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EPACK DURABLE LIMITED



(Please scan this QR Code to view the RHP)

Our Company was incorporated on April 20, 2019, as 'EPACK Durables Solutions Private Limited' in Greater Noida, Uttar Pradesh, as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated May 6, 2019, issued by the Registrar of Companies, Uttar Pradesh at Kanpur ("RoC"), upon the conversion of M/s E-Vision, a partnership firm (constituted in 2005 pursuant to the partnership deed dated July 16, 2005), into a private limited company. Subsequently, pursuant to a resolution passed by our Shareholders in the extraordinary general meeting held on July 30, 2021, the name of our Company was changed from 'EPACK Durables Solutions Private Limited' to 'EPACK Durable Private Limited', as part of the corporate rebranding of our Company to reflect the principal business being undertaken by our Company, and consequently, a fresh certificate of incorporation dated September 17, 2021, was issued by the RoC to our Company. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed by our Shareholders in the extraordinary general meeting held on June 13, 2023, and the name of our Company was changed to 'EPACK Durable Limited', and a fresh certificate of incorporation dated June 28, 2023, was issued to our Company by the RoC. For details of changes in the name and the registered office address of our Company, see "History and Certain Corporate Matters – Brief history of our Company" and "History and Certain Corporate Matters – Change in registered office of our Company" on page 212 of the red herring prospectus of our Company dated January 12, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus") read with the addendum to the red herring prospectus dated January 16, 2024.

Corporate Identity Number: U74999UP2019PLC116048; Website: www.epackdurable.com

Registered Office: 61-B, Udyog Vihar, Surajpur, Kasna Road, Greater Noida, Gautam Buddha Nagar 201 306, Uttar Pradesh, India; Corporate Office: TR - 901, AIF 142 Noida, 9th floor, Plot Number 21 and 21A, Sector 142, Noida 201 304, Uttar Pradesh, India

Contact Person: Esha Gupta, Company Secretary and Compliance Officer; Telephone: +91 120 496 9771; Email: investors_ed@epack.in

THE PROMOTERS OF OUR COMPANY ARE BAJRANG BOTHRA, LAXMI PAT BOTHRA, SANJAY SINGHANIA AND AJAY DD SINGHANIA

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION ("OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 4,000.00 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 10,437,047 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION. THE OFFER WILL CONSTITUTE [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

NAME OF SELLING SHAREHOLDER	TYPE	DETAILS OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDERS		WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹) ^a
		NUMBER OF SHARES OFFERED / AMOUNT (₹ IN MILLION)		
Bajrang Bothra	Promoter	Up to 1,172,976 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		14.94
Laxmi Pat Bothra	Promoter	Up to 666,798 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		12.10
Sanjay Singhania	Promoter	Up to 748,721 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		11.04
Ajay DD Singhania	Promoter	Up to 748,721 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		17.16
Pinky Ajay Singhania	Promoter Group	Up to 286,351 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		Nil
Pretty Singhania	Promoter Group	Up to 286,351 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		Nil
Nikhil Bothra	Promoter Group	Up to 442,905 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		10.00
Nitn Bothra	Promoter Group	Up to 442,905 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		Nil
Rajjat Kumar Bothra	Promoter Group	Up to 379,633 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		11.57
India Advantage Fund S4 I	Other	Up to 4,630,284 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		101.36
Dynamic India Fund S4 US I	Other	Up to 631,402 equity shares of face value of ₹ 10 each aggregating up to ₹ [●] million		101.36

^a As certified by N B T and Co, Chartered Accountants, registered with the ICAI and bearing firm registration number 140489W, by way of their certificate dated January 12, 2024.

We manufacture room air conditioners and small domestic appliances, and its components.

The Offer is being made through the Book Building Process pursuant to Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Offer | Non-Institutional Portion: Not less than 15% of the Offer | Retail Portion: Not less than 35% of the Offer.

PRICE BAND: ₹218 TO ₹230 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE IS 21.8 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 23.0 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 46.98 TIMES AND AT THE CAP PRICE IS 49.57 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 65 EQUITY SHARES AND IN MULTIPLES OF 65 EQUITY SHARES THEREAFTER.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated January 15, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section of the RHP vis-à-vis the weighted average cost of acquisition of primary and secondary transaction(s) disclosed in the "Basis for Offer Price" section on page 130 of the RHP and provided below in the advertisement.

RISKS TO INVESTORS

- Negative Cash Flows:** We have had negative cash flows in the past and our net cash used in operating activities for Fiscal 2022 is ₹ (289.41) million.
- Customer Concentration Risk:** The total contribution from top five customers in terms of revenue generation for a year / period shown as percent of revenue from operations for the six months period ended September 30, 2023, and Fiscals 2023, 2022 and 2021 is 79.62%, 82.66%, 76.82% and 71.22%, respectively.
- Supplier Concentration Risk:** We are dependent on third party suppliers for our raw materials. As on September 30, 2023, our supplier network comprised 342 suppliers. The raw materials used by us include copper tubes, steel, aluminium sheets, plastic granules, compressors, controllers and RAC motors. The percentage of total purchases from top 10 suppliers vis-à-vis total purchases for that year / period for the six months period ended September 30, 2023, and Fiscals 2023, 2022 and 2021 is 62.38%, 53.04%, 46.84% and 33.87%, respectively.
- Our Company will not receive any proceeds from the Offer for Sale.
- Growth risk:** We have experienced significant growth over the past three Fiscals. EBITDA for the six months period ended September 30, 2023 and the Financial Years ended March 31, 2023, 2022 and 2021, is ₹369.77 million, ₹1,025.25 million, ₹688.03 million and ₹420.33 million, respectively. We cannot assure that our growth strategy will continue to be successful or that we will be able to continue to grow further, or at the same rate.
- Seasonality of Products:** The demand for RACs typically peak during the first half of the calendar year and reduce in the second half of the calendar year. Erratic weather conditions impacting the warm weather during the peak sales season of summer, may adversely affect our sales volumes, and could therefore have a disproportionate impact on our results of operations and financial condition in the relevant year. The percentage of revenue from sale of RACs (including sale of RAC spares and RAC components) to total revenue from operations for the six months period ended September 30, 2023, and Fiscals 2023, 2022 and 2021 is 78.34%, 83.23%, 81.68% and 86.80%, respectively.
- Trade Receivables Risk:** In the ordinary course of business, we extend credit to our customers. Consequently, we are exposed to the risk of the uncertainty regarding the receipt of the outstanding amounts. As on September 30, 2023, trade receivables is ₹1,377.65 million. The trade receivable days for six months period ended September 30, 2023 are 95 days.
- MOU with East India:** We have entered into a Memorandum of Understanding ("MoU") with East India Technologies Private Limited ("East India"), a member of promoter group and our group company. Pursuant to the MoU, only our Company may (and East India may not) engage in the manufacture of specified products such as air conditioning and refrigeration products, air handling products, kitchen appliances and washing and drying equipment, while only East India may (and our Company may not) engage in the manufacture of specified products such as audio equipment, camera equipment, desktop computers, laptops and computer accessories, renewable energy electronics, industrial engineering products, televisions and lighting equipment. In the event of any breach of the MoU by East India pursuant to which East India manufactures products similar to those manufactured by us, it may result in a material adverse effect on our business and results of operations.
- Import of Raw Material Risk:** We currently import certain of our raw materials from China where in the past there have been conditions imposed by the government in relation to the commerce and trade. China accounted for 34.05%, 21.02%, 17.01% and 14.05% of the total cost of raw materials purchased (including purchase of stock-in-trade) by our Company in the six months period ended September 30, 2023 and in Fiscal 2023, 2022 and 2021, respectively.
- Foreign Exchange Risk:** We import components and materials such as copper and aluminium sheets. The percentage of the cost of raw materials imported to total cost of materials purchased (including purchase of stock-in-trade) for six months period ended September 30, 2023 and the Financial Years ended March 31, 2023, 2022 and 2021 is 39.87%, 39.31%, 36.63% and 26.95%. The Profit / (loss) on foreign exchange fluctuation for six months period ended September 30, 2023 and the Financial Years ended March 31, 2023, 2022 and 2021, is ₹11.21 million, ₹(37.43) million, ₹19.00 million and ₹13.92 million, respectively.
- Competition Risk:** Our industry is competitive. While there are significant barriers to entry to the RAC and SDA manufacturing industry, our competitors may win market share from us by providing what may be perceived to be more advanced technologies, better designs and quality or lower cost solutions to our customers. Our competitors' actions, including expanding manufacturing capacity, expansion of their operations to newer geographies or product segments in which we compete, or the entry of new competitors into one or more of our markets could cause us to lower prices in an effort to maintain our sales volume.
- The Offer Price, market capitalization to revenue from operations multiple, market capitalization to tangible assets multiple and enterprise value to EBITDA multiple, calculated on the basis of Cap price, of our Company may not be indicative of the market price of the Company on listing or thereafter.

Particulars	Market capitalization to revenue from operations	Market capitalization to tangible assets	Enterprise value to EBITDA
Our Company	1.43*	1.57*	25.56*
Industry Peers			
Dixon Technologies (India) Limited	29.28	11.48	69.53
Amber Enterprises India Limited	1.51	1.84	26.86
PG Electroplast Limited	2.73	3.84	36.38
Elin Electronics Limited	0.70	1.03	11.28

* To be updated in the Prospectus once the Offer Price is finalised. Source: The information for the industry peers has been sourced from NSE and the filings of the respective company available on the website of the Ministry of Corporate Affairs.

- Market capitalization has been computed based on the closing market price of equity shares on NSE on December 8, 2023.
- Tangible Assets = Total assets less intangible assets, intangible assets under development, right of use assets, goodwill and deferred tax assets (net), as applicable plus lease liabilities (non-current and current).
- Enterprise Value (EV) = Market capitalisation plus net debt as on March 31, 2023. Net debt is calculated as sum of current and non-current borrowings as reduced by cash and cash equivalents and bank balances other than cash and cash equivalents.
- EBITDA = Profit before tax, share of profit/(loss) of associate and exceptional items plus finance costs, depreciation and amortisation expense minus other income.

13. The average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from Nil to ₹101.36 per Equity Share, and the Offer Price at upper end of the Price Band is ₹230.

14. Weighted Average Return on Net Worth for Fiscals 2023, 2022 & 2021 is 15.43%.

15. The Weighted Average Cost of acquisition of all Equity Shares transacted in last

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