January 27, 2026

Epack Durable Limited: Ratings reaffirmed; assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term & short term – Fund-based – Cash credit/Working capital demand loan (WCDL)	276.00	411.00	[ICRA]A (Stable)/ [ICRA]A2+; Reaffirmed and assigned for enhanced amount
Short term – Fund-based – WCDL/Bill discounting	290.00	220.00	[ICRA]A2+; Reaffirmed
Long term – Fund-based – Term Loan	77.11	178.58	[ICRA]A (Stable); Reaffirmed and assigned for enhanced amount
Short term – Non-fund based	600.00	560.00	[ICRA]A2+; Reaffirmed
Total	**1,243.11**	**1,369.58**	

**Instrument details are provided in Annexure I*

Rationale

The rating action for Epack Durable Limited (EDL) reflects the extensive experience of its promoters in the consumer durables industry and the company's established position as one of the leading contract manufacturers in the room air conditioner (RAC) segment. It continues to benefit from its long-standing relationships with reputed original equipment manufacturers (OEMs), including Voltas, Haier, Havells, Godrej and Whirlpool, among others. EDL reported a robust 53% year-over-year (YoY) revenue growth in FY2025, supported by strong seasonal tailwinds, driven by prolonged summers and multiple heatwaves. However, in H1 FY2026, revenues contracted by 26% YoY owing to subdued demand in the RAC segment (which accounts for 70-75% of revenues). This was primarily due to unseasonal rainfall, early monsoon onset and deferment of consumer purchases amid delays in the Goods and Services Tax (GST) rate cut implementation. Operating margins in FY2025 softened due to elevated fixed costs following the commissioning of the Sri City facility in FY2024. Margins remained subdued in H1 FY2026 due to persistently high fixed cost and muted seasonal demand. Nevertheless, demand is expected to pick up over the rest of the fiscal, aided by festive season demand, pre-buying ahead of the star rating change and anticipated seasonal demand recovery.

ICRA notes that the company is undertaking a significant debt-funded capacity expansion programme to support its backward integration initiatives. In line with this, EDL has entered agreements with Daikin and Panasonic for the supply of Brushless Direct Current (BLDC) motors and Printed Circuit Board Assembly (PCBA) and with Hisense for manufacturing air conditioners, refrigerators and washing machines. The planned capital expenditure (capex) of Rs. 420-450 crore over FY2026 and FY2027 is projected to be incurred towards establishing these facilities at Bhiwadi and Sri City. While the capex is expected to elevate leverage levels and moderate coverage metrics, they are anticipated to remain adequate and gradually improve over the medium term, supported by steady revenue growth and stable operating margins. However, timely commissioning and scale up of the new capacities will remain key monitorables.

However, the ratings are constrained by the capital-intensive nature of EDL's operations, resulting in higher funding requirements. Sizeable investments towards capacity expansion have led to some moderation in the company's return indicators. The ratings also factor in the intense competition in the industry which, coupled with the contract manufacturing nature of operations, led to moderate operating margins. Additionally, its margins remain susceptible to the volatility in raw material/component prices and foreign exchange (forex) risks. However, these risks are mitigated to an extent, given the pass-through clauses available with key clients and adoption of selective hedging policies. As 70-75% of the revenue is generated from the RAC segment, EDL's operations remain exposed to the inherent seasonality in the business. Nonetheless, ICRA has noted the company's initiatives to enhance its non-RAC business revenues, which are expected to have a material impact on segment-wise diversity over the medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that EDL will report healthy growth in revenue and earnings on the back of expected improvement in demand in the RAC business and expansion of manufacturing capacities and non-AC segment product base, supporting its credit profile.

Key rating drivers and their description

Credit strengths

Established track record and healthy market share in domestic RAC industry - EDL, a part of the Noida-based Epack Group, manufactures home appliances such as RACs, juicer mixer grinders, induction cook tops, water dispensers, etc. for various domestic and global OEMs and brands on a contractual basis. The company has also recently expanded its product profile with the addition of air fryers, vacuum cleaners and coffee makers. The promoters have extensive experience of over 15 years in manufacturing consumer durables, where it has emerged as one of the leading players in the RAC contract manufacturing segment while also expanding into the non-RAC segment.

Long relationships with key clients - EDL's client base includes reputed consumer durable companies, including Voltas, Haier Appliances, Philips India, Godrej, Whirlpool India, Havells India, Blue Star, etc. The company has long-standing relationships with its key clients, leading to repeat business and supporting revenue growth over the years. While the major portion of its revenues come from the RAC segment, mainly from Voltas, Havells, Godrej and Blue Star, EDL has added new clients over the past few years in the non-RAC segmentresult in higher product and customer diversification.

Adequate financial risk profile - EDL's financial risk profile remains adequate, supported by steady cash flow generation and net worth of Rs. 951.8 crore as on March 31, 2025. Overall debt levels, however, increased to Rs. 724.0 crore as on September 30, 2025, reflecting higher working capital requirements arising from elevated inventory amid weak seasonal demand and timely creditor payments, along with incremental term debt for ongoing capacity expansion. With demand expected to recover in H2 FY2026, working capital borrowings are likely to moderate as inventory levels normalise. Nonetheless, leverage levels are expected to remain relatively elevated over the medium term due to continued debt-funded capex. Although, EDL's capital structure and coverage metrics are projected to continue to be adequate, supported by growing scale and stable margins, with gearing anticipated to stay below 1x over the near-to-medium term.

Favourable outlook for the Indian AC Industry supports long-term growth prospects – Structural drivers such as rising temperature, increasing RACs per household, urbanisation, increased disposable incomes, easier consumer financing and GST rate reduction are expected to support long-term growth in the AC industry. Additionally, replacement demand, driven by a preference for energy-efficient models due to higher usage and energy costs, remains a key factor. ICRA expects the Indian RAC industry volumes to register a healthy growth of 10-12% over the medium term, supported by favourable demand drivers. However, volumes in FY2026 are likely to contract owing to subdued demand during the recent summer season, along with an elevated base effect, with FY2025 volumes estimated to have reached an all-time high of 12.5-13.0 million units.

Credit challenges

Moderate returns due to capital-intensive, contract manufacturing operations – EDL's operations remain capital-intensive, with regular investments in technology upgrades and capacity expansion to meet OEM requirements. The contract manufacturing nature of operations also limits pricing flexibility, resulting in moderate margins despite pass-through of raw material cost variations. The gradual returns from these ongoing investments keep the company's return indicators at moderate levels, further constrained by the weather-dependent demand pattern of the RAC segment. Nevertheless, EDL's established relationships with leading OEMs, associated entry barriers and continued diversification into non-AC categories mitigate this risk to some extent.

Exposure to forex fluctuation risks and raw material volatility to an extent - EDL's margins remain susceptible to fluctuations in raw material prices. However, the key raw materials/components, such as copper and compressors, are covered under price escalation clauses with most of its clients, which largely mitigates the risk. Moreover, EDL is exposed to forex risk because of sizeable import of raw materials/components. However, presence of a selective hedging policy mitigates the risk to an extent.

Exposed to inherent seasonality and intense competition in RAC business - The Indian RAC industry is seasonal, wherein a large part of the revenue is derived during summer only. Conducive summer sales and performance of key markets like North India (which contributes 35-40% of industry sales) remain crucial for the industry. This apart, the RAC industry is marked by intense competition due to the presence of many players, along with large OEMs increasingly focusing on in-house manufacturing, which may pose challenges for contract manufacturing. However, contract manufacturers continue to benefit from smaller brands' preference for outsourcing, supported by strong backward integration and cost efficiency.

Environmental and social risks

Environmental considerations – RACs manufacturers remain exposed to tightening Government regulations, because of the transition towards a low-carbon economy and a consequent push towards energy-efficient products. This may require higher investments towards meeting the evolving and tighter regulatory standards. However, the company is actively working on improving energy efficiency.

Social considerations – EDL has healthy dependence on human capital with technological expertise. Thus, retaining human capital and maintaining healthy relationships with employees and suppliers remain essential for disruption-free operations for the entity. The social risk pertaining to demographics and consumer trend remains generally low, given the increasing demand for air conditioners. The company's ability to execute orders and onboard new clients also depends on its ability to attract, train, motivate and retain highly skilled professionals, particularly at the managerial levels.

Liquidity position: Adequate

EDL's liquidity position remains adequate, supported by steady cash flow generation, an average buffer of Rs. 45-55 crore in fund-based limits over the past six months ending October 2025, and free cash and bank balance of Rs. 15-25 crore. The company also has sales invoice discounting limits against key customers. The operating cash flows, bill discounting and fund-based limit credit buffer are expected to comfortably meet repayment obligations of Rs. 30-33 crore in FY2026 and Rs. 55-60 crore in FY2027. In addition, the planned capex of Rs. 300-320 crore (of which Rs. 200-210 crore was incurred until December 2025) in FY2026 and Rs. 100-120 crore in FY2027 is expected to be funded comfortably by a mix of term debt, available initial public offer (IPO) proceeds (outstanding proceeds Rs. 80 crore as of December 2025) and operational cash flows.

Rating sensitivities

Positive factors – The ratings upgrade for the company would be driven by a sustained improvement in scale while maintaining its profit margin, coupled with strengthening of the liquidity position and debt coverage indicators.

Negative factors – The ratings could be downgraded if the company reports a significant decline in revenue and earnings, or if there is any major delay in ramp-up of operations from the Bhiwadi and Sri City manufacturing units, which weakens its liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financial statements of EDL.

About the company

Incorporated in 1999 and based out of Noida (Uttar Pradesh), EDL is a contract manufacturer of consumer durables such as RACs, induction cooktops, juicer mixer grinders, water dispensers, room coolers and washing machines for OEMs such as Voltas, Havells, Godrej, Whirlpool, Haier, Godrej, Blue Star, Philips and Bajaj, among others. The company's first manufacturing facility was in Dehradun, Uttarakhand followed by Bhiwadi, Rajasthan (FY2023) and Sri City, Andra Pradesh (FY2024). EDL is also eligible for production-linked incentive (PLI) benefits. The company's equity shares have been listed on BSE and NSE since January 2024.

The company's promoters, the Singhania and Bothra families, also hold strategic interests in group entities such as Epack Prefab Technologies Limited (formerly Epack Polymers Private Limited), East India Technologies Private Limited and Epack Petrochem Solutions Private Limited, which are involved in the manufacturing of thermocol products and prefabricated structures.

Key financial indicators (audited)

EDL (consolidated)	FY2024	FY2025	H1FY2026*
Operating income (OI)	1,419.6	2,170.9	875.7
PAT	36.8	58.2	2.6
OPBDIT/OI	8.2%	7.3%	6.4%
PAT/OI	2.6%	2.7%	0.3%
Total outside liabilities/Tangible net worth (times)	1.0	1.1	1.1
Total debt/OPBDIT (times)	3.3	2.6	6.4
Interest coverage (times)	3.0	2.9	1.6

*Source: Company, ICRA Research; * Results; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating			Chronology of rating history for the past 3 years					
		FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 27, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	-	-	-	-	Jul 06, 2023	[ICRA]A- (Stable)	Dec 21, 2022	[ICRA]A- (Stable)

	Current rating			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jan 27, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loan	Long term	178.58	[ICRA]A (Stable)	Oct, 25, 2024	[ICRA]A (Stable)	Jul 06, 2023	[ICRA]A- (Stable)	Dec 21, 2022	[ICRA]A- (Stable)
Cash credit/WCDL	Long term/ Short term	411.00	[ICRA]A (Stable)/ [ICRA]A2+	Oct, 25, 2024	[ICRA]A (Stable)/ [ICRA]A2+	Jul 06, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	-	-
WCDL	Short term	220.00	[ICRA]A2+	Oct, 25, 2024	[ICRA]A2+	Jul 06, 2023	[ICRA]A2+	-	-
Letter of credit/BG/BC	Short term	560.00	[ICRA]A2+	Oct, 25, 2024	[ICRA]A2+	Jul 06, 2023	[ICRA]A2+	Dec 21, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term & short term – Fund-based – Cash credit/WCDL	Simple
Short term – Fund-based – WCDL	Simple
Long term – Fund-based – Term loan	Simple
Short term – Non-fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	Mar 2022	-	Sep 2028	178.58	[ICRA]A (Stable)
NA	Cash Credit/ WCDL	-	-	-	411.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	WCDL	-	-	-	220.00	[ICRA]A2+
NA	Letter of Credit/BG	-	-	-	560.00	[ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Epack Durable Limited	NA*	-
EPACK Manufacturing Technologies Private Limited	100%	Full consolidation
Bumjin India Audio Products Private Limited (incorporated on Jun 27, 2025)	100%	Full consolidation
EPACK Electronic Components Private Limited (incorporated on July 23, 2025)	100%	Full consolidation
EPACK Durable Global Sales L.L.C. – FZ (incorporated on Sept 26, 2025)	100%	Full consolidation
Epavo Electricals Private Limited	50%	Equity method

*Source: Result Q2FY2026, *Parent company*

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 22 61143400
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Aruna Ganesh
+91 22 6114 3459
aruna.ganesh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

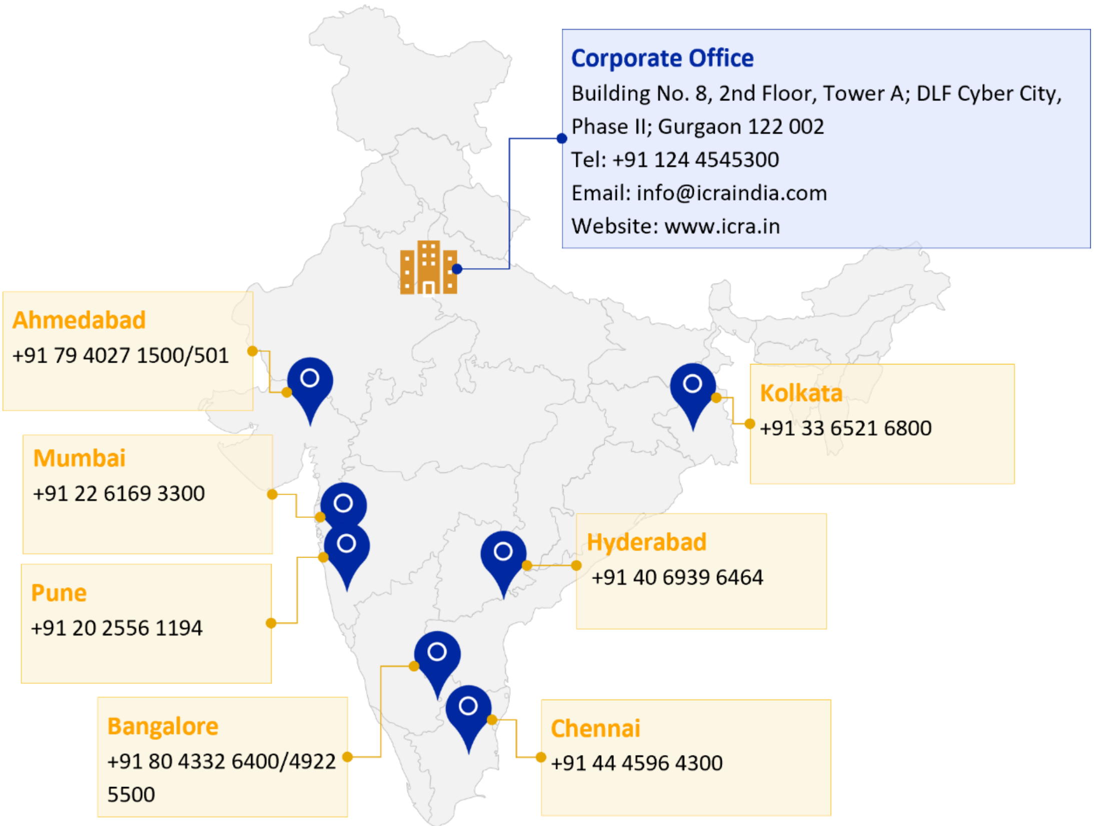
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.