



# EPACK DURABLE LIMITED

(Formerly Known as EPACK Durable Private Limited)

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To Listing Department <b>BSE Limited ("BSE")</b> Department of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	To Listing Department <b>National Stock Exchange of India Limited ("NSE")</b> Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051
Scrip Code: 544095	Symbol: EPACK
ISIN: INE0G5901015	ISIN: INE0G5901015

Dear Sir/Madam,

**Sub: Transcript of the Investors' Conference Call on the Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2023**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (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 Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2023, held on Friday, February 16, 2024.

The said transcript has also been uploaded by the Company on its website and the same is available at <https://epackdurable.com/wp-content/uploads/2024/02/EPACK-Earnings-Call-Transcript-Dec-23.pdf>.

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

For **EPACK Durable Limited**

**Esha Gupta**  
**Company Secretary and Compliance Officer**

Date: February 21, 2024

Place: Noida

**EPACK Durable Limited**  
**Q3 & 9M FY24 Earnings Conference**  
**February 16, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 and Nine Months FY24 Earnings Conference Call of EPACK Durable Limited hosted by Valorem Advisors.

As a reminder, all participant lines will be in listen only mode, and there will be an opportunity for you to ask questions after the presentation continues. Should you need assistance during the conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

**Anuj Sonpal:** Thank you. Good afternoon everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of EPACK Durable Limited.

On behalf of the Company, I would like to thank you all for participating in the Company's earnings call for the 3rd Quarter and nine months ended of Financial Year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamentals business and financial quarter under review.

Now, let me introduce you to the management participating with us in today's Earnings Call and hand it over to them for opening remarks:

We have with us Mr. Bajrang Bothra – Chairman and Whole Time Director; Mr. Ajay DD Singhania – Managing Director and Chief Executive Officer; Mr. Sanjay Singhania – Whole Time Director; Mr. Rajesh Kumar Mittal – Chief Financial Officer.

Without any further delay, I request Mr. Bajrang Bothra to start with his opening remarks. Thank you and over to you sir.

**Bajrang Bothra:**

Thank you Anuj. And good afternoon everybody. Welcome to our first ever earnings conference call to discuss the performance of the 3rd Quarter and the year-to-date "Results" for the Financial Year 2024. In the interest of some of the people who are new to the Company, let me first start by giving a brief overview of the Company.

EPACK Durable Limited it is the second largest room air conditioner original design manufacturer, ODM in India. In terms of number of indoor and outdoor units manufactured in fiscal 2023 through its ODM route. Our journey started in the year 2003, where we started as an original equipment manufacturer for RAC brands. Over the years we have consistently grown by adding new customers, increasing our capacities and backward integration. The expertise of EPACK Durable lies in manufacturing a diverse portfolio of room air conditioners, and small domestic appliances we call it SDA. We cater to all aspects of room air conditioners and small domestic appliances value chain, including extensive ODM and OEM Service across our product line. We are a customer-centric Company where business is driven by a focus on continuous innovation and operational efficiency. EPACK Durable works jointly with the customer team, and customizes the product according to different clients requirements. Our strong manufacturing and design capabilities, including developing designing and manufacturing models of RACs of various design and technical specifications.

Further, the current RAC product offerings enable the Company to offer more customization to RAC brand in terms of completely built up units or IDUs and ODUs separately. Our integrated manufacturing facilities help us manage operational costs and logistics efficiently. In line with our focus on bringing in operational efficiency or manufacturing operations involve a high degree of automation, which reduces the margin of error and manual inefficiencies. Our manufacturing facilities are also strategically positioned to facilitate product transportation to customers across India. We have three manufacturing facilities located at one Dehradun, Uttarakhand, second Bhiwadi, Rajasthan and third Sri City, Andhra Pradesh.

We strongly believe in staying ahead of the curve, and the key role that research and development plays in product development. We have three dedicated R&D centers with over 57 employees that are equipped with modern infrastructure such as endurance test labs, for RACs and SDAs. Our R&D activities focus on the development of new products, optimization of existing products and manufacturing methods, process improvements, environmental protection and energy efficiency. With the help of our R&D department, we have one registered patent, two filed patents and 10 registered designs in India. Due to these strong operational capabilities, EPACK Durable today is one of the key ODM for most of the major brands. We're also constantly expanding our product offering in both RAC and SDAs and have also invested heavily in expanding our capabilities and capacities to cater to the growing demand.

Apart from this, we have a highly experienced Board of Directors, with two Nominee Directors from ICICI Venture Fund, and a Pharma Capital, two well-known private equity fund that

invested in our Company in 2021, and 2022, respectively. We also have a strong and highly professional management team that carries out the vision and mission of our Company. For management teams focus is not only to grow ahead of the industry and peers, but more importantly to be highly profitable, while improving operational efficiencies. This is clearly visible our Company's performance over the years.

Now, I will request our CFO – Mr. Rajesh Mittal, to brief you on the “Financial Highlights”, after which our MD and CEO, Mr. Ajay Singhania will brief you on the key operational highlights. Thank you.

**Rajesh Mittal:**

Thank you, Mr. Bothra. Good afternoon everyone and welcome to this earnings call. Let me give you some of the key “Financial Highlights” for the 3rd Quarter followed by the nine months ending of Financial Year 2024:

For the 3rd Quarter under review, the revenue from operations increased by around 1% on year-on-year basis to around 279 crore. The EBITDA was reported at around 24 crore which increased significantly by around 439% with the EBITDA margin reported at 8.49% exhibiting a growth of 689 basis points year-on-year. The net profit is to at around Rs.5 crore, vis-à-vis a loss of around Rs.6 crore in quarter three of last financial year. With a PAT margin for the quarter being at 1.76%.

For the nine months ended for Financial Year '24, the revenue from operations stood at around Rs.894 crore which declined by around 1% on year-on-year basis. The EBITDA was reported at Rs.61 crore which grew by 56% on year-on-year basis. The EBITDA margin stood at 6.78% that grew by around 247 basis points year-on-year. The net profit stood at around Rs.8 crore, vis-a-vis a loss of around 1.40 crore in nine months ended of the financial year.

I am happy to inform you that the Company has significantly reduced its working capital days from 91 days in financial year 23 ended to 51 days at the end of quarter three 2024. Furthermore, our debt position has also reduced through internal accruals and also through increase in the net worth of the Company resulting a reduction of debt to equity ratio from 1.58x in financial year 23 ended to 0.73x in quarter ended financial year 24.

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

**Ajay DD Singhania:**

Thank you Rajesh, good afternoon everyone. It's a pleasure to welcome you all once again on this first ever earnings call by EPACK Durable. So, like Rajesh mentioned, I just reiterate that our revenue growth for this quarter and year to date remained flattish. This is mainly because of the lean summer season at the beginning of this financial year which resulted in demand disruptions in Q1 of this current financial year. This led to significant inventory piled up in the system with the brands, which was duly liquidated by the brands in quarter two and quarter

three of the financial year. So, as most of the brands have reported significant improvement in their results ended quarter three and the commentary from the brands is also very evident that they had a strong Q2 and Q3 which is a good sign that most of the brands have liquidated their inventory at the end of Q3 of this current financial year.

With this improved demand now, it seems that the upcoming season in the quarters will be significantly better for us and the industry as a whole. Despite the market conditions, ended quarter three FY24 we have shown a strong bottom-line performance this quarter with over 400% growth in EBITDA on a year-on-year basis. We are also very well equipped to cater the upcoming season as we have started manufacturing at our new facility in Sri City, Andhra Pradesh, whereby we have increased our capacity 50% on a year-on-year basis.

Furthermore, we continue to work towards enhancing our product portfolio by adding new product categories. Since January 2024, we have added and started manufacturing of a new product category of air coolers, we will continue to expand our product portfolio in line with our clients requirement. Additionally, we have also started manufacturing and supplying components of plastics, copper, cross flow fan, sheet metal from both Bhiwadi facility as well as the new Sri City facility to certain major brands.

With Q3 FY23, the Company has increased its in-house manufacturing of additional components like a cross flow fan, which is import substitute PCB controller which again is an import substitute for both RAC as well as the small domestic appliances. We have also started manufacturing in-house universal motors for mixer grinders and induction coils. This backward integration enhancement in manufacturing capabilities will further improve the margins of the Company in coming quarters.

In FY 24, we have also added various new clients, thereby diversifying our client base and also we have increased the wallet share with existing customers. We will continue to diversify our product mix and expand our client base, as we prepare for our next phase of growth. In conclusion, we are very excited for this new chapter in our Company as a listed entity. Our year to date financial performance is a testament, on how we have significantly improved our operational efficiencies by reducing our working capital days, and also our debt level despite significant capacity expansion. With our continued focus on growth while improving profitability, we are confident of delivering sustained superior performance over the coming quarters.

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

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anirudh Joshi from ICICI Securities. Please go ahead.

**Anirudh Joshi:** Sir, one is definitely the margin expansion trajectory is very encouraging. And definitely the efforts in terms of the backward integration or the new plant utilization level may also lead to better margins. So, you would like to point any number as far as FY25 is concerned, where should we in a way benchmark the margins per se, at that is question one. Secondly, if you can also indicate the total PLI, as well as PLI benefits booked in nine months FY24 as well. And the third and last question is, how do you see the season panning out because some of the competitors have in a way reported relatively muted numbers in December quarter, but our performance has been very strong. So, that's from the industry perspective, how do you see the upcoming season panning out. Yes, that's from my side, thank you.

**Management:** Thank you Anirudh, thank you for asking. So, as we have reported numbers on a quarter-on-quarter basis, the EBITDA margins from 1.6% as of quarter three 22, has improved to 8.5% in quarter three FY24. At the same time, on an year-on-year basis you can see nine month basis the EBITDA margin is close to 6.9%. So, traditionally, we have maintained EBITDA margin 7% to 8%. Going forward, also our guidance is that we will try to maintain this in this similar level. This is in relation to the EBITDA margins. In terms of the PLI benefit which has been accrued for the year end, for the nine month ended FY24 it is close to 10 crores of PLI profit which has been accrued. And in totality, the PLI benefit which the Company is permitted to get is around 30 crores for the entire financial year of FY24. So, out of this 30 crores, 10 crores has been accrued in the numbers. And for your last question about seasons panning out, like I started with the opening comment that despite the erotic Q1, Q2, Q3, as even beside to the industry, and as a whole the numbers are very encouraging in the sense that most of the brands seem to have liquidated their inventories, which was carry forward from Q1. And as we enter into the main season, for this calendar year of 24, all the brands have entered with minimum inventory, which means that the amount of fresh production required for the season is going to be significantly better and this is an encouraging thing for us.

**Anirudh Joshi:** Sir this is very, very helpful, thanks. Just one, PLI benefit the turnover link incentive for Bhiwadi plant, if you can share that number as well?

**Management:** Our Company has currently not been granted any TLI benefit, new policy was announced by the Rajasthan government, but then the government change happened and so, there has been no conclusion on it and it has not been currently taken, the Company has not taken any benefit or not received any such commitment from the Rajasthan government.

**Moderator:** Thank you. And the next question is from the line of Nayan Thakkar from Ashika Institutional Equities. Please go ahead.

**Nayan Thakkar:** Sir for the nine months ended, can you help us with the AC sales breakup and other products breakup, I would like to understand and as well as the margins?

**Management:** So, in terms of revenue breakup broadly, I can tell you that the revenue from AC is close to 83% and 17% from non-AC that's broadly the nine months ended result, which is almost again quite similar to what it was in the previous year, it was 88% from AC and almost 12% from non-AC. There is no significant change in that terms. And in terms of margin, we not doing any segmental analysis, overall margins have been reported for the nine months ended the overall margin is 15% for the current financial year, whereas last year for nine month period it was 13%. So, on a nine month basis we see 2% improvement in overall middle margin.

**Nayan Thakkar:** Got it is. It's okay even if you are not giving us the exact number. Can you just help us understand whether the RAC margin would be more or the SDAs margin would be more?

**Management:** Those numbers are not reported or not measured in that sense because of the seasonality. So, we need to understand that it is not a month-on-month similar business. So, this both businesses are on a different level at different quarters. Those numbers we feel are not very correctly indicative of the Company's performance. However, having said that, what I can definitely share with you is that for both the products, the scope for improvement in margins is by virtue of backward integration, higher the backward integration the better is the material margin, we can accrue and in this direction in last nine months, the amount of in-house manufacturing which I stated earlier we have increased like the controllers, the universal motors, and cross flow fans and coils and so all this is what is helping us definitely improve our overall contribution, our overall material margin.

**Moderator:** Thank you. And the next question is from the line of Bhoomika Nair from DAM Capital. Please go ahead.

**Bhoomika Nair:** Sir, my first question is related to the room AC segment as you rightly mentioned that, inventory levels of the brands have now normalized and fallen quite sharply placing it in a very apt situation for the upcoming season. So, how are you seeing the ordering activity, are you starting to see an uptick and given that we are already sitting in the month of Feb, how's the ordering activity for the upcoming season looking at if you can give some qualitative sense, out there and how are we adding new clients, what is the wallet share gain, something of that sort would really help us understand better.

**Management:** Thank you Bhoomika. So, I agree with you that we are sitting on the mid of the quarter four so currently, as we can see, the demand uptick is definitely better and especially with us putting up additional 50% capacity. So, now we are equipped with 50% extra ammunition to fire during the peak season. So, now six months are very critical as we all know that the maximum amount of manufacturing happens during the six months in which EPACK sitting with extra 50% capacity we definitely aspire to utilize the newer capacity than the old capacities and get better service to our customer in terms of the retail demand. And in terms of the new client additions, there are two things which the Company has done in the recent nine months one, we have added newer SKUs. So, we have recently invested in new tooling and new chassis for the smaller

capacity of RACs like the 0.75 ton and 1 ton and then similarly the larger sizes like 2, 2.5 ton. So, for this we believe that we now have the capacity and capability to accumulate the quantities of different customers together because both of them standalone might not make much sense for a single brand to invest so when we consolidate the quantities of several customers, it definitely becomes a very viable proposition for us. And we are definitely getting good response in both these new categories which we have introduced. Similarly, we have also added a lot of mid-tier customers who are also growing very rapidly. Similarly, a lot of larger customers also who have their own manufacturing capacity, because of the market size expansion which see them to start outsourcing at a higher level as compared to the previous years.

**Bhoomika Nair:** Got it. So, basically, are we seeing an increase in the ordering activity versus last year given that some of these brands have announced their own capacities and some of your peers a sense of also kind of highlighted that next couple of quarters could be challenging given their own, the band's putting up their own capacities are we seeing something like that. Or are we continuing to see good ordering activity?

**Management:** Definitely, there's no denying the fact that some of the large brands have increased their capacity for the coming season. And so this has kind of changed the overall industry dynamics. But it's basically the three largest customers who have now increased capacity, we all know that information is there in the public domain. So, this has kind of implicated us also, so one of the larger customers for us, who was largely dependent on this, as of last year this year we have seen a significant reduction in his volume, and to the tune of almost 200+ crores. But at the same time, having said that we have been able to make up the loss business by adding newer customers and newer SKUs. So, with this, what I'm trying to convey is that, it is a dynamic industry and a dynamic situation where customers will add capacity as and when required. The intent of the customer, we believe is not to take away business from us, but it is more to sustain their own bottom line. And hence their dependence on us will also continue, which might fluctuate on an year-to-year basis, but at the same time, the brands and the OEMs are yet to coexist for a longer duration. So, it's more of a strategic relationship.

**Bhoomika Nair:** Sure. Sir the other thing is on the component side, we were looking to scale up on the components this year. So, just if you can talk about how that aspect is kind of playing out. And my last question was related to the earlier question where you spoke about the TLI not being granted as yet. But despite the government change sector, we are looking forward to that approval coming through and for us at a later stage being able to get those benefits.

**Management:** So, in terms of component space if you look at, currently in the last nine months, we have been able to attract customers without manufacturing capability now being near to the customer's location. So, at both Bhiwadi as well as Sri City, we have started in a small way supplying components since last four - five months and going forward, the inquiries are also better. So, there is a lot of development and approvals in process so this component business is slightly



long lead time item because some of the components are also customer specific or manufacturers as per customers drawing so the lead time to get approval is slightly longer. But that's a work in process and we have definitely started getting that traction and the supplies have started for certain items like cross flow fans and certain plastic parts, and others. Everything now at PCBA controller assembly line which we have, the PCBA line, which we started originally for our captive consumption now is also getting good traction from the customers for doing their, for making the controllers for their ACs or similar other appliances. So, that's another opportunity in pipeline, which we believe will definitely materialize in the next four to five months.

Now, in terms of TLI, your second question, Yes, TLI by the Rajasthan government has not been granted to us as of now, the application is in process. And once that comes, it will be to the tune of 1.8% to 2% of the total revenue. And I believe it is 1.25x of the overall investment what we have committed in Rajasthan, that's over the next 10 years. But we are still to get that entitlement certificate, hopefully we should get within next probably, within next 45 to 60 days. Incremental benefit which will accrue from the Rajasthan government, we have not made any provisions of it as of now.

**Bhoomika Nair:**

Understood, understood. Sir if I may just squeeze in one last question on the cooler business, we had kind of done an announcement saying that we have entered that business, if you can just talk about what is the potential of that particular segment, how quickly can volume scale up and what kind of revenues can one look at, or margin profile, how it is comparable, et cetera. If you can just give some qualitative understanding around that business will really appreciate it. Thank you.

**Management:**

So, Bhoomika, in terms of cooler one thing which has been encouraging about the cooler industry is that, the penetration of coolers is almost 17% which is twice that of an air condition and the 17% when we talk is that for the organized market, you understand that cooler is also large unorganized market is there. So, the brand market is 17% double that of AC and this again is a 10-month manufacturing industry as compared to let's say AC being a five, six-month predominant manufacturing industry. So, this helps us improve our asset utilization, because we get an opportunity to utilize our assets for injection molding specially for 10 month. So, in terms of the manufacturing capability, it is almost similar to that of our air condition facilities. And in terms of opportunity, we have started with one large customer and going forward we are looking at again top four of the brands. So, what we are eyeing at for the overall cooler. And in a annual year if I look at we definitely look at the revenue of 80 to 100 crores in next 16 to 18 months, in the first year.

**Moderator:**

Thank you. The next question is from the line of Utkarsh Maheshwari from Reliance General Insurance. Please go ahead.

**Utkarsh Maheshwari:** Just a small doubt I had because last year we did roughly 1500 odd crores of revenue. And you mentioned that there has been some CAPEX done by the largest customer. So, do we think that this year we should have similar, in the nine months we have not grown at all in terms of revenue, the aggregate revenue. So, do we think that there is a possibility of some kind of a drop versus last year in the full year numbers or it will be recouped, and there could be some growth possibility coming in?

**Management:** See Utkarsh like you rightly said last year total number was 1500 crores, so which means in the last quarter itself, the overall revenue is 600 odd crores. And what I'm trying to say is that 50% extra capacity, now we have ammunition to do a 1.5x kind of thing. So, that definitely depends on the order book we have. Currently the traction is good. At the same time, a unique thing which we have seen for the overall AC demand, the way it has peak ramped up for the current season, there is definitely a delay of 30 to 45 odd days compared to the previous years. So, because of the delay in the overall inventory getting liquidated, we see that the overall seasonality picking up in terms of manufacturing has been delayed by 30 to 45 days as a whole. So, that's the kind of indication or the sense of what I can give you, at the same time.

**Utkarsh Maheshwari:** So, there is a delay possibly is what you are saying?

**Management:** Sorry?

**Utkarsh Maheshwari:** There can be a delay, because of the resultant of delay there can be some spillover of revenue from Q4 to Q1?

**Management:** Yes.

**Utkarsh Maheshwari:** That is for the like-to-like, how about that order which is one of your largest customer who has started his own factory, so will that see some kind of impact on your side?

**Management:** So, Utkarsh when I started seeing, we have already been able to neutralize that impact by adding newer clients and newer product segments. So, we were preparing for it and so we have been able to neutralize that customers shortfall.

**Utkarsh Maheshwari:** Okay. And the new introduction in terms of small appliances and all, that should start contributing meaningfully from next year, the components and?

**Management:** That will start from the end of June, July. So, those appliances will show uptick from the end of Q2 for the next financial year.

**Moderator:** Thank you. And the next question is from the line of Shiva Sai from NSVR. Please go ahead.

**Shiva Sai:** My question is, when your customers are expanding by backward integration like setting up their own plants, what is stopping you from creating a brand, one brand of AC and launch directly selling the ACs to the customers?

**Management:** Shiva the way I understand the question is, you are asking that EPACK Durable planning to bring its own brand is that the question?

**Shiva Sai:** Yes, when your customers are planning to make backward integration and setup their own facilities, you can also plan to expand your business by forward integration directly to the customers you can launch a brand like that. There is scope for some manufacturing was delay then you can do it.

**Management:** I really appreciate your thought. At the same time, see the core competence of EPACK Durable is manufacturing. And this is the way we have grown, and this is what we have mastered. So, although the brands are putting up capacities, they are increasing their capacity we understand that, but what we have been telling you all along is that brands are not putting up capacity to take away business from OEM. It is a strategy which is a long-term thing wherein both of us will coexist. And this is how traditionally, the market has behaved globally. So, both OEMs and brands coexist, because there's a lot of interdependence, it is not possible, or generally possible for a brand to manufacture everything it wants on its own. So, it's mutual interdependence. So, these things might have a short-term impact of a newer capacity coming in definitely. So, may be this thing, what we understand is over the next three to four quarters the dust will settle down and then we will see a more clearer picture emerging on how the brands are behaving.

**Moderator:** Thank you. The next question is from the line of Dinesh, an Individual Investor. Please go ahead.

**Dinesh:** So, my first question is about the debt part in the balance sheet. So, post repayment of the 80 crores which was raised from the IPO proceeds what can be the average cost of interest rate for the remaining debt and any possibility of giving interest cost a number for FY25?

**Management:** Dinesh, in terms of the IPO proceeds, those numbers are not accounted because the results are for December end 23. So, the IPO proceeds came to the Company only in end of January. So, those numbers are not shown in the current results declared. Having said that, yet like we committed that the 80 crores of the total IPO proceeds will be used towards debt repayment, the long-term debt repayment that has already been done as on 31st of January, 30th received the fund, 31st January the debt was repaid. So, that has been duly utilized.

**Dinesh:** Yes, I'm asking about what will be the average cost of interest rate for the remaining debt that's there in the balance sheet, roughly average for the entire debt?

**Management:** Roughly average will be between 7.5% to 8.25% because in recent years, the RBI has increased the repo rate and everything's in the last nine months if we see the cost of funds has moved up slightly. So, going forward depending on the RBI policy, the definitely the lending rate might increase further or may not so, we can't comment on that. So, that entirely depends on the RBI, but our weighted average cost of funds as on date is between 7.5% to 8.25%.

**Dinesh:** Okay, sir got it. And my second question is regarding the coming season. So, previously in last year there was a huge buzz that El Nino impact has been there on the country. So, due to that did we see any means, are the Q1 numbers are in line usually how it will be or due to that El Nino did you see any uptick in sales. And what will be the, are there any projections for this year to regarding the El Nino impact so, how can the business pan out for this going ahead Q4 and Q1?

**Management:** In terms of the seasonal requirement, the entire industry is very positive, that for the coming season the market is destined to grow by at least 15% to 20% on average. So, that's the way the industry is preparing. And this is how the order book has been piled up for us. So, everybody is expecting a good season this year. And this is how we prepare, but any uncertainty in terms of the nature Gods behavior is unpredicted. Considering that yes, there is an uptick in demand and the industry is showing positive growth.

**Dinesh:** Okay. But actually looking at the numbers in this nine months so, we believe already the enhanced capacity has been also there. So, what can be the growth rate percentage terms at least that we can grow going ahead at least for FY25?

**Management:** Here our growth is a mirror of the way industry grows in one way. And then we make efforts to outgrow the industry growth by acquiring newer customers or making new SKUs. So, that's the general approach. But first of all, the industry definitely needs to grow. And current season if we look at, as a nine-month ended, the entire industry has reported that yes, they are sitting on a position where we are not carrying much of inventory. So, going forward for the next six months, whatever fresh manufacturing will happen for the sales in the current season. So, that's the positive signal and as a thumb rule I can tell you the industry is looking at close to 15% to 20% minimum growth for the coming season. Because that's the result of the previous nine months, nine months to last year nine months, the industry has already shown positive signals of growth.

**Dinesh:** Okay, so if industry goes by 15% to 20% can we match or even we can outperform the industry?

**Management:** That's our approach, that's the way we are making our strategies that we should outgrow the industry.

**Moderator:** Thank you. The next question is from the line of from of Nayan Thakkar from Ashika Institutional Equities. Please go ahead.

**Nayan Thakkar:** Sir, I would just like to have a clarification. You said the order book is bit going ahead by 30 to 45 days. Sir in the Q4, we have already past 1.5 months now. How is the response from the brands now and what are they saying for Q1 of the next financial year. Can you give us some color on the order book of your RAC business?

**Management:** Okay. What I meant was, in general the uplift in the demand on the normal year or historically it has been a manufacturing season starting from mid of November or starting of December to May. This seems like a shift in demand ramping up. So, this year it has been shifted by almost 30 to 45 odd days. That means, from mid-January we have seen the ramp up in demand which normally happens 30 to 45 days earlier in the industry historically. So, having said that it means the capacity utilization in this since January to June are the period almost 100% capacity gets utilized.

**Nayan Thakkar:** But, still I'm not able to understand how is the order book now, so for the Q4, is it stronger than the last year's quarter or is it standing or spilling over to next quarter once again or are they delaying more towards the next quarter?

**Management:** So, both, definitely Q4 of this financial year is stronger than last year. And in the same time we see a lot of currently the projections is panning even till June and traditionally it is till May so definitely Q1 is also looking to be much better as compared to last year Q1.

**Moderator:** Okay, sir thank you. And sir, can you just help me out with a number, how many clients are you serving right now?

**Management:** In air conditioner, overall, for both AC and as we put together we are serving more than 25 larger customers of known brands, then there are probably 10 to 15 smaller brands as well. But known or larger customers overall 25 customers is what we are servicing as of now. In the Presentation you will see a list of almost close to 22 odd customers named brands already there.

**Moderator:** Thank you. The next question is from the line of Amit from CES. Please go ahead.

**Amit:** I have a small question that, can we see the operating margins increasing on Y-o-Y basis as you had said the routes of Q4 are also stronger?

**Management:** On Y-o-Y basis if you look at the operating margin it has improved from 13% to 15%. And on a quarter-on-quarter basis if you look at it. So, last year quarter it was 11% whereas this year same quarter it is 17%. The numbers are there in the investors' presentation.

**Amit:** Yes. Thank you.

**Moderator:** Thank you. I now hand the conference over to management for closing comments.

**Management:**

So, thank you for all the participants in this earnings concall. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the Company, please reach out to our IR managers at Valorem Advisors. Thank you so much. Thank you once again.

**Moderator:**

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