



EPACK DURABLE LIMITED

(Formerly Known as EPACK Durable Private Limited)

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July 25, 2025

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 Unaudited Financial Results for the quarter ended June 30, 2025.

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 on the Standalone and Consolidated Unaudited Financial Results for the quarter ended June 30, 2025, held on July 21, 2025.

A copy of same shall also be posted 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**

Jyoti Verma
Company Secretary and Compliance Officer

Encl. as above



CIN: U74999UP2019PL C16048

**“EPACK Durable Limited
Q1 FY '26 Earnings Conference Call”
July 21, 2025**



CIN: U74999UP2019PL C16048



**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
MR. NARAYAN LODHA – EXECUTIVE DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER – EPACK DURABLE LIMITED**

MODERATOR: MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS LIMITED

Moderator: Ladies and gentlemen, good morning, and welcome to the EPACK Durable's Q1 FY '26 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors for the opening remarks. Thank you, and over to you.

Bhoomika Nair: Yes. Thanks, Ryan. Good morning, everyone, and a warm welcome to the Q1 FY '26 earnings call of EPACK Durable. We have the management being represented by Mr. Bajrang Bothra, Chairman and Whole Time Director. At this point, I'll hand over the floor to him, and he'll introduce the rest of the management and take the call forward. Thank you very much, sir, and over to you.

Bajrang Bothra: Thank you, Bhoomika. Thank you very much, and good morning, everyone. I am Bajrang Bothra, Chairman of EPACK Durable Limited, and I warmly welcome you all to our Q1 FY '26 earnings conference call. The Board of Directors approved our Q1 FY '26 results on July 19, and I trust you have all had the opportunity to review them.

As many of you know, EPACK Durable is India's one of the largest ODM for room air conditioners. We are steadfastly executing our strategy to diversify beyond our core room air conditioners business into higher growth, more profitable categories, namely small domestic appliances and large domestic appliances, namely washing machines and air coolers and components.

Joining me on today's call are Mr. Ajay DD Singhania, our Managing Director and CEO; Mr. Rajesh Kumar Mittal, our Chief Financial Officer, EPACK Durable; and Mr. Narayan Lodha, Executive Director and Group CFO, EPACK Group. They will take you through the details of our operational and financial performance for the quarter.

Thank you. With that, I now hand it over to Sri. Rajesh Mittal, our CFO, to take you through our key financial highlights for Q1 FY '26. Thank you very much.

Rajesh Mittal: Thank you, sir. Welcome to our earnings conference call of the first quarter of financial year 2026. Let me first thank you, our host of today's earnings call, that is DAM Capital. Now let me give you some of the key financial highlights for the quarter ended and the period under review. For the first quarter under review, revenue from operations stood at INR662 crores, climbed by 14% on a year-on-year basis.

EBITDA was around INR55 crores which increased by around 6% on a year-on-year basis with EBITDA margin reported at 8.24%, which expanded by 156 basis points on a year-on-year basis. The net profit was around INR23 crores, which declined by 2% on a year-on-year basis.

However, net profit margin expanded by 43 basis points to 3.46%, reflecting better quality of earnings and disciplined execution even in a challenging environment.

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. The first quarter was a bit subdued due to headwinds in the market, primarily driven by unseasonal rains and surplus finished goods inventory in the industry carried over from Q4 FY '25. Despite these external challenges, we delivered a resilient performance.

We continue to strengthen our core business fundamentals and added 14 new customers during this quarter with supplies already commenced to 3 of them. Additionally, a more optimized product mix contributed to improved EBITDA margins and stronger profitability on a year-on-year basis. From a segmental perspective, our RAC business witnessed a 34% decline year-on-year, mainly due to suboptimal seasonal demand, reflecting broader market challenges.

However, other segments demonstrated stronger momentum. The SDA segment grew by 16% on a year-on-year basis, led by healthy order inflows across both existing and new products, particularly with encouraging preseason demand for air fryers.

Our Components segment delivered standout growth of 5% to 6% year-on-year, supported by a solid order pipeline for PCBs, copper parts, plastic molded components. Our large domestic appliances segment reported a 29% year-on-year growth, driven by our continued focus on expanding customer base. Notably, our product business contributed 77% of total operating revenue during the quarter, reaffirming customer confidence in our core offerings and highlighting strong market adoption.

In line with our strategy to scale and diversify, we also took a significant step in broadening our Components segment. During the quarter, we entered the energy meter sector by supplying critical components marking our entry beyond the consumer durable space. This diversification is a deliberate move to reduce concentration risk and position ourselves in adjacent high-growth industries. We see this as a long-term growth lever that strengthens our portfolio and opens up new opportunities across sectors.

We remain committed to long-term value creation through strategic capital investments aimed at expanding capacity and supporting our diversified growth road map. By end of Q1 FY '26, we made steady progress across multiple key locations. We incurred approximately INR50 crores of capex in Q1 FY '26, primarily directed towards capacity expansion and equipment installations for our washing machine line, component segment at srivity .

Additionally, investments were made in civil and infrastructure works at our joint venture facility, the wholly owned subsidiary for Hisense and our new greenfield plant in Bhiwadi. These investments, along with the upcoming Sri City facility for Hisense, growing customer engagement through new RFQs for the coming season and continued expansion of our product portfolio positions us well for the future.

With a strong foundation in place and focused execution, we remain confident in achieving our full year targets and sustaining healthy revenue growth going forward. With this, we now open the floor for Q&A session.

Moderator: The first question comes from the line of Vishal Dudhwala from Trinetra Asset Management. Please go ahead.

Vishal Dudhwala: So, I have a couple of questions. My first question is, now that EPAVO is supplying BLDC motors, what bump in revenue and margin do you expect versus buying motors from outside? And how quickly will you see cost benefit once the plant is running at full speed?

Ajay DD Singhania: In terms of our new greenfield plant coming up at Bhiwadi for EPAVO, the JV facility, like we shared in our earlier con call, we are putting up a capacity of 3 million motors, BLDC motors, which is almost 10% of the total India market demand. So, with this kind of capacity, we look forward to strong margins and revenue growth both in the subsequent years.

The current year being first year, we will focus more on ramping up the capacity, getting the approvals from the customers and also utilizing both for our captive requirement EPACK Durable as well as servicing the other clients in the market.

Vishal Dudhwala: And my second question is on the macro side. Like how do you see overall RAC industry demand shaping up this year, especially with the shift to inverter and R32 models and pending Ecodesign regulation, how EPACK positions its product mix?

Ajay DD Singhania: So, like we have seen a temporary slowdown in Q1 FY '26, primarily due to unseasonal rains that have impacted secondary sales, especially for air conditioners, however, this appears to have been a short-term disruption. The overall growth story for air conditioning still remains extremely strong. And the kind of RFQs, which are floating in the market, primarily with the upcoming revision in BEE, the new lineup of products is ready at EPACK.

We will offer a complete range of products starting from 0.9 tons to 2 tons and beyond, for all our clients, both inverter and fixed speed. Obviously, with the change in BEE, fixed speed seems to be a more challenging product, and we see a continued growth for the Inverter segment. Inverter has already been increasing year-on-year, now almost contributing more than 80%, 85% of the overall AC sales, and we see that inverter will further grow in the market.

So definitely, inverter is the next thing. And R32 is already in use in India since last 4, 5 years, and it continues to be a green gas and remains to be used. So, there's no alternate refrigerant, which is currently used in the India market.

Vishal Dudhwala: Okay, got your point. That's it from my end. I will wait in the queue for the further questions.

Moderator: Thank you. The next question comes from the line of Aniruddha Joshi from ICICI. Please go ahead.

Aniruddha Joshi: Thank you for the opportunity. Sir, 2, 3 questions from my side. One, how was the industry growth and at least what -- in June quarter, and we heard the growth has recovered to some

extent in June and maybe slightly in July also. So, is that a fair understanding or do you see there is no recovery in sight? That is question one.

Question two, what would be the inventory in the market higher than the normal inventory of RAC. Also, lastly, in terms of -- actually, there is no reason -- there was no reason for the brands to buy out the air conditioner considering there was excess inventory at the March end. So we see EPACK has done really well. So has EPACK gained market shares or it would have grown with the market? Yes, these are the 3 questions.

Ajay DD Singhanian:

Thanks, Aniruddha. First of all, like you shared, yes, the industry growth was challenging in Q1, especially April and May, there was substantial loss of sales and revenue for all the brands. The channel inventory was at its peak beginning of June. However, June witnessed the channel inventories being liquidated largely. And now we see a situation wherein the inventories are normalizing. The secondary sales happened in June month and then currently continuing.

So definitely, the inventories are slightly higher, but still manageable and quite close to the normal levels, especially now with the revision coming up, the brands are focusing more on creating the lineup for the next season. So, I mean, it's not an alarming situation anymore the way it was beginning of June.

So currently, yes, there was some overhang of inventory, but now it's largely liquidated and mostly at a normalized level. In terms of the third question around the market, so inventory market -- inventory, so currently it's largely normalized. Sorry Aniruddha, you had a third question as well?

Aniruddha Joshi:

The third question is, have we gained market share in the EMS sector in June quarter?

Ajay DD Singhanian:

So, like we have been maintaining, EPACK definitely aspires to outgrow the market wherever possible, so our objective has been to recover the lost customers or the customers with whom we -- to increase our wallet share with almost all the customers. And in the efforts, going forward, the RFQs are very strong. Past quarter, yes, we performed, but it would be difficult to say that if we have taken away any share from any competitor. But yes, we continue to grow and deliver the best quality products.

Aniruddha Joshi:

Okay. Sure, sir. Lastly, sir, if you can quantify in terms of what was the RAC market in June this quarter versus last year June quarter?

Ajay DD Singhanian:

So the June numbers in terms of secondary sale is still not available. Basis the number available for April and May, it seems the market degrew largely up to almost to the extent of 30%, 35%. So that was the kind of degrowth the market had and the inventory overflow got liquidated in June. So overall, we believe that Q1, the market -- overall AC market degrew probably between -- anywhere between 30% to 35%.

Aniruddha Joshi:

Okay, sure, sir. Thanks for the questions, very helpful. Thank you.

Moderator:

Thank you. The next question comes from the line of Raj Sarraf from Finvestors. Please go ahead.

- Raj Sarraf:** Sir, first of all, I have 2 questions. Like do you see any major recovery in the RAC segment in this financial year, keeping in view all this -- and the second is what is the margin mix of RAC and the rest of the segments we have, which is estimated -- we estimate it to have our rest of the segment by 15% for FY 2026. So these are the questions, sir.
- Ajay DD Singhania:** See, as we have been discussing, definitely, there was a softened demand in Q1 due to unseasonal weather. However, like I've been sharing with evolving EE standards, the current trend shows a healthy rebound in channel pull-through as inventories align. The RAC market for FY '26 is expected to be still a growth.
- So definitely, FY '26, we will still see growth and a strong demand is what most of the brands and customers are still expecting with this story -- with the tailwind still being strong on a long-term basis. So the market is definitely destined to grow overall for FY '26. So that's the kind of outlook we are working on and everybody is expecting in the market.
- And in terms of the margin mix, we remain firmly on track to deliver strong financial performance, targeting at an EBITDA margin of 7.5%. And in terms of the margin mix, between the different segments, yes, as we diversify into other segments, especially components and LDA and SDA, that definitely helps us achieve better overall gross margins as well as EBITDA margins. So the margins in the other segments are comparatively better as compared to the aircon margins.
- Raj Sarraf:** Okay. Sir, any ballpark number we are estimating in such segments?
- Ajay DD Singhania:** So like I shared, we are targeting an EBITDA margin of 7.5% plus in FY '26 with a medium-term ambition of almost close to 8%. So alongside this margin expansion, our margin improvement strategy is built on the 3 levers like to continue to diversify and grow our portfolio of air conditioning alongside definitely growing the small domestic appliances as well as the large domestic appliances and the component business.
- Raj Sarraf:** Okay. And the last one, sir, now we see that there is a subdued demand in the Q1 from RAC segment. So how can we take FY '26 going forward? Any ballpark number for the whole year at consol level, if you can give?
- Ajay DD Singhania:** See, like I shared, the market is definitely expected to outgrow FY '25 overall despite the slowdown in Q1. So Q1, there was a degrowth, but overall, the annualized numbers for the market still seem to be positive and the market might see a growth of anywhere between, let's say, 10% to 15% kind of growth is what is expected still from the market.
- And overall, the long-term story still of 20% plus kind of growth over the next 4 to 5 years is what the AC industry has been looking out for. So, with that kind of a number, EPACK definitely believes that we will outgrow the market.
- Raj Sarraf:** Thank you, very much and good luck, for the rest of the year.
- Moderator:** Thank you. We take the next question from the line of Deepali Bansal from Ventura Enterprises. Please go ahead.

Deepali Bansal:

My first question is, could you explain the whole company structure now as we are getting -- as we are growing actually, we are taking over, and Hisense is going on, Sri City old expansion is going on. Would you be able to explain the whole structure now, like where washing machines are produced or AC is produced, what is the capacity utilization?

What's the time line we're looking at for Hisense or maybe EPAVO or maybe a new organization that we have just started Bumjin, what are we expecting from that? And the Energy Meter sector, which is mentioned in your PPT that you recently entered into that segment, what's the revenue potential from all these new segments that we have entered into now?

Ajay DD Singhania:

Yes, the overall structure for EPACK Durable Limited is that currently we have 4 associate companies, 2 of them being the wholly- owned subsidiary, namely EPACK Manufacturing, which is a dedicated facility for Hisense. Therein, like we have shared earlier, the lines for AC are being set up. The construction is ongoing in full swing. And currently, the lines are being set up and the production ramp-up is expected to start from end of Q3 and then mass production from Q4 onwards.

So that's largely the Hisense plant for the OEM product, whereas the Hisense ODM production already commenced from end of March, and that is an ongoing thing for air conditions. And current quarter, we are also seeing a ramp-up in washing machines for Hisense. So that's largely about the Hisense. So, the first subsidiary is a wholly owned subsidiary, largely to make committed products for Hisense.

The second subsidiary, which was recently formed is called Bumjin Audio Components. So that's a new segment EPACK is looking to enter into audio products and components. So that's a company, which is just being registered and the business plan is getting firmed up. The third company, which is a joint venture company with RRWL, EPAVO is the greenfield facility in Bhiwadi is now complete and trial production already started from the beginning of this month and then ramp-up of production will start towards the end of Q2.

So therein, like I shared earlier, we're looking at setting up capacities for almost 3 million plus motors and then increase further. So that's about the third JV. And a fourth company, which EPACK recently formed is an overseas subsidiary, which has been formed to explore opportunities outside of India, especially the Middle East and African market. So that's a more aspirational kind of outlook, which the company has taken to start exploring growth in the export business for both air condition and other appliances.

Deepali Bansal:

Okay. So the supply of Energy Meter things that we have just recently started, what are the...

Ajay DD Singhania:

So that's -- Energy Meter business is part of growth in the component business. So in components, we are looking -- or rather we are not just producing components for air conditioners, we are also producing components like plastic molded parts, heat exchangers, motors for other allied industries like washing machines, refrigerators, energy meters. So that's one of the segment.

Deepali Bansal:

So, this is an entirely different product or it's just a substitute or some additional research has been done on some products and then we have entered into this product?

- Ajay DD Singhania:** So this is one allied industry we can say, for which definitely there's an offset in seasonality or rather we have a more uniform annual demand. So especially in component business, we are looking to acquire or looking to enter into a lot of other areas besides the core appliances business like energy meters or going for maybe like automobiles and also, so those are the components that the team is working on to further develop and create a uniform revenue stream for -- on an annualized basis.
- Deepali Bansal:** Okay. In one of your recent interviews online, you mentioned that you are still looking at a growth of 30% to 35% top line and maintaining bottom line. Are we still on track to maintain that? Or is there some changes that you expect that can happen this year?
- Ajay DD Singhania:** On a long-term basis, yes, we see a strong positive outlook and demand besides air conditions, the company's overall strategy to diversify into other segments like components and small domestic appliances, which has delivered results in the last quarter, we see -- and we firmly believe that our overall outlook for the year remains intact, and we will definitely deliver the kind of results we promised in the beginning of the year.
- Deepali Bansal:** So ballpark figure, as we talk about, let's say, next 5, 7 years, can we do, let's say, INR10,000 crores sales when Hisense and everything is achieved and up and running?
- Ajay DD Singhania:** So that would be rather a very long-term picture to look at. And -- but the management and the team is quite confident and definitely working to deliver results in line with the overall guidelines we had shared earlier.
- Deepali Bansal:** All right, sir. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Arshia Khosla from Nirmal Bang Institutional Equities. Please go ahead.
- Arshia Khosla:** Sir, I just want to understand on the margin side. I mean we've expanded our margins, so what's the sustainability on these margins? And any new clients that we've added in the SDA and LDA part of the business?
- Ajay DD Singhania:** So Arshia, in terms of margins, like we shared, the margin improvement is largely driven by the product mix. So as we can see compared to the Q1 of previous financial year, our overall revenue from other areas of diversification, especially the component business has grown substantially and phenomenally. So wherein the margins are comparatively better.
- So that is one thing, which is resulting in a better overall margin. In terms of new clients, like I shared, we have added close to 14 new clients in the Q1 of this year, from which 3 clients, the supplies have already commenced. And almost all of the clients are for the small domestic appliances and the components business.
- Arshia Khosla:** Okay. That's helpful. And for the full year, are we guiding some EBITDA margin or we maintain the previous guidance?

- Ajay DD Singhania:** So, in terms of EBITDA margin, we are still targeting an EBITDA margin of 7.5% plus in FY '26 with a medium-term ambition of achieving 8%.
- Arshia Khosla:** Got it, sir. Thank you.
- Moderator:** Thank you. We take the next question from the line of Bhoomika Nair from DAM Capital Advisors Limited. Please go ahead.
- Bhoomika Nair:** Sir, I just wanted to actually just touch upon the RAC bit a little more to understand. You spoke about broadly the year still seeing some growth of about 10-odd percent or maybe more depending on how things pan out.
- Now given that 1Q has been fairly weak and inventories still remain in the system, do you think that 3Q, 4Q will be able to make up for the decline because 2Q will also likely see a decline on the high base of last year. So, in your opinion, do you think that RAC segment revenues will actually grow for the full year and see that kind of traction versus the second half of last year?
- Ajay DD Singhania:** So Bhoomika, yes, definitely, Q1, the market degrowth and the spillover to Q2 will impact the first half of the year. But with the BEE revision -- upcoming revision and the higher energy efficiency norms coming in, most of the brands are aligning production to begin with somewhere around end of September or October
- And start ramping up capacities and start ramping up inventories in the channel for the upcoming new season. So we see an early -- I mean, we believe that there will be an early start of season and Q3, Q4 should definitely see most of the production for the next year being done in advance.
- Bhoomika Nair:** Okay. And currently, are you seeing orders coming through or right now for 2Q, they are pretty much slightly on the weaker side given the inventory?
- Ajay DD Singhania:** So generally, the industry works on a system wherein 2Q is used largely to create RFQs and the outlook for the next season. And hence, generally, this is -- the next 4 to 6 weeks are a time wherein the RFQs get floated, the orders get closed and the commercials get closed. So this is more of a period wherein the order book for the Q3 and Q4 are being decided. So I mean, last year was an exceptional year where we saw the production still continuing in Q2, but Q2, it generally remains muted.
- Bhoomika Nair:** Sure, sir. Sir, the other thing was we spoke about 14 customers. This would be across, which segments that you would have seen because SDA also exists. So it would be largely across both the segments? Or if you could give some split of what was the new client addition in RAC versus SDA?
- Ajay DD Singhania:** So a detailed customers, LDA, SDA and component-wise are mentioned in the company's presentations uploaded. So out of the 14 customers, 8 of them were for the small domestic appliances and 4 of them for the -- especially for the washing machine business and then 3 of them for the components.

Bhoomika Nair: Got it, sir. Perfect. Sir, in terms of components, if I look at it, we've seen a significant ramp-up in the current quarter from, as you mentioned in the press release, from Panasonic, Daikin, etcetera, that we are supplying. That's been a very sharp ramp-up that we've seen. If you can elaborate any specific components that we're giving to them?

And how do you expect this scale up to kind of continue? Because while brands are putting up their own plant, they continue to source components from EMS players like us. So how large can this opportunity size become for us in the next couple of years? And what are you looking at?

Ajay DD Singhanian: Bhoomika, especially components is one area where, like you shared, the brands continue to outsource and don't make most of the components in-house. And like I shared earlier, components business, we are not just looking at the AC components, we are also looking at components outside of air conditions like energy meters, we shared. Then, washing machines, air conditions, refrigerators and then a lot of commercial applications, especially like cold rooms and data centers, wherein large commercial air conditioning projects are getting delivered.

So there are a lot of areas where we see components being sourced and the market shifting from imports to domestic. So definitely a high-growth area. And over the next 3 to 4 years, we see component business growing multifold.

Bhoomika Nair: Understood, sir. So here, the Energy Meters, we are only supplying the PCB, not the box, right, entirely?

Ajay DD Singhanian: It's largely enclosures.

Bhoomika Nair: Okay. Understood. Understood. And sir, the other thing was that on SDA, there's been this whole BIS-led related changes, and that's why we're seeing a lot of localization, etcetera. What is the overall TAM for our products and that we could possibly cater to over the next couple of years?

Ajay DD Singhanian: So in terms of small domestic appliances, the QCO has led to a lot of the import restrictions or the BIS not being given to the overseas suppliers has led to a wave of products getting manufactured in India. And at EPACK, we are looking at some of the larger SKUs like air fryers and coffee makers and vacuum cleaners. And the TAM is actually short because the quick turnaround time comes by the way of starting with an SKD and then gradually moving towards higher domestic value addition. So it's a step-by-step approach.

But yes, it definitely brings new products and then puts us into the market wherein we can start using our capabilities for R&D and product development and then look at creating our own ODM range of products. So, we definitely see this as an opportunity wherein our core competence of R&D and product development will help us leverage further and create more SKUs and look at more customers.

So, this definitely is a good starting point for us, wherein we are looking at a larger range of the small domestic appliances, especially the heating and electrical products, motorized products.

- Bhoomika Nair:** Perfect, sir. Sir, just lastly, one bookkeeping question on the debt position, gross and net, if I can just get, cash on books?
- Ajay DD Singhania:** Yes, Rajesh ji.
- Rajesh Mittal:** Bhoomika, this you know that the balance sheet number has not been disclosed in the quarter 1 number. But as compared to March ending, there is some increase in the net debt number as on June.
- Bhoomika Nair:** Okay. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Siddhant Kanodia from Tusk Investment. Please go ahead.
- Siddhant Kanodia:** Sir, I have a couple of questions. So my first question is regarding the washing machine, sir. Sir, what kind of revenue are we targeting for the full year? And what will be the realization per unit for washing machine?
- Sir, my second question is regarding Hisense. Sir, the Hisense capacity in the Phase 1, what will be that units, like how many units are we targeting in the Phase 1? And in the Sri City, I can see that the capex is split between the old plant and the new plant for Hisense. So both the plants are in the same facility?
- Ajay DD Singhania:** So, Siddhant, first of all, about the Hisense capacity. So for Hisense, we are putting up a capacity of almost 0.5 million air conditions in Phase 1 for assembling of air conditions and making heat exchangers.
- Yes, there is -- the investment is partly done in the Hisense company as well as there is some investments being done in the mother company, EPACK Durable because the mother company would be supplying all the other components like the copper tubings, controllers, plastic parts, steels, fans, etcetera.
- So all components, except heat exchangers will be manufactured and supplied by the parent company, EPACK Durable and assembling and heat exchangers will be done at the new facility with the 0.5 million capacity, and we are looking to a utilization of almost -- I mean, increasing the utilization over the next 3 to 4 years and reaching an optimal capacity utilization within the next 3 years. So that's the kind of outlook we have on the Hisense capacity.
- In terms of washing machine, we have started with a top load fully-automatic washing machine. The first project of 8 to 9 kg is now -- already the trial runs have been done for 4 key clients. And in the current month, yes, the mass supplies have also been started. So that's how the washing machine is getting ramped up. And we are looking to further add newer models and higher capacities both for the top load or fully automatic as well as the twin tub semi- automatic.
- So, by end of this year, we are looking at setting up a capacity of almost 90 to 100 SKU per month, so that's on the capacity side. So for the next calendar year, we can foresee a capacity of -- an available capacity of almost 1 million washing machines.

- Siddhant Kanodia:** And sir, what sort of revenue are we targeting from washing machine this year? And what will be our realization per unit?
- Ajay DD Singhania:** So I mean, the company -- we don't look at a segmental margin and realization as such. But overall, like I shared, we are still looking to maintain a healthy margin of close to 8%, on a longer -- on making long-term business.
- Siddhant Kanodia:** And this -- and the revenue guidance of 30% year-on-year?
- Ajay DD Singhania:** The revenue growth, yes, it will definitely come from all these diversifications what we are doing in terms of the growth in washing machines and coolers as well as the small domestic appliances.
- Siddhant Kanodia:** Right, sir. And sir, you mentioned like we had a very good growth in the component side, like 556%. So how much -- what will be the split between the RAC and non-RAC part in the components?
- Ajay DD Singhania:** That kind of number is currently not available with me. We'll pass this question and probably reply to you over an e-mail, if you can please send.
- Siddhant Kanodia:** Thank you so much, sir and all the best.
- Moderator:** Thank you. The next question comes from the line of Sujal from ASP Finserv. Please go ahead.
- Sujal:** So, sir, first of all, congratulations on the set of numbers. And my question is regarding like for Hisense, when do you plan to start your washing machine manufacturing?
- Ajay DD Singhania:** Yes. So like I shared in the earlier question just now, for Hisense, the washing machine trial production is already being done. And this month onwards, the mass production is scheduled to start. So end of -- actually, last week is when the first set of mass production would start for Hisense and then continue.
- Sujal:** So basically, the AC part and the washing machine part will be in the one plant only, and they will be -- both will be starting the production and with one thing will start together only?
- Ajay DD Singhania:** So AC production, there are 2 kinds of ACs, what EPACK is supplying to Hisense. One is we call the ODM product, which is our own design product. That has already started since March of '25. So that's something, which has already started. The new facility would manufacture the Hisense design product, which is scheduled to start from the -- towards the end of Q3, around end of November, December is when it is scheduled to start.
- Washing machine is again being supplied from the same facility, the EPACK's own facility as an ODM product, which I just shared is scheduled to start from last week of this month.
- Sujal:** My second question is, sir, where do you see like recovering of this RAC or AC segment because of this unseasoned rainfall? As the demand has gone down, where do you see the recovery, in which quarter you can be able to meet the same amount of like growth?

- Ajay DD Singhania:** So see, because currently, yes, the season for -- the 2025 season for AC is now almost over, so we have started working on the RFQs from the brand for the next season of calendar year '26. And the production for the next calendar year generally typically starts from the end of September, October.
- So that's largely, let's say, Q3 and Q4 are the 2 quarters wherein we see demand ramping up and production ramping up and ramping up faster because of most of the inventories getting cleared off for the old rated products, during the festivities season and Diwali sales, we believe that the demand -- the brands should start putting up inventory for the new rated product from October onwards.
- Sujal:** So you are saying the inventory which has been put for now because of lower demand, it can be gone in Diwali. And further in quarter 3 and quarter 4, the new inventory will be in the production and will be sold in quarter 3, quarter 4?
- Ajay DD Singhania:** Absolutely, yes.
- Sujal:** Perfect. Thank you.
- Moderator:** Thank you. The next question comes from the line of Ayush Kothari from Kothari Investments & Infrastructure. Please go ahead.
- Ayush Kothari:** Actually, I wanted to ask a few questions, but they are already answered.
- Moderator:** Thank you. We take the next question from the line of Neerav Rajiv from Birla Sun Life Insurance. Please go ahead.
- Neerav Rajiv:** Just on the RAC front, the industry has degrown by around 25%, and we have degrown by around 35%. So is there any market share loss? I mean, your peers are yet to report numbers, but I believe they'll be reporting kind of better numbers. That is what the estimates are. So I just want to understand how does it work? Is there any lag effect? Or like how are we placed on this front?
- Ajay DD Singhania:** Yes. So Nirav, as an ODM OEM manufacturer, there is definitely a lag of numbers between what gets manufactured and what gets sold in the inventory. So, with like June being the fag end of the season, obviously, the brands did not want to pursue any further production and focus more on liquidating whatever was there in the trade.
- So probably even if the secondary sales recovery was there, fresh production was being curtailed to maintain inventory levels within acceptable limits. So probably there could be some lag. But largely, yes, the industry has degrown to the extent of around 30%, and this is what is reflected in our numbers as well.
- Neerav Rajiv:** Sure, sure. And on the component side, we have been able to scale up pretty well like INR100-odd crores of revenue. So, in our revenue guidance for the year, around INR2,800 crores to INR3,000 crores, what would be the kind of mix of components we can expect? Just a broad number, just to get a sense?

- Ajay DD Singhania:** So for current financial year FY '25, '26, based on present trends and ongoing ramp-up of AC, we foresee AC contributing close to 60%, 65% kind of revenue. Small domestic appliances contributing 10% to 15% kind of revenue and components, a healthy 20%, 25% kind of revenue. With large domestic appliances scaling up would be a max of 10% and then going forward, definitely large domestic appliances even would play a big role.
- Neerav Rajiv:** Sure. And margins, can we see an improvement because the component mix will see an increase. So...
- Ajay DD Singhania:** So margin improvement will definitely set in FY '27 onwards. So currently, with suboptimal utilization of capacities at Sri City, we believe that Q4 onwards, the capacity utilization would definitely be much better, and that would help us to further improve the overall margins from FY '27 onwards.
- Neerav Rajiv:** Sure. Thank you so much.
- Moderator:** Thank you. We take the next question from the line of Aniruddha Joshi from ICICI. Please go ahead.
- Aniruddha Joshi:** Some bookkeeping questions. What was the PLI that we would have booked in Q1 FY '26 versus Q1 FY '25? Question one. In terms of the revenue guidance that you have shared in the PPT on Slide 10, AC growth, I guess, we are building in somewhere around 15% to 20%. The number is not very clear, but is that understanding correct?
- Rajesh Mittal:** Aniruddha, this PLI number on quarter-on-quarter on a year-on-year basis is around INR14 crores to INR15 crores. It is almost same number on a year-on-year basis. Maybe -- almost same number, INR14 crores to INR15 crores.
- Ajay DD Singhania:** Yes. So this is for Q1. Overall, if we see last year, the total PLI, which has been accrued is INR36 crores, whereas for the current financial year FY '25, '26, we are eligible for a PLI of INR56.25 crores.
- Aniruddha Joshi:** Okay. That's super, sir. And the revenue growth that we are building in from RAC in this year FY '26?
- Ajay DD Singhania:** So like I just shared in the earlier question, we are looking at the overall revenue mix to change despite growing the RAC numbers or rather outgrowing the market for RAC. The overall revenue mix we are looking at is almost like 65% for AC and then non-AC being close to 35% with components being like close to 20-odd percent.
- So that's the overall kind of mix we are looking for the entire year. So we have not shared any segmental revenue guidance. But yes, overall, we are looking to grow the numbers we are just talking about.
- Aniruddha Joshi:** Okay. Sure, sir. And like third, on EBITDA margin and capex guidance for FY '26 and capex for FY '27, total capex means including the capex at the subsidiary levels also?

- Ajay DD Singhania:** Yes. So, like we shared in the annual call, our outlook for the current year or next 12 to 18 months is overall capex of INR450 crores, plus/minus INR50 crores. So that's the overall capex we are looking at INR450 crores to INR500 crores for next 12 months with INR50 crores already incurred in Q1.
- Aniruddha Joshi:** Okay. And EBITDA margin, any guidance you would like to share for FY '26?
- Ajay DD Singhania:** So FY '26 EBITDA, we are looking to maintain around 7.5% plus in FY '26. And in medium term, definitely 8% kind of number is achievable.
- Aniruddha Joshi:** Okay, sure, sir. This is very, very helpful. Many, many thanks.
- Moderator:** Thank you. The next question comes from the line of Aakash Jha from AJ Wealth. Please go ahead.
- Aakash Jha:** So, what's the current status of that customs issue, sir? I mean, is there any clarity on whether the industry will have to bear a retrospective penalty? And could it also impact the industry supply side?
- Ajay DD Singhania:** So the customs issue is linked to imports of copper tube, which the industry does from the ASEAN country and a show-cause notice has been sent to, as per some news articles, to more than 2,000 importers. So that's an industry-wide issue, which is jointly taken up by all the industry associations, both with the Ministry and the Government.
- It is today unresolved. So the industry continues to give bank guarantees on the copper it imports from the ASEAN country. But the overall view is that definitely, as the domestic capacities are getting built up, going forward, definitely, copper tubings will get diverted to local sourcing, but this issue largely remains unresolved as we're talking to you.
- Aakash Jha:** Okay. And second, sir, we recently launched this air fryer. So has its production started? And also, I mean, could you share the expected volume or order projection for this product for this year?
- Ajay DD Singhania:** So air fryer is one product we started in beginning of Q1 for this year or towards the end of Q4 is when we started trial production and now it's ramped up and we are already supplying to 5, 6 key customers, and the volumes are definitely increasing rapidly. And the kind of capacities we have set up for this product is almost 1 million air fryers is the capacity we have set up in Phase 1.
- And we are looking at developing our own ODM products, our own ODM models are getting developed, and we will see further continued growth in this category by acquisition of newer clients and expanding product range.
- Aakash Jha:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Pratap Maliwal from Mount Infra Finance. Please go ahead.

- Pratap Maliwal:** So, I had a few questions regarding the recent management activity that was given. On the copper import issue, I think you've clarified already. Just on the inventory level, at the time you said that in the beginning of June, the inventory level is about 5 million units. So can you give me an estimate of what is the number of units in inventory right now?
- Rajesh Mittal:** Your voice is not clear. Can you repeat the question? It's not loud.
- Pratap Maliwal:** I'm just asking regarding inventory levels in the industry, you had said in the beginning of June, it was about 5 million units, which is about 33% of the overall market. So what is the estimate for now -- right now? What is the inventory levels like?
- Ajay DD Singhania:** So Pratap, I don't have the numbers. So, I don't recall having sharing a 5 million kind of a number. But yes, channel inventories were high. The exact inventory levels are very difficult to estimate. But based on discussions across customers and brands, we understood that because of a subdued April and May inventory was higher than the normalized level.
- So any direct number, both what is the normalized number and what is the high is really difficult to estimate. But again, what we are saying is that currently, it is normalized or within acceptable limits, and this is why we see brands or the market talking about the newer RFQs and things getting normalized. So this is more of indicative. Exact number can't be put in place for an industry-wide number.
- Pratap Maliwal:** Okay. Understood. And just regarding the Hisense partnership that we have, so this is the one we expect this to scale up to about \$1 billion of revenues in maybe going forward 5 years. Is that correct?
- Ajay DD Singhania:** Yes. So the \$1 billion revenue is a cumulative revenue over the next 4 to 5 years. So that's a cumulative number of 5 years.
- Pratap Maliwal:** Okay. So is there any projection on how much revenues we intend -- we plan to do this year on FY '27 from Hisense?
- Ajay DD Singhania:** So the revenue -- I mean, the numbers would scale up the current calendar year or it can be -- largely, it would be the calendar year '26, wherein we will see ramping up of capacities and utilization. So it's 5 years thereon. A year-on-year number is really difficult to estimate at this point of time.
- So currently, a lot of models are getting developed and approved for the export market, especially the Middle East and African countries. So, we believe we are extremely positive on the overall outlook of achieving the same number, but the year-on-year number would definitely depend on as we see the export growth and the models getting approved.
- Pratap Maliwal:** Okay. Sure, sir. Thanks for taking my question.
- Moderator:** Thank you. The next question comes from the line of Samyak Jain from Marcellus Investment Managers. Please go ahead.

- Samyak Jain:** So, sir, I see that on a consol level, our revenues have declined on a year-on-year basis, but there is some 150 bps of margin expansion. So, what is driving this margin expansion on a Y-o-Y basis? Is it product mix or some other reason?
- Ajay DD Singhanian:** Yes. So on a consol basis, yes, Samyak, the margin improvement is largely driven by the product mix.
- Samyak Jain:** Okay. And sir, secondly, when we say that we will grow in line or outgrow the industry in the RAC segment, so are we going to add any new customers in RAC? Or it's largely the increased demand from the existing set of customers?
- Ajay DD Singhanian:** So it's a mix of all the factors. Definitely, gaining the wallet share from the current customers as well as new customer acquisition has been the strategy, and we continue to work on the strategy, coupled with the kind of pricing discipline and taking advantage or leveraging our capacities and our strength of backward integration. So, all these strategies will definitely help us acquire greater wallet share as well as new customers.
- Samyak Jain:** Got it, sir. Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Bharat Gupta from Fair Value Capital. Please go ahead.
- Bharat Gupta:** I hope I Sir, just a question on the RAC front. So because we have seen a subdued demand coming out in Q1, so do you see that in the long term, there will be some changes in the procurement strategy by the OEMs? Like will they shift more towards the contract manufacturing side rather than focusing on in-house development of the consumer durables?
- Ajay DD Singhanian:** So Bharat, a decision for in-sourcing and outsourcing, I think, this is a debate which has been going on for ages. But overall, if we see -- so there is -- this is a largely accepted norm wherein brands don't intend to manufacture 100% products in-house. And depending on their overall market share, there is definitely a thrust or a push to derisk in-house manufacturing by outsourcing.
- And over the last couple of years, if we see outsourcing is something, which has been gradually increasing from an earlier 20% kind of overall market being outsourced to 25%, 30%. And currently, it is anywhere between 30%, 35%. So gradually, yes, outsourcing or dependence on OEM ODM has been increasing, and this is an industry, which continues to outsource and derisk the capacities.
- Bharat Gupta:** Right, sir. And we see a good favorable amount of RFQs being floated in the market for Q2, like we are currently in June -- July, so...
- Ajay DD Singhanian:** Yes, absolutely.
- Moderator:** Thank you. We take the next question from the line of Nilesh Patil from ShareIndia Securities. Please go ahead.

- Nilesh Patil:** Just wanted to check upon the LDA segment. So we have reported about 29% year-on-year growth, and I presume that is likely to be due to the low base and expansion into washing machines. So just wanted to check the growth into other segments like air cooler and how has been the other segments doing?
- Ajay DD Singhanian:** So Nilesh, like I shared earlier, the SDA segment grew almost 15% on a year-on-year basis, and the growth has been largely like the new product addition. And obviously, Q1 being a low season for the small domestic appliances, still there was a growth. Component grew at 556%. And LDA, yes, cooler has been one driving force behind it.
- And as our washing machine models are now approved and we are ramping up production from the current month onwards, we will see LDA even growing phenomenally from Q2 -- end of Q2 to Q3 onwards. So, delivering the kind of numbers we are talking about, yes, will be driven by all the 3 diversifications: components, small domestic and large domestic appliances.
- Moderator:** Thank you. We take the next question from the line of Deepali Bansal from Ventura Enterprises. Please go ahead.
- Deepali Bansal:** Thank you for taking my questions again, sir. Actually, for the last 2, 3 quarters, we had been facing a lot of problem with the Sri City plant that we were not running at optimum capacity utilization levels. What is the position right now? Can you point some light on that?
- Ajay DD Singhanian:** Yes. So Deepali, Sri City facility, I mean, we believe was slightly ahead of time. And so there were some challenges in -- for utilization of the capacities. But as the component business is now scaling up, a good bit of utilization has started happening. And Q3 onwards, we definitely see even ACs being manufactured in the South facility. So utilization is bound to improve, and we see that positive momentum already gaining up.
- Moderator:** Thank you. We take the next question from the line of Hemang Kapasi from Sanctum Wealth. Please go ahead.
- Hemang Kapasi:** Sir, just wanted to check, most of the bigger players are now going for in-house component manufacturing. So what sort of confidence do we get in terms of scaling up the components, especially in the RAC industry basically? So that was the first question. I have 1 or 2 more, if you can answer this first.
- Ajay DD Singhanian:** Yes. So, Hemang components of RACs, yes, right, some of brands have put up capacities for manufacturing some of the components in-house, but the kind of backward integration, which we at EPACK, claim to have is that we manufacture almost all the components, be it plastic parts, fans, controllers, motors, heat exchangers, copper tubing.
- So, this is one unique combination we have created. So that gives us an opportunity to supply almost any component to a brand customer. And whatever is -- so a different customer would need a different set of components, and we are leveraging our bandwidth with the kind of mix we can offer.

So certain customers, we offer controllers, certain others, like one product, cross-flow fan is one which we are offering to almost all the brand customers in the market today, similarly cooperative banks. So, there are diversified customers, each with a unique set of demand, and this is one strength we have created at customizing the customers' demand and meeting those RFQs.

Hemang Kapasi: Sir, if I may ask how many RAC customers do you cater in India?

Ajay DD Singhania: Out of the top 10, we cater to almost 8 of them.

Hemang Kapasi: Okay. And coming to Energy Meters, will this be supplied to private players or it will be a government sort of bidding or something like that?

Ajay DD Singhania: So this is again to a brand customers. We are supplying components of energy meters. So this is again to a brand customers.

Hemang Kapasi: And by when this will be started?

Ajay DD Singhania: This is something, which has already started.

Hemang Kapasi: It has already started?

Ajay DD Singhania: Yes.

Hemang Kapasi: And what sort of scalability do we see in this product?

Ajay DD Singhania: So we've currently started supplies from our Bhiwadi facility, and we are in discussion with a couple of more customers and looking at leveraging our capacities at both the plants in North, both Dehradun and Bhiwadi and also start supplies of other components. So we definitely see a good growth potential in this sector with a more uniform kind of a revenue stream month-on-month basis.

Hemang Kapasi: So this thing is coming out of a JV, this product is coming out of a JV?

Ajay DD Singhania: So this component is going from EPACK Durable Bhiwadi facility and -- yes.

Rajesh Mittal: So, component business will be in our main company, EPACK Durable itself.

Hemang Kapasi: Okay. Thank you.

Moderator: Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Limited for closing comments.

Bhoomika Nair: Yes, I would like to thank the management and all the participants, particularly the management for giving us an opportunity to host the call. Thank you very much, sir, and wish you all the very best. Any closing comments on your side?



Ajay DD Singhania:

Yes. So first of all, thank you, Bhoomika and DAM Capital for doing the con call today. And thank you all the participants who participated, and we hope that we have been able to answer your queries. In case, there are any further queries, we will clarify them on an e-mail or something. So I hope we have been able to answer your questions satisfactorily. Thank you so much.

Moderator:

Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.