May 14, 2025

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers,	Exchange Plaza, C/1, Block G,
Dalal Street, Mumbai - 400001	Bandra-Kurla Complex, Bandra (E), Mumbai - 400051
Scrip Code: 500135	**Trading Symbol:** EPL

Sub. : Transcript of the Conference Call - EPL Limited ("Company")

Ref. :
1. **Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("SEBI LODR Regulations")**
2. **ISIN: INE255A01020**

Sir/ Madam,

In furtherance of our intimation(s) dated May 2, 2025 and May 8, 2025, we are enclosing herewith, the Transcript of the conference call for the Analysts/ Investors, which was held on May 8, 2025, to discuss the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended on March 31, 2025 ("said transcript").

The said transcript is also made available on the website of the Company i.e. at https://www.eplglobal.com/investors/shareholder-information/

This is for your information and records.

Thanking you.

Yours faithfully,
For **EPL Limited**

ONKAR DEEPAK GHANGURDE

Digitally signed by ONKAR DEEPAK GHANGURDE
Date: 2025.05.14 22:19:43 +05'30'

Onkar Ghangurde
Head - Legal, Company Secretary & Compliance Officer

Encl.: As above

"EPL Limited Q4 FY '25 Earnings Conference Call"

May 08, 2025

MANAGEMENT:	**MR. ANAND KRIPALU – MANAGING DIRECTOR & GLOBAL CHIEF EXECUTIVE OFFICER, EPL LIMITED** **MR. M. R. RAMASAMY – CHIEF OPERATING OFFICER, EPL LIMITED** **MR. DEEPAK GOYAL – CHIEF FINANCIAL OFFICER, EPL LIMITED** **MR. SHRIHARI RAO – PRESIDENT, AMESA REGION, EPL LIMITED** **MR. ONKAR GHANGURDE – HEAD, LEGAL COMPANY SECRETARY & COMPLIANCE OFFICER, EPL LIMITED**
MODERATOR:	**MR. PRATIK THOLIYA – SYSTEMATIX INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY '25 EPL Limited Earnings Conference Call hosted by Systematix Institutional Equities.

As a reminder, all participant lines will be 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 this conference call, please signal an operator by pressing *, then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pratik Tholiya. Thank you and over to you, sir.

Pratik Tholiya: Yes. Hi. Thank you. On behalf of Systematix Institutional Equities, I would like to welcome all the participants who have logged into this Conference Call of EPL Limited to discuss the 4th Quarter and year ending FY '25. At the outset, I would like to thank the management for giving us the opportunity.

From the Management Team, we have Mr. Anand Kripalu – MD and Global CEO; Mr. M. R. Ramasamy – COO; Mr. Deepak Goyal – CFO; Mr. Shrihari Rao – President, AMESA Region and Mr. Onkar Ghangurde – Head (Legal CS) and Compliance Officer.

I would like to now invite Mr. Anand Kripalu to begin the proceedings followed by his opening remarks. Thank you and over to you, sir.

Anand Kripalu: Thank you very much, Pratik and hello, everyone, very good evening to you and thank you for joining us for EPL's Q4 FY '25 Earnings Call. I am delighted to share the fact that we had a strong quarter in the midst of a challenging macro environment, reflecting the strength of our strategy and the rigor of our execution.

Our revenue for the quarter grew by 7.4%, EBITDA grew by 17.7% and PAT grew by 42.4%. This marks the 11th consecutive quarter of EBITDA margin expansion supported by sustained double-digit EBITDA growth. Our margins remain robust at 20% plus, reflecting specific management actions to correct Europe and Americas while ensuring operating discipline and product mix improvements.

Revenue growth during the quarter was 7.4% driven by a solid performance in the Americas and the EAP regions while Europe recorded modest growth. In AMESA, particularly India, while overall growth remained flat, the underlying business performance is encouraging, negated partly by lower intercompany laminate sales, which helped optimize inventory levels and improve our overall networking capital. The underlying demand trend in tubes remain positive.

Within Personal Care and Beyond, Beauty & Cosmetics witnessed over 20% growth, fueled by focused investments in capability and technology, adoption of new theme, deeper customer engagement as well as sharper execution. This segment continues to accelerate quarter-on-quarter, reinforcing our strategic direction and all the efforts that we have made on Beauty & Cosmetics over the last year. EBITDA performance was encouraging across all regions. In India, margins have shown a clear recovery in line with our commitment. We saw 100 basis points year-on-year improvement and 170 basis points sequential increase driven by operational efficiencies and improved product mix.

Looking at the full year, we delivered a well-rounded performance. Revenue grew by 7.6%, EBITDA rose by 17.5% with margin expansion of 169 basis points. The underlying PAT grew by 44.6%. Our category mix continued to evolve in the right direction with Personal Care & Beyond growing at 10.3%, nearly double the 5.6% growth in Oral Care. This segment now contributes 48% of our total business. Stronger EBITDA and PAT combined with solid cash flow generation has helped reduce our net debt to EBITDA ratio to 0.54x with ROCE improving to 18%, expanding by 335 basis points. Consequently, our EPS has improved from Rs. 7.88 in FY '24 to 11.38 in FY '25, an improvement in EPS of 44%. As a result of our consistent performance and focus on returning value to our shareholders, we are pleased to propose an increased final dividend of Rs. 2.50 per share.

Sustainability remains a cornerstone of our long-term vision. As on FY '25, 33% of our overall portfolio is now recyclable and we are seeing strong customer engagement and conversion momentum in this area. During the quarter, EPL was awarded an A rating by CDP for both climate change and water security, which is actually their highest rating. Further, we were honored with the UNGC Forward Faster Sustainability Award 2025 under the category of sustainable supply chain excellence, reinforcing our leadership and responsible packaging along with multiple awards for our people practices.

Looking ahead, I would like to highlight four key areas of focus:

1. **Beauty & Cosmetics growth:**

   We are excited to build on the momentum in our Beauty & Cosmetic segment. Our order pipeline remains healthy with new customer wins across geographies backed by Neo Seam tubes and superior printing capabilities. We are also making selective investments in extruded tubes to further strengthen our product offerings in this segment. This will remain one of our key focus areas as we continue to leverage our competitive advantage in sustainability and innovation and deliver strong double-digit growth.

2. **Expansion in high growth markets:**
   We see promising growth potential in Brazil where capacity expansion is underway and expected to be operational in this quarter itself. Similarly, our Thailand Greenfield project is progressing as planned and will contribute from H2 onwards. We will continue to explore

further Greenfield expansion and M&A as and when it is available. These initiatives demonstrate our ability to scale operations as we look ahead.

3. **Sustainability:**

   Our sustainable tube mix has risen to 33%, up from 21% last year. This shift is helping us gain wallet share with large global brands focused on ESG. We expect this trend to continue strengthening our competitive position in the medium term.

4. **Margin Expansion:**

   We are in a strong position having demonstrated consistent improvement over the past several quarters. Europe and the Americas region continue to show solid momentum through restructuring and cost optimization. Overall, we remain confident of delivering EBITDA growth ahead of revenue growth and our sharp focus on CAPEX and interest costs positions us well for continued PAT growth and ROCE improvement. Further, and importantly, we expect minimal impact of US tariffs as we have local manufacturing in the US. Also, our export to the US is relatively small. Further, EPL has contractual pass through of duties with most customers.

So in summary, FY '25 has been a year of strong execution, solid financial delivery and strategic progress. Our ability to navigate global challenges while advancing our goals and sustainability, margin enhancement and innovation puts us in a strong position for FY '26. We remain confident in our ability to deliver double-digit growth and continue improving margins. With that, we will now open the floor up for questions.

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

Sanjesh Jain: Good evening, sir. Thanks for this opportunity. I got few questions. First on the Brazil and Thailand Greenfield expansion, what we are doing, what is the total capacity addition this expansion will lead to as a company?

Anand Kripalu: So in Brazil, we are adding capacity essentially for Beauty & Cosmetics because we have already sold out our existing capacity on Beauty & Cosmetics. So we are adding that. Now, specifically, in terms of volume contribution is going to be about 40 million tubes a year, right, which is the expansion of Brazil, right. Thailand, we are making an entry as we have said, and the objective in Thailand actually is to start small but scale up fast. So we will start small, establish our factory on the ground, it will affect or impact positively our H2 numbers, but once we are on the ground, as we get more and more customer orders which actually we have a reasonably rich pipeline, we will expand rapidly. So that is how we are thinking about it, Sanjesh.

Sanjesh Jain: Very clear, sir. Second question on India, you did mention that India underlying growth was encouraging while we were hurt because of laminate sale, what was the underlying growth X of laminates?

Anand Kripalu: So Sanjesh, we are not actually splitting this, I called it out to explain. The fact is we have trimmed our inventory materially, right and that has helped our overall working capital numbers. All I can tell you is that the tube revenue growth, which is the core of our business, right, the rest is kind of trading and WIP, work in progress, right is decent, but we are not splitting these numbers.

Sanjesh Jain: Our mid-single digit will be a decent number for you?

Anand Kripalu: Sorry.

Sanjesh Jain: Will it be mid-single digit of a number?

Anand Kripalu: Sorry, your voice is breaking Sanjesh, can you say that again?

Sanjesh Jain: So is the tube revenue growth in mid-single digit for us in India?

Anand Kripalu: Yes, it is mid-to-high single-digit.

Sanjesh Jain: Mid-to-high single-digit?

Anand Kripalu: Yes.

Sanjesh Jain: And the next follow up question is on the EAP. There is a sharp drop in the EBIT margin sequentially in EAP and any particular reason there?

Anand Kripalu: Yes. So sequentially, I would urge you not to look at the numbers. Q4 in EAP is the Chinese New Year quarter and typically has the softest margins in the year. So our business is best looked at seasonally, which is year-on-year rather than quarter-on-quarter.

Deepak Goyal: Sanjesh, EAP EBIT margin would make lot of sense on a full year basis. There was quarter-on-quarter fluctuation because of the high technology tax benefit that we get. However, on a full year basis, it is equalized, so full year to full year EBIT margin will make a lot more sense.

Sanjesh Jain: Very clear. Then the next question is on double-digit growth guidance. This year the EBITDA grew, thanks to cost optimization and margin improvement. I think we have reached where we wanted to reach in terms of EBITDA margin now, probably most of the growth will come from the revenue growth where we are now at 7%, how should we see double-digit growth guidance for next year in that scenario?

Moderator: Ladies and gentlemen, we have the management back online with us. Sir, please go ahead.

Sanjesh Jain: Sir, you want me to repeat the question?

Anand Kripalu: Yes, the last one I couldn't hear, it got cut.

Sanjesh Jain: Sir, my question was on the double-digit EBITDA growth guidance for next year. In terms of the EBITDA margin, we have reached where we have targeted for almost 20.5%. So next year most of the EBITDA growth should come by the revenue growth where we are at mid-single digit today for the whole year FY '24 as well, what gives us the confidence of a double-digit growth in FY '26?

Anand Kripalu: So first of all, we still have margin improvement opportunities in select geographies. I don't think the full margin improvement has played out in the Americas or indeed even in Europe. And there are some corrections to be done in India. So there is still an opportunity for margin improvement. But I think your point about double-digit revenue growth I think is an important one. Now, the way we are thinking about it and listen, we cannot deal with macros, right? And what happens with macros given that there is some softness in FMCG in India and so on and so forth. But what I can tell you is this. So one is first of all that our Beauty & Cosmetics growth where there is massive headroom for expansion, we have been working on this over the last year, probably 15 months and we are now beginning to see this momentum coming. And the day we get to mid to high teens consistently in Beauty & Cosmetics growth, our blended growth will come into the double-digit zone. The second point I want to make is that while there are certain challenges with macros, particularly let us say in India and China to an extent, there are various things we are doing to mitigate this. Just as an example, in China, for instance, we are looking at driving extruded business, right and we have made a selective investment in extruded capability, right. So while we drive conversion to Neo Seam, we head on start taking share in extruded and actually we are seeing very good signs of success by going head on with the extruded tubes. In India for instance, we are mounting lot more aggression on exports out of India and we have the Middle East and the Africa region as part of AMESA, right and those are opportunities for growth. So when you look at all this put together, I think we have a clear line of sight for double-digit growth. If the macros were a little more enabling, that would have happened earlier, but we are doing things to make sure that even if we don't see a major reversal of that, that we get there in quick time.

Sanjesh Jain: Clear. What is the CAPEX for the next FY'26, per annum for last 3 years --

Anand Kripalu: Your voice is still breaking, Sanjesh.

Sanjesh Jain: Is it audible now?

Anand Kripalu: Yes.

Sanjesh Jain: So I was looking for a CAPEX for FY '26, for the last 3 years, it has been in the range of Rs. 360-Rs. 380 crore. That should be the number for FY '26 as well?

Deepak Goyal: Right, Sanjesh. That is how we are looking at the CAPEX plan right now. This CAPEX is sufficient as I have been mentioning is sufficient to fund our double-digit growth ambition.

Sanjesh Jain: Very clear. Just one on the US tariff side, we do export laminates from India and China and that --

Moderator: Sorry to interrupt you, sir, but your voice is breaking.

Anand Kripalu: Sorry, your voice is breaking again.

Sanjesh Jain: Is it clear now?

Moderator: Sir if you are using a headset, I would request you to use the handset, your voice was breaking.

Sanjesh Jain: Hello. Can you hear me? I am on speaker.

Anand Kripalu: Yes, please try again.

Sanjesh Jain: So I was looking at US export and the tariff impact for the laminates which were from India, China to US, can it bring down our competitiveness in the US market?

Anand Kripalu: No, it is not bring down our competitiveness. We have producing on the ground, right, our customers, we have a contractual pass through, right. And I think we have cost optimal total delivered cost anyway. So as far as we are concerned, I think it will just remain a kind of stable competitive environment.

Deepak Goyal: And if I could add, Sanjesh also the laminate capacity in the US is hardly there. And most of the supply locations also have similar tariff impact. And hence when we are looking at our laminate landed cost versus competition or versus other geographies, it would still remain competitive. Hence we believe that if this tariff increases of 10% and if further tariff increase happens, then it would most likely get passed on to the consumer because in such a short span of time, it would be very difficult for any industry to really bring in new capacities.

Sanjesh Jain: Very clear.

Anand Kripalu: And to add one more point. Actually I think there is a source of competitive advantage for us, a lot of tubes in the US come from China. We have a local production in the US and we have capacity in the US. We actually and there are many customers of ours, including distributors and so on who have been reaching out to us, right. Actually, there could be a source of competitive advantage, right as this thing plays out.

Sanjesh Jain: So do you have a number, how much of tube get exported of China?

Moderator: Sorry to interrupt, sir, but I may request you to rejoin the question queue.

Sanjesh Jain: This is just a follow up, I will come back in the queue. Any idea how much of the tubes in US get exported from China?

Anand Kripalu: Do you have an idea? Listen, it is a very significant part of what sells in the West Coast of the US, right. And it is, by the way, material percentage of total US sales, which means definitely in double-digit percentage contribution to US sales. Specific percentage numbers, we won't have.

Sanjesh Jain: Very clear, sir. Thank you for patiently answering all those questions and best of luck for the coming quarters.

Anand Kripalu: Thank you.

Moderator: Thank you. The next question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta: Hi, good evening and thanks for taking my question. Sir, firstly, I heard your piece on intercompany laminates which has affected AMESA growth, but my understanding would be that these are lower margin categories and it should have had an impact on a margin improvement. Now, with that not happening, would it assume that going forward as this intercompany laminate issue goes away, we would actually see margin tapering off from here on?

Anand Kripalu: See, first of all, I would just use this as an explanation because what happens is on a full year basis. There is not much difference between generally speaking the tube revenue growth, the laminate growth and the total growth. But quarter to quarter, sometimes there are inventory variations that happens that impact the results that prevents you from reading what is really happening properly. I think what you have to believe is that we have a range for delivering India margins, right, and we are committed to getting to that range in a stable business environment, right. And we have plans in place to make sure we get there, right, but our annual plans and so on has a blended margin and the historic data also has a blended margin. So I only use this for this quarter because the difference is material as we have brought down inventory. So I don't think you need to read more into it than just this quarter explanation, but it is nothing to do with the fundamental structure of the business on a full year basis.

Sameer Gupta: Got it, sir. Just to follow up there, so X of the laminate tubes, the margins of tubes are intact, they are not down Y-o-Y? Would that be a correct understanding?

Deepak Goyal: That is right, Sameer. Also on a full year basis, India margin and AMESA margin have been soft and we said last quarter as well that we have taken specific actions to improve our margins. Those actions are well underway, and we should see improvement as we go along.

Sameer Gupta: Got it. That is very clear. Sir, on the tariff impact again, I understand that Sanjesh also asked you very detailed questions, just one bit here. So what I understand is that instead of exporting laminates from China, we are going to export it from India because the tariff differential is higher in China versus India, does that increase cost for us?

Anand Kripalu: No, so that is not what I meant actually. Then I didn't communicate clearly. So what happens is we are moving laminate to the US already only from India, because China already had a duty, landed duty when it went to the US from China. So we had moved all our laminate sourcing to India anyway. What I really meant was that there are a lot of tubes, right, made tubes that are exported from China into the US. Now, the tariffs on China going up, our US business that sources laminate from India and makes tube in the US will have a source of competitive advantage on pricing compared to tubes that are coming in from China. Lots of tubes come in from China directly to the West Coast of the US, right, and a little less so on the East Coast of the US. With our local production, we will be in a position of competitive advantage.

Sameer Gupta: I understand this, sir. That is very clear. Thanks again. One last question, if I may squeeze in. Deepak mentioned about the CAPEX will be in the ballpark of Rs. 360-Rs. 380 crore again, but shouldn't we build in a little higher because in Thailand you are putting a Greenfield, or it is already there in FY '25 part of it?

Deepak Goyal: Some bit of expense is there, but a large part of it will come in FY '26. In theory, we have been saying that the Greenfield expenses would come in higher. However, Thailand is a smaller facility and also we are optimizing our CAPEX spreads through various initiatives. Next year, our plan is to spend around Rs. 380-Rs. 390 crore and that should be sufficient to cover for both the growth plans as well as the Thailand Greenfield.

Sameer Gupta: Very clear. Thank you, Deepak. Thanks, Anand, I will come back in the queue for follow up.

Anand Kripalu: Thank you.

Moderator: Thank you. The next question is from the line of Akshat Bairathi from RSPN Ventures. Please go ahead.

Akshat Bairathi: Hi, thank you for the opportunity. Sir, given that there was some headwinds in Q3 and Q4 both in China and you mentioned that there was Chinese New Year in Q4 as well. So in spite of that, we have shown 9% growth year-on-year in the EAP region. So can we expect a double-digit kind of growth in China for FY '26 given these numbers? And the second question will be a bookkeeping question on the tax rate. So for the full year, our tax rate has been very low, so why is that and what will be the expected tax rate for FY '26?

Anand Kripalu: So we don't give region growth guidance, just so that we are clear about it, right. But we do expect EAP right to continue to grow strongly and it will also get beefed up in H2 as Thailand comes on stream and Thailand is going to be part of EAP, right. And EAP has to continue to perform well for us to achieve a total global ambition of double-digit growth. So we are doing everything necessary for that to happen. I will just request Deepak on the tax question.

Deepak Goyal: Yes. So the tax rate this year is lower because with the turnaround in Europe, our Poland plant has low tax rate. The mix of that profit has gone up. Also, the higher technology benefit that we get in China, this year, there was marginal impact of last year that also kind of came in this financial year. On a steady state basis, I believe that with the countries mix coming in anywhere between 18%-22% is our rightful tax rate that should be delivering.

Akshat Bairathi: Thank you so much. That is it from my side. All the best.

Anand Kripalu: Thank you very much.

Moderator: Thank you. The next question is from the line of Shalabh Agarwal from Snowball Capital Investments Advisors LLP. Please go ahead.

Shalabh Agarwal: Good evening, sir, and thank you for this opportunity and many congratulations for the continuing good results. Sir, the first question is referring to your presentation, slide number 14, where we have given the categories of the Personal Care & Beyond. So are there any subcategories on the left side where we are still not present and where our competitors are present and where we may have a scope of launching products in that subcategory?

Anand Kripalu: So there are lots of micro categories that can sell in tubes, for instance, cockroach repellents, right, Mehndi and you can call that Personal Care or whatever you like, but, Mehndi and we are filling, we are providing tubes for the Mehndi industry, but by and large, I would say that the left hand side covers most of the subcategories because the last one we added there was grease and gear oil whereas these small ones really keep emerging, but they won't be so material really. The material ones are the ones that start from the top.

Shalabh Agarwal: Sure. And are there any material categories on in this beauty and care where our exposure is still limited or we are still smaller than our competitors where we can have a much higher scope of growth in future?

Anand Kripalu: So I think we tend to be reasonably good on Hair Care. But I think we have a lot of headroom on Skin Care, right at a very broad level.

Shalabh Agarwal: Sure. And this will primarily be the European market where we will be behind some of the niche competitors?

Anand Kripalu: I think we have relatively lower shares in Beauty & Cosmetics, certainly in most geographies. Specifically, we have very low shares in Europe and Americas, right and we have a very aggressive plan to grow in the Europe and the Americas, and we are beginning to see traction in both these regions. In China, we still have a relatively small share, but we have been growing at 20% for 5 years now in a row. So the opportunities are growing much faster than the category. So I think the main point is the headroom for growth in Beauty & Cosmetics is significant everywhere in the world, probably a little bigger in some regions and a little less in other regions.

Shalabh Agarwal: Right. And sir, what will be our right to win in some of these markets, especially in these categories where we are still a little smaller, is it if we really benchmark ourselves with competitors on cost, so can we confidently say that we will be given our size and economies of scale, are we the lowest cost manufacturer even for some of these Beauty and Care tubes? Would that be a good statement to make at least on 80%-90% of the product?

Anand Kripalu: So as a principal I can tell you we are the lowest cost producer in the world right by at least 3%, if not more. And that is because compared to any other regional competitor, the Indian mindset of frugality as a culture, right, and our ability to extract more from the machines and run our machines for longer than anybody else in the world. So generally speaking, total delivered cost, like for like EPL is lower and that is why you also see that we have better margins than most other people. Our other right to win apart from cost leadership, right is the fact that we are a leader in laminated tubes and as people convert to laminated tubes, we get a higher share, right as they convert it from extruded. We also have a new theme which is a very cost effective option to ensure that you have all the bells and whistles of the Beauty & Cosmetics tube, but at a much lower price than extruded. And selectively leveraging the deep customer relationships we have, we are also pursuing extruded and with reasonable success and we have a reasonable extruded business in Europe, in India and now in China.

Shalabh Agarwal: Sure. And sir, just lastly, if I may add, if we calculate the contribution of the pharma sector in our sale, it seems this year the growth has been in mid-single digits. Any specific reason why it has not because last 2 years it has been in double-digits, given the size of the category, one would have thought that the growth would have been higher. Any particular reason why the growth has come down?

M. R. Ramasamy: I don't think growth has come down, but we do pharma largely in certain markets like India, China we do more, whereas Europe and things like that we are not, we are doing very little of pharma. So maybe that segment in some of the places could have slightly a lower size entry that we continue to grow. If you look at internally that when we track that, we continue to grow in terms of volume, but maybe the value that it generated because of the size of the tube would have been slightly lower that we need to, we will check and revert subsequently when we speak to Deepak.

Anand Kripalu: Pharma is the priority for us and we continue to drive it.

M. R. Ramasamy: And we do really well in India. There are a lot of conversions taking place and we lead the conversions as the market leader in India.

Shalabh Agarwal: Great, sir. Thank you for answering my questions and all the very best.

Anand Kripalu: Thank you.

Moderator: Thank you. The next question is from the line of Shubham Sehgal from SiMPL. Please go ahead.

Shubham Sehgal: Hello. Am I audible?

Anand Kripalu: Yes.

Shubham Sehgal: Yes, I have two questions. So I just want to ask. So as you mentioned earlier that like geography wise, the growth might matter due to the geopolitical conditions and like also the specific geographies. But while modeling or while like targeting the double-digit growth, do we still keep a growth rate in mind for our different geographies or like how do we look at?

Anand Kripalu: Internally, we absolutely have an ambition for every geography, but at a global level, it is really the category that we are focusing on, right. And we know that the headroom for growth is the biggest in Beauty & Cosmetics. You are beginning to see that momentum, right and when the macros improve, you will have the rest of the portfolio also coming back, right, particularly like Oral Care. So as we establish this kind of mid-teens or high teens growth for Beauty & Cosmetics globally and with some recovery in oral, when you put the two together right, it will quite simply get to double-digit growth. So therefore, that is really the thing, because in Oral, we continue to grow our customer base and grow wallet share. But because we are already so large, that is a little more modest. The big headroom is from Beauty & Cosmetics and you can see the momentum picking up for Beauty & Cosmetics. So actually I am very confident that with a little bit more support from the macros, right, we will be in the double-digit zone.

Shubham Sehgal: Got it. So apart from the macros, do we think there are any other challenges that we could face that like we cannot be able to achieve double-digit growth?

Anand Kripalu: No, because you see, apart from all this, we are also expanding Brazil. We are getting into Thailand. And of course, we are very open to M&A, and we are looking as much as we can for opportunities in M&A. So if you put all this together right, I think we have a plan to get there, right and at the forefront of that plan is the acceleration of Beauty & Cosmetics where we have put in huge investments as well in terms of resource and capability. So I actually think that it is around the corner.

Shubham Sehgal: Alright, thank you. That is it from my side.

Anand Kripalu: Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Upadhyay from SiMPL. Please go ahead.

Nikhil Upadhyay: Yes. Hi, good evening. Thanks for the opportunity and many congrats on the results. I think we have delivered what we have been guiding. Good to see that. I have two questions. One is on the growth part with Shubham was just discussing and Anand, when we think about growth, there are two ways. One is new product launches are getting share from existing product. So when you say that we are getting confidence on growth, is it like we are getting shares in existing products or our new products which are about to be launched, and we are the sole suppliers. That is where we believe the growth will happen. Just some sense if you can give?

Anand Kripalu: Yes. So, listen, all of the above, honestly, we are expanding our customer base very aggressively on Beauty & Cosmetics, right. In India, we are really going aggressively after all the D2C brands, for instance, so we are expanding our customer base. The second is many of those smaller customers require innovation, right and the innovation could be in the tube delivery in the nozzle or in the nature of the printing. But they also require very different service dimensions, right, your ability to be more agile and turnaround times and service levels that are very different from the Oral Care customers. And of course, with our existing customers, many of our existing large customers, for instance, we have seen them wanting to convert from bottles to tubes in Hair Care, right. And that meant that earlier we were not in the market for healthcare products like conditioners and certainly now, we have a large business that is coming in from Hair Care itself. So really, all I want to tell you is this, on Beauty & Cosmetics, the mantra in the company is we will do what it takes to accelerate Beauty & Cosmetics. No size of order is too small for EPL to go and service that order. So there is a huge movement in the company, and we tell you and huge management focus to transform us from being an oral company that does Beauty & Cosmetics to being a Beauty & Cosmetics company. So that is how we are thinking about it. And therefore whatever needs to be done, we are doing.

Nikhil Upadhyay: Second question was and this is the last question and this is interrelated, if you look at our cash flow generation, it has been very strong, almost average of Rs. 600-Rs. 800 crores over last 2-3 years. And our CAPEX has remained in that range of Rs. 350-Rs. 400 depending upon Greenfield or brownfield. One point, will our payout ratios remain high because there has been a change at the promoter level, so how is the new promoter or the new entity which has come in, how are they thinking about? And secondly, over the next 2-3 years from this 18% ROCE, where do you think this business to stabilize? Because margins will not be like a constant trajectory of improvement because then customer will also come back. So where do you think the ROCE's will stabilize in next 2-3 years?

Deepak Goyal: Nikhil, first on the dividend and CAPEX, yes, we are a strong cash generating company and the cash flow year-over-year has been improving. In FY '25 itself, if you see we have been able to deliver the company by more than Rs. 100 crores through the organic cash flows after paying for all the CAPEX'S and the dividend. We are also a very strong dividend paying company and our dividend payout ratios or dividend payout has been improving year-over-year. In FY '25, if the final dividend gets approved in the AGM, we will pay Rs. 5 per share dividend versus Rs. 4.35 paisa that we paid last year, so our dividend has also been improving. We believe that we will continue the policy of this strong dividend payout and marginal improvement year-over-year even when we deliver the company a bit, but also look for M&A's more aggressively. Your second question was on the.

Nikhil Upadhyay: ROCE, where will they stabilize in the next 2-3 years?

Deepak Goyal: See, this business has a potential of improving ROCE significantly. Our policy of CAPEX investments equal to depreciation has been working well. It means that our net asset base doesn't grow, and this investment helps us deliver double-digit revenue growth and consequent EBITDA and PAT improvement, which means that ROCE expansion as a model remains. We believe that in the short term, we should definitely cross 20, but long term this ROCE can expand even faster. So ROCE expansion is something that we are clearly focusing.

Nikhil Upadhyay: But where do you think there could be a challenge in terms of improving the margins because at the end your customers are FMCG's and all which will push back on if the margins increase too much, is this the right way to think or?

Moderator: Ladies and gentlemen, we have the management back online with us. Sir, you may proceed.

Anand Kripalu: Deepak, you want to complete the answer that you were talking about ROCE?

Deepak Goyal: ROCE answer, I completed. Nikhil, I think you had a follow up question.

Nikhil Upadhyay: Yes, I had a last question. See, we are at 21% EBITDA margin and if you look at history in last 15 years, this business has done beyond 20 very rarely and the kind of customer profile we have, which is like FMCG and like which would push back if the margins increase too much or like if we do make very high margins. So where do you think the margins? We may get a pushback from the customers and that can be the cap on the margins or is there a different way of thinking now versus what has happened in the business in the last 15 years?

Deepak Goyal: See, there is a difference in the margin profile this time versus what happened in the past. This time, when we have delivered 20.3% margin in this quarter, we have not done it by huffing and puffing and stretching our P&L. All four regions if you see and AMESA and the EAP margins are actually lower than prior year, right, and Europe is still at 16%-17%, America at 18%-19%, which we believe is in the right range, probably with some opportunity still left. So we have reached this margin without stretching our P&L. So we believe it is in a sustainable zone with some opportunities still left. However, to continuously delivering EBITDA growth, it is essential to deliver a strong revenue growth also and that is where all of us are focused on. So I think as a management team, when we are thinking of it, we are looking at delivering double-digit revenue growth and margin growth ahead of revenue.

Nikhil Upadhyay: Sure. Thanks a lot. That answered my question. Thanks a lot.

Moderator: Thank you. Before we take the next question, we would like to remind participants that you may press * and 1 to ask a question. To ask a question, please press * and 1 now. The next question is from the line of Shubham Sehgal from SiMPL. Please go ahead.

Shubham Sehgal: Yes, I just have a follow up on the margin itself. So previously we had mentioned that we are beginning to target smaller customers as well to get a good margin on our orders. So like that strategy, could you just take elaborate, how it is setting for us as of now and will it have any impactful, like will it have any materially impact on our margins, like will it support our margins or will it take a longer time, so if you could just elaborate on that?

Deepak Goyal: Yes. So smaller customers are mostly in Beauty & Cosmetics, right? And as we are getting into Beauty & Cosmetics, we believe that our margin will automatically get a little bit of leverage because the ASP for Beauty & Cosmetics is higher. The fixed cost kind of continues to remain as they are and hence there is a better leverage. That enables us to deliver little bit of leverage on EBITDA; however, you see, we have a large base, right? And for any specific segment to make a material impact on the overall level, it will take some time, but is it a positive as a trend line? I think it will continue to remain positive and that is the reason we as management say that we are looking at delivering double-digit revenue growth and margin growth ahead of revenue.

Shubham Sehgal: So but also the service the smaller customers like did we like make any changes in our like supply chain or something or because I remember in like I think 3 or 4 con-calls ago and we had started to mention that we are targeting the smaller customers. So did we have to make any changes at the company level, or we just thought that it would be now better that we can target these levels?

Deepak Goyal: So there are multiple changes that we have made, right and this we have been communicating to our investors now for some time. The first is in the acquisition strategy itself. When we look at Oral Care as a category, you are generally talking about four large players of Colgate, P&G, Unilever, etc., right while Beauty & Cosmetics as a category is smaller customers, regional customers across geography. So the acquisition strategy has to be different, and we have hired more salespeople which we are calling hunters to really acquire those customers. Second is the back end flexibility. We need flexibility for larger type of tubes, more dias, smaller MOQs and more flexibility in our plants, right. And it requires some CAPEX investment that we have mostly done in all of our plants, all of our regions. So those are the investments that we are making to deliver to this growth. So it is not only focus and effort only, it is on the back of solid investment in the ground and initiatives that will take us to accelerated B & C growth.

Shubham Sehgal: Thank you.

Anand Kripalu: Thank you.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor: Yes. Namaskar, sir and thank you for the opportunity. Can you give some color on how the raw material basket is currently shaping up and the key constituent in the entire value chain, sir?

Anand Kripalu: I would say that raw materials basically have been, I would say, benign, if I can use that word and prices of all the key commodities have been kind of range bound. So I think it is a stable commodity cost environment that we are in right now.

Saket Kapoor: And sir, can you give the key constituents in terms of percentage, which constitutes the major raw material basket?

Anand Kripalu: Want to talk about?

Saket Kapoor: Are they crude derivatives?

Anand Kripalu: Are they crude derivatives?

M. R. Ramasamy: So yes, polymers, some of them are crude derivatives. Some of them are NAFTA, is primarily polymers. Yes, but that is over a period of time, it is a range bound after the COVID escalation and the supply chain disruptions. Now, it has become more or less stable. There is some amount of variations which we pass through because most of our businesses are contractual businesses we pass through.

Saket Kapoor: Sir, for RM continuity, we have long-term contract with optic clause or who are the key suppliers from whom we source our raw material domestically and internationally?

M. R. Ramasamy: Primarily that we have a long-term contract with most of the polymer manufacturers. Global manufacturers are Dow, DuPont, Exxon, that we have a long-term relationship with them, but every time that we will negotiate and do. We don't have a price contract, but we have a volume contracts.

Saket Kapoor: And domestically, sir, we are sourcing from Reliance?

M. R. Ramasamy: Yes, we buy from Reliance, we buy from other Haldia, we buy from wherever suitable we buy.

Saket Kapoor: Thank you, sir and all the best.

Anand Kripalu: Thank you.

Moderator: Thank you. The next question is from the line of Shalabh Agarwal from Snowball Capital. Please go ahead.

Shalabh Agarwal: Thank you, sir, for giving the opportunity again. So I just wanted to get a little more insights into our business with some of the bigger Oral Care customers in terms of do we get a similar value contribution or value share like in other businesses in terms of manufacturing laminates and tubes in our factory and selling them and delivering it to their factory, is that how the model works or is it anyways different?

M. R. Ramasamy: No, you are right. That is how the model works. We are one of the companies which is fully integrated from blown film to tube supplies. We also make in some places cash. So it is a fully integrated plan. Most of the Oral Care vendors, they have their own buying strategies. In some places, maybe for the same customer, we may be the primary supplier. In some regions, we may be a secondary supplier, but that wallet depends upon our service levels, our ability to meet our other targets, right, so it is very stable business, contractual businesses. In many places, it is a contractual business. So what you need to also importantly note over a period of last 10 years, we are also moving to supply to many regional Oral Care players. See like in India, there are many regional Oral Care players; in China, there are many regional Oral Care players. There are countries specific or region specific. So we also have over a period of time have a good business relationship with them. So overall, as a category grows by certain percentage, we will always grow slightly better than that because that we continue to add customers.

Shalabh Agarwal: Sure. But the entire tube and everything is getting manufactured in our factory and being supplied to them?

M. R. Ramasamy: Yes, we make as you know, we make laminates in few places because laminate is bulkily manufactured, easily transportable, but we make tubes in many places, yes.

Shalabh Agarwal: Sure. Thank you, sir. Thank you.

Anand Kripalu: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Pratik Tholiya for closing comments.

Pratik Tholiya: Yes, thanks. Once again, on behalf of Systematix Institutional Equities, I would like to thank all the participants for joining us for this conference call. And once again, thanks to the management for giving us the opportunity. Sir, would you like to make any closing comments?

Anand Kripalu: No, that is it. I just want to thank everybody for their continued support to EPL.

Pratik Tholiya: Great. Thank you so much, sir.

Anand Kripalu: Thank you. Bye.

Pratik Tholiya: Bye.

Moderator: Thank you. On behalf of Systematix Institutional Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.