IPO REVIEW

Epack Prefab Technologies IPO

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- The company is engaged in the business of Pre-Fab and EPS Shape model and enjoying niche place.
- It posted growth in its top and bottom lines for the reported periods.
- It had an order book worth Rs. 916.96 cr. for pre-FAB business as of March 31, 2025.
- Based on recent financial data, the issue appears aggressively priced.
- Well-informed investors may park funds for medium to long term.

About the Company

Epack Prefab Technologies Ltd. (EPTL) was incorporated in the year 1999 and has a legacy of over 25 years, operating into two business verticals, i.e. (i) Pre-Fab Business, wherein it provides complete solutions to customers on turnkey basis which includes designing, manufacturing, installation and erection of pre-engineered steel buildings, pre-fabricated structures and its components in India and overseas (“Pre-Fab Business”); and (ii) manufacturing of expanded polystyrene sheets and blocks (also referred as “EPS Block Molded” products and “EPS Shape Molded” products) for various industries such as construction, packaging, and consumer goods in India (“EPS Packaging Business”).

As per CRISIL report – it is the fastest growing in terms of revenue from operations, registering a compounded annual growth rate (CAGR) of 41.79% between FY22-24 and revenue from our Pre-Fab Business registered a CAGR of 55.48% between FY22-24. The pre-engineered steel buildings industry expanded at a CAGR of ~8.3% over fiscals 2019 and 2025, growing from Rs 130 billion in in 2019 to Rs 210 billion in fiscal 2025. The medium-term outlook is optimistic, with the industry expected to clock a CAGR of 9.5-10.5% between fiscals 2025 and 2030 to Rs 330-345 billion.

As a part of its Pre-Fab Business, the company offers pre-engineered steel buildings, pre-fabricated modular building structures, light gauge steel frames (“LGSF”), Sandwich Insulated Panels and other standard modular solutions to customers. It also undertakes projects on turnkey basis, wherein it provides complete pre-fabricated structures that involves estimation, designing, engineering, manufacturing, transportation, installation and erection of pre-fabricated structures at the site of the customer. As on March 31, 2025, its total installed capacity at three manufacturing facilities situated at Greater Noida (Uttar Pradesh), Ghiloth (Rajasthan) and Mambattu (Andhra Pradesh) is 1,26,546 MTPA of pre-engineered capacity and 5,10,000 SQM of Sandwich Insulated Panel capacity. In addition to its manufacturing facilities, the company also has three design centres located at Noida (Uttar Pradesh), Hyderabad (Telangana) and Vishakhapatnam (Andhra Pradesh). Its focus on process innovation through continuous engineering, as well as deployment of modern technology, has been

instrumental in the growth of its business and improved ability to customize products for customers. This focus on cost competitiveness allows it to deliver customized prefab solutions that meet both economical and functional requirements.

In its EPS Packaging Business, EPTL provides a variety of EPS Shape Molded and EPS Block Molded products, including EPS Sheets, packaging boxes for electronic goods, and hand-molded packaging box. As on March 31, 2025, it had a capacity of 8,400 MTPA. These are tailored to meet the specific packaging needs of customers. Its EPS Packaging Business products are known for their lightweight, insulating properties, impact resistance, making them ideal for various industries such as construction, packaging, and consumer durables. The company sells Pre-Fab Business products under the brand name ‘EPACK PREFAB’ and EPS Packaging Business products under the brand name ‘EPACK PACKAGING’. As of March 31, 2025, it had 849 employees on its payroll, and additional 1522 contract workers in various departments. As of the said date, it had an order book worth Rs. 916.96 cr. for pre-Fab business.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of equity shares worth Rs. 504 cr. (approx. 24705882 equity shares at the upper cap). The IPO comprises of fresh equity shares worth Rs. 300 cr. (approx. 14705882 equity shares at the upper cap), and an Offer for Sale (OFS) of 10000000 equity shares (worth Rs. 204 cr. at the upper cap). The company has announced a price band of Rs. 194 – Rs. 204 per equity shares of Rs. 2 each. The issue opens for subscription on September 24, 2025, and will close on September 26, 2025. The minimum application to be made is for 73 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 24.60% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 102.97 cr. for capex on new manufacturing unit at Alwar-Rajasthan, and Rs. 58.17 cr. for capex on expansion of Mambattu unit, Rs. 70.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The joint Book Running Lead Managers (BRLMs) to this issue are Monarch Networth Capital Ltd., and Motilal Oswal Investment Advisors Ltd., while KFin Technologies Ltd., is the registrar to the issue. Monarch Networth and Motilal Oswal Financial are syndicate members.

The company has issued entire initial equity capital at par value and has converted fresh equity capital at a price of Rs. 157.80 (Rs. 2 FV) in September 2025. It has also issued bonus shares in the ratio of 3 for 1 in September 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs.0.05, Rs. NIL, Rs.0.07, Rs. 0.08, Rs. 0.17, Rs. 0.19, Rs. 0.35, Rs. 0.37, Rs. 0.42, Rs. 0.43, and Rs. 0.46 per share.

Post-IPO, its current paid-up equity capital of Rs. 17.15 cr. will stand enhanced to Rs. 20.09 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 2049.22 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 660.49 cr. / Rs. 23.97 cr. (FY23), Rs. 906.38 cr. / Rs. 42.97 cr. (FY24), and Rs. 1140.49 cr. / Rs. 59.32 cr. (FY25). The company marked growth in its top and bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 6.19 (basic) and an average RoNW of 24.56%. The issue is priced at a P/BV of 4.47 based on its NAV of Rs. 45.66 as of March 31, 2025, and at a P/BV of 5.79 based on its post-IPO NAV of Rs. 35.23 per share (at the upper cap).

If we attribute FY25 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 34.52. Based on FY24 earnings, the P/E stands at 47.66. Thus, the issue appears aggressively priced.

The company has shown PAT margins of 3.63% (FY23), 4.74% (FY24), 5.20% (FY25), and RoCE margins of 20.31%, 27.21%, 22.88%, respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in December 2024, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Pennar Ind., Everest Ind., Interarch Building, and Beardsell, as their listed peers. They are currently trading at a P/E of 26.5, NA, 30.1, and 12.0 (As of September 22, 2025). However, they are truly not comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The two BRLMs associated with the offer have handled 24 pubic issues in the past three fiscals, out of which 5 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

EPTL is engaged in the business of Pre-Fab and EPS Shape model and enjoying niche place. It posted growth in its top and bottom lines for the reported periods. It had an order book worth Rs. 916.96 cr. for Pre-Fab business as of March 31, 2025. Based on recent financial data, the issue appears aggressively priced. Well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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