of the year. So, that is a small insignificant amount, but yes, that impacts to the extent of 100 basis point or so every year.



*EPACK Durable Limited
May 21, 2026*

- Rajesh Kumar Mittal:** You are comparing Quarter 4, year-on-year Quarter 4?
- Rabindra Nayak:** Yes, even Quarter 3 also I am talking about Quarter 3. Quarter 3 it was 16.7% and it has gone down to 13.3%. Anyway, we will take it.
- Rajesh Kumar Mittal:** What I am saying that as MD sir has already mentioned that we have taken the reversal of the PLI amount in the Quarter 4 which we had accrued in the first 9 months.
- Ajay DD Singhania:** So, Mr. Rabindra, to answer your question in a simple manner, in the previous quarters the accrued PLI revenue and hence that kind of inflates slightly the material margin what we have seen because the PLI income is 100% material margin. So, because that has been reduced in the current quarter, hence the impact is there. Net of quarter-on-quarter it is normalized. If we see all the four quarters, it would be similar.
- Rabindra Nayak:** And sir, what is the current year debt level and what is the capital expenditure for FY27?
- Rajesh Kumar Mittal:** Current debt level is around Rs. 700 crore, which includes a term loan of Rs. 200 crore.
- Rabindra Nayak:** What to expect in the FY27?
- Rajesh Kumar Mittal:** FY27, it is not like that it will go up, but there are some plans as already mentioned in the CAPEX. So, there could be some payment of the term loan in the current year and there might be some increase also. Practically, it will be at a near term it will be around Rs. 700 crore only.
- Moderator:** The next question comes from the line of Abhijit, an individual investor. Please go ahead.
- Abhijit:** So, I have a question regarding the inventory. I think it is around Rs. 837 crores. How much of that inventory has been diluted until now?
- Ajay DD Singhania:** So, Abhijit, thanks. Yes, rightly said. The inventory level as of end of March was close to Rs. 800 crores. And as I mentioned in one of the earlier questions, it was largely because of the increase in inventory level, especially for compressors for which the BIS was expiring in April, mid of April.
- So, yes, we had certain elevated inventory end of March, which as the order book and as the execution of orders in April may continue to be very strong, is getting depleted very fast, exact numbers in terms of the current inventory I will not be able to give at this point of time, but we can definitely, what we are trying to say is that inventories have largely normalized both in our system as well as in the trade.



*EPACK Durable Limited
May 21, 2026*

So, at both ends, we see inventory levels being normalized and end of this quarter, we believe that our overall inventories would be in line with our earlier quarters or similar quarters in the previous years.

Abhijit:

The next question is regards to the compressor issues. I understand the government of India wants to push the production of compressors in India and local sourcing. That is the objective of the government. And the total AC market, the challenge that the compressor guys are also talking about is that 60% of the sales of the entire AC happens between in one or two quarters, right? That is like the problem that is there.

Are you guys looking at anything in regards to the compressor side? Because that is an opportunity that is there, which is presenting itself. So, just wanted to understand on that regards.

Ajay DD Singhania:

Abhijit, I think this is something which we face on a daily basis. Compressor manufacturing definitely had been one key opportunity for the Indian manufacturers in terms of improving localization two to three years ago.

Today, in terms of the current context, when we face ourselves, there are two things. One, already we have the two major global powers, both Highly and GMCC present in India with large capacities, each one of them almost close to 7.5 million and the other putting up a capacity of almost 10 million.

So, that is the kind of capacities they have already put up or committed to put up in India next few months or quarters. And it is a highly technical item, wherein we definitely feel that no Indian player, even the large players in India do not have the capability to think of putting up it alone.

So, no, we are not evaluating getting into compressors. We want to focus on our core competence and the customer risk concentration reduction and the product diversification what we have, the path on which we are currently following. We believe that this is the journey which will take us onward and forward and we will continue on this journey which will definitely help us improve both our asset and improve our ROE, ROC and leverage on the investments which have already been committed by us.

Moderator:

Our next question comes from the line of Siddhant Mehra with Tusk Investment. Please go ahead.

Siddhant Mehra:

Just one last question. Sir, we have started the sales from the Hisense plant of the 7 lakh capacity.

Ajay DD Singhania:

Yes. Siddhant, so the plant became operational in last week of March, around 30th of March is when we started operations and we started manufacturing the Hisense air conditioners. And yes, as we talk today, the commencement of both manufacturing and supply is ongoing.



*EPACK Durable Limited
May 21, 2026*

Moderator: The next question comes from the line of Aryan with InVed Research. Please go ahead.

Aryan: My question is on our Epavo JV. So, if I look at the losses the JV has incurred this year...

Moderator: I am sorry to interrupt, Aryan. I would request you to be a little louder.

Aryan: So, my question is on Epavo JV. So, if I look at the losses, it has doubled this year. And we are doing a CAPEX of almost Rs. 100 crores for this JV and has provided a loan of almost Rs. 23 crores.

So, just wanted to understand when can we expect this JV to break even? Because when I see the history of this JV, it has not been able to generate profits for quite two years. So, what gives us the confidence that JV will be able to break even next year?

Ajay DD Singhanian: Thanks, Aryan. So, regarding the JV company Epavo, yes, the total investment today currently stands at almost Rs. 100 crores. And we are happy to share that a new Greenfield manufacturing facility for Epavo had been set up and has become operational since end of Quarter 3.

So, it started mass production in January. And the Q4 revenue and Q4 scale-up of operations has been extremely encouraging. And taking a cue from the type of ramp-up which has happened in the Greenfield facility in Bhiwadi for Epavo, we are very confident that now this FY27 being the first full year available to the company with its renewed and ramped up capacity of roughly 3 million motors installed per annum, the overall ramping up, the overall customer approval and the product development, whatever has been done in the previous two years is now started showing results.

And the management of both the companies is very confident that this year would be a significant year of ramping up. And from FY 27-28 onwards, we will definitely see this company in green.

Aryan: Sir, on the incentive side, I just wanted to understand next year, what is the PLI incentive can we expect to accrue?

And second, on the RIPS incentive as well. So, next year, can we expect both incentives to come? Because now we are eligible for the Rajasthan incentive scheme as well.

Ajay DD Singhanian: So, these are two different things. In terms of PLI, FY 26-27 is the last year of PLI incentive. And the company is eligible to receive an incentive of Rs. 60 crores, for which there were two criteria, the CAPEX of Rs. 300 crores, which has already been completed successfully.

And now the second criteria is in terms of achieving the threshold increased revenue, which is something which will be under scrutiny. And we will request to look at numbers without PLI, especially considering the experience of the last year. So, this year, the company will be



*EPACK Durable Limited
May 21, 2026*

extremely careful before recognizing any such PLI incentive. And we will doubly ensure, that the path to achievement is sure. And that is one side of the PLI.

And in terms of the turnover linked incentive receivable on our investments in Bhiwadi, that is the Phase 1, which was applicable for the next 10 years. And there is still another phase of PLI to be applied for the CAPEX, which was subsequent to 2022. Because the current entitlement certificate is the investment which was completed as on November 22, February 22, sorry.

So, post-February 22 to till date, whatever investments have been further done, we are still to make an application for that. So, yes, this is something which is for next 10 years. And basis the revenue which is related to manufacturing, which is done, there will be something which we will keep on accruing for the next 10 years.

Aryan:

Just wanted to understand, without PLI, what should be the gross margin and the EBITDA margin which you would expect? And the next year, Rajasthan incentive PLI, so it is based on turnover, right? So, just wanted to know, we are expected to have, if let us say, we are not able to get PLI, like this year, but Rajasthan incentive, we will be able to get in the next year, because it is based on turnover, not on incremental sales.

Ajay DD Singhania:

So, Aryan, basis our experience in last, especially FY26, we again advise a caution before recognizing any incentives. So, we like to keep all government incentives separately and look at the core company performance.

Having said that, we expect the normalized material margin of roughly the historical 13% to 14% is what has been the historical margin, which will then slowly and gradually start improving as we improve our capacity utilization, especially for the Hisense facility and the increased capacity in the facility.

So, 13% to 14% gross margins and around 7% of EBITDA, normalized EBITDA is what the company is expecting and to improve. Any incentive, both in terms of PLI or TLI, should be above it. So, I hope that answers most of the questions.

Moderator:

The next question comes from the line of Agru Srinivas, an individual investor. Please go ahead.

Agru Srinivas:

RAC sales also is very low this quarter. Previous year, you mentioned some seasonal winds or rainfall happens. This year, El Nino effect is there and more sales that happens. Still, in RAC segment is also very low compared to PEBS. Why?

And one more thing, what about this MoU with East India Technology Private Limited? There, we have entered into any other new segment, any profitable laptops or mobiles. Is this MoU effect us, like, not entering into other segments or we can break and we can go also? And I want to know these things.



*EPACK Durable Limited
May 21, 2026*

Ajay DD Singhanian:

So, Mr. Srinivas, two questions. First, around the RAC. So, compared to the first three quarters, wherein we saw a de-growth of almost 33% in RAC revenues, so for the first three quarters, if you see, the RAC decline was close to 33% for us, whereas in Q4, there has been some recovery and the de-growth is only 25%. So, we have tried to recover the overall AC sales and like you rightly said, the El Nino is something which has been impacting the overall globe for last couple of years. So, the climate conditions have been changing and have been very uncertain.

So, yes, the current heat wave we see is something which is impacting the current quarter of the current season. The brands or the market was very cautious because of the elevated inventories, which was there in the trade for April, May, June in '25. And by Feb, March is only when the industry was able to liquidate those inventories. So, that puts us in a very healthy situation as of now, as an industry, as an EPACK, we see that inventories are normalized and we see a growth for the current quarter.

In terms of MoU with East India, that is largely related to manufacturing of electronic components, which currently is not one of the core strengths or core focus areas for EPACK Durable. Our journey and our investments are aligned towards ODM of home appliances, SDAs, LDAs and the other components as you see.

So, there is no direct conflict of interest with that as we see and the management at EPACK Durable has liberty to get into any new product categories, even if those are under the privy of East India whenever we want to.

But anyway, those categories are not currently under our radar to, we are currently focusing as we have been sharing on the ACs and the small and large domestic appliances and ODM business. So, that is the focus and that is where our investments have been committed and we would want to leverage on those investments only. So, we want to keep our focus on the investments what we have already committed.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Ajay DD Singhanian:

So, thank you all the participants in this earning con call today and I hope we have been able to answer your questions satisfactorily and also thanks to ICICI for hosting the call today. So, once again, thank you everybody.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.