

November 17, 2025

BSE Limited

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Dalal Street, Mumbai - 400001

Scrip Code: 500135

National Stock Exchange of India Limited

Exchange Plaza, C/1, Block G,
Bandra-Kurla Complex, Bandra (E), Mumbai - 400051

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 November 6, 2025 and November 12, 2025, we are enclosing herewith, the Transcript of the conference call for the Analysts/ Investors, which was held on November 12, 2025, to discuss the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended on September 30, 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 Ghangurde

Head - Legal, Company Secretary & Compliance Officer

Encl.: As above

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“EPL Limited
Q2 & H1 FY’26 Earnings Conference Call”
November 12, 2025



MANAGEMENT: **MR. ANAND KRIPALU – MANAGING DIRECTOR AND GLOBAL CHIEF EXECUTIVE OFFICER – EPL LIMITED**
MR. HEMANT BAKSHI – CHIEF EXECUTIVE OFFICER – DESIGNATE - EPL LIMITED
MR. M. R. RAMASAMY – CHIEF OPERATING OFFICER – EPL LIMITED
MR. DEEPAK GOYAL – CHIEF FINANCIAL OFFICER – EPL LIMITED
MR. THOMAS STEPHEN – PRESIDENT, AMESA REGION – EPL LIMITED
MR. ONKAR GHANGURDE – HEAD - LEGAL, COMPANY SECRETARY & COMPLIANCE OFFICER – EPL LIMITED

MODERATOR: **MR. PRATIK THOLIYA – SYSTEMATIX SHARES & STOCKS INDIA LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to EPL Limited Q2 and H1 FY '26 Earnings Conference Call hosted by Systematix Shares & Stocks Limited.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pratik Tholiya from Systematix Shares & Stocks Limited. Thank you, and over to you, sir.

Pratik Tholiya:

Yes. Thanks, Iqra. Good afternoon, everyone. On behalf of Systematix Institutional Equities, I would like to welcome all the participants who logged into this Q2 FY '26 results conference call of EPL Limited.

From the management team, we have today with us Mr. Anand Kripalu, MD and Global CEO; Mr. Hemant Bakshi, CEO Designate; Mr. M. R. Ramasamy, COO; Mr. Deepak Goyal, CFO; Mr. Thomas Stephen, President, AMESA Region; and Mr. Onkar Ghangurde, Head, Legal, Company Secretary and Compliance Officer.

At the outset, I'd like to thank the management for giving us the opportunity to host this conference call. I would now like to welcome Mr. Anand Kripalu to begin the proceedings of this call today. Thank you, and over to you, sir.

Anand Kripalu:

Thank you very much, Pratik, and hello, everybody. Very good afternoon to you and thank you for joining us for EPL Q2 FY '26 Earnings Call. At the outset, I'd like to take a moment to welcome Hemant Bakshi. As many of you know, I will be retiring at the end of this year, and Hemant will be taking over as MD and Global CEO, with effect from Jan 1, 2026. It has been a privilege to lead this exceptional organization, and I'm proud of the progress we have made together over these last 4 years.

Before talking about the results, I also want to share some great news, which marks a proud milestone in EPL's sustainability journey. We are delighted that EPL has been awarded the prestigious EcoVadis Platinum Rating, placing us in the top 1% of 150,000 companies assessed worldwide. We are the only packaging company from India, who is globally certified.

Moving on to the results. I'm pleased to report another quarter of solid performance, marked by sustained growth momentum and enhanced profitability. We delivered double-digit revenue growth of 11%, robust EBITDA growth of 16.1%, and a solid 19.9% growth in PAT.

Our EBITDA margin expanded to 20.9%, an improvement of 91 basis points over the previous year, while ROCE stood at 18.7%, up 217 basis points year-on-year. This performance is a

testament to the clarity of our strategy, consistent execution and disciplined operational management.

The Beauty & Cosmetics category continued its strong momentum, delivering 26.3% year-on-year growth, reflecting the success of our sustained focus in this segment. From a regional perspective, growth was led by the Americas and East Asia Pacific. The Americas delivered an outstanding 27.4% revenue growth, driven by strong momentum and new customer wins.

EAP grew 10.6%, supported by healthy growth across Oral, as well as Beauty & Cosmetics. Europe recorded 2.8% growth, impacted by temporary softness from a few large customers while lapping a strong base. AMESA was largely flat due to Oral, as customers cleared old inventories following the GST impact, even as margins have shown steady improvement.

With a robust B&C pipeline and Oral recovery expected, growth will rebound in coming quarters. Our EBITDA margin of 20.9%, represents a 91-basis point expansion over last year. This marks our fifth consecutive quarter with 20% plus margin. PAT grew 19.9%, supported by strong operational performance and prudent financial management.

EPS improved to INR3.26 per share compared to INR2.73 per share in quarter 2 FY '24. Our net debt-to-EBITDA ratio stands at 0.52x. ROCE was 18.7%, 217 basis points over last year and nearly 400 basis points over the last 2 years, underscoring our sharp focus on returns and capital efficiency. Consequently, we are delighted to announce an interim dividend of INR2.50 per share.

As I mentioned in the beginning of the call, we are very proud that we have been awarded the prestigious EcoVadis Platinum Rating. We started our EcoVadis journey in 2018, when we were first awarded a Bronze rating. Over the last 4 years, we have made significant improvement in our product portfolio, people processes and carbon footprint to get to platinum.

Further strengthening our culture of excellence, EPL has been again certified as a great place to work across 7 countries, a reflection of our consistent efforts to build an inclusive, engaging and high-performing workplace. As we look ahead, our priorities remain clear: to deliver sustainable, profitable double-digit growth through focused execution portfolio diversification and capital efficient operations.

Our focus remains on the following four areas. First, accelerating growth through continued momentum in Beauty & Cosmetics. The Beauty & Cosmetics category continues to be a strong growth engine, delivering double-digit growth now for four consecutive quarters. The Personal Care & Beyond portfolio, which also includes P&C, now accounts for 53% of our total revenue, underscoring the continued broadening of our category base.

The investment in NEOSeam as well as extruded format is helping us deepen partnerships by leading global beauty brands. We have a large headroom ahead of us, and this is just the beginning of scaling the success further.

Second, scaling new growth engines. I am pleased to share that the Thailand plant has started operations in October, completing a world-class plant in just 9 months. This could never have

happened without the enormous support extended by the Indorama team, who enabled us to secure the site as well as critical licenses.

We are starting with customer supplies in Q3, which is this quarter itself in this very promising Beauty & Cosmetics market. Further, our Brazil plant continues to perform exceedingly well, making a meaningful contribution to the region's strong growth. And we feel very confident of continuing this momentum in this high potential market.

Third, sustainability as a growth enabler. Our sustainable tube mix now stands at 38%, and we are making steady progress in this area. Now armed with the EcoVadis Platinum, we will be in the hunt for more business from our key customers who place sustainability as a critical priority.

And finally, fourth, margin expansion and capital efficiency. We have seen consistent margin improvement over the past quarters, in line with our commitment. We expect to continue improving our margins gradually through scale leverage, and a few specific initiatives that will play out over the next few quarters. We have now turned our focus towards delivering strong ROCE, which has seen consistent expansion.

With further capital efficiency initiatives in place, we feel confident to move towards delivering our commitment of 25% plus ROCE by FY '29. Importantly, we are a company that manufactures in the US, for the US. Even as we await and in fact, as the world awaits the final trade deal, we are well on our way to mitigate the impact through pricing, as well as some traded solution sourcing options.

As I conclude, I want to express my heartfelt gratitude to all our stakeholders, but specifically you, our investors. It has been an honor to lead EPL through a period of transformation and to see it emerge stronger, more innovative and more sustainable than ever before. I'm confident that under Hemant's leadership, the company will continue to build on this foundation and achieve even greater heights in the years to come.

Before we open up the floor for questions, I would like to request Hemant to say a few words as he completes his first month with the company. Over to you, Hemant.

Hemant Bakshi:

I must start by thanking Anand for leading EPL admirably for the last 4 years and laying strong foundations for the business. While I have spent just about 4 weeks in the business, I'm really excited by what I'm seeing. There's a lot to be proud about in our past. But more than that, I'm inspired by what lies ahead for us as a business.

I'm just back from Thailand, where we inaugurated a factory that was built in just 9 months. Not even some of the new age companies can claim to have this level of speed. We also had an opportunity to review our innovation pipeline in Beauty & Cosmetics, and I was just blown away with what I saw. I'm really, really impatient to see it all come alive on store shelves across the world now. These are early days, and I have a lot to learn. I promise to come back to you in the near future with a plan and a program to take this fantastic company to even greater heights. Thanks a lot, and back to you, Anand.

Anand Kripalu:

Thank you, Hemant. And with that, we will open up the floor for questions.

Moderator:

Thank you very much. The first question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah:

Firstly, congrats on a good set of numbers. Glad to see double-digit sales growth despite the headwind that we saw from India due to GST transition. It seems ex of that, it would have been better. So I have a two-part question here on sales. Firstly, with Americas doing so well, how much of the growth was aided due to forex gains, and how much was driven by Brazil? So that's one.

Secondly, can one expect this double-digit growth trajectory on sales to continue in the second half also? Because it seems there can be a higher base that can start cycling due to higher sales from Brazil in the second half. And maybe AMESA can take a little longer to come back to double-digit growth. So those are the two.

And maybe if I can ask -- with Thailand commissioning production, will you start booking sales from 3Q? And how much will it start contributing? So that's my first question.

Anand Kripalu:

Okay. Thank you, Mihir. Thank you very much. And let me try and address your questions and I'll get my colleagues to chip in as appropriate. Firstly, as far as Brazil is concerned, I mean Brazil is now pretty much in its third year of operation, and we continue to be super happy with how the momentum in Brazil is continuing.

Having said that, I just want you to recognize the fact that our growth in Americas, which is very strong this quarter, is broad-based. All countries have grown double digit. So while Brazil has done extremely well, all the other countries have also done well. So it's a broad-based growth from the Americas.

As far as forex is concerned, it's honestly like this, right? We deal with currencies across the world from the Yuan in China, all the way to the Mexican peso, okay, and everything in between. So we have a kind of global portfolio of currencies. There are some quarters where we have headwinds from currencies and there are some quarters where we have tailwinds from currencies.

And because we are an INR reporting company, we don't really break this up separately. So, all I can tell you is that there is some FX benefit that has come this quarter, as indeed there have been FX headwinds in some of the previous quarters.

As far as your question on Thailand is concerned, yes, we will start commercial billing this quarter itself, okay? Now, like any plant, it will start slow and then hopefully accelerate. And we are already thinking about expansion in Thailand, because we are very encouraged with the strength of our business development pipeline.

So we're already thinking of now the next machine even as the first machines start up and start supplying commercially. So we remain very excited. We've just come back from Thailand, as Hemant said, inaugurating the plant. And, you know, we're all super, super excited by the nature of opportunity as well as the kind of innovation that our teams are over there to harness that opportunity.

And finally, will double-digit growth continue? Well, we've delivered double-digit growth now for 2 quarters. Our intent has always been to be squarely in the double-digit zone, hugely fueled by success in Beauty & Cosmetics. And I'm honest with you, our momentum on Beauty & Cosmetics has only just started. We have enormous headroom for future growth.

As you would recognize, oral has been a little soft, much better in Q2 than Q1. But as Oral comes back -- because honestly, people aren't going to stop brushing their teeth and our shares are completely intact. As Oral comes back and the benefit of the B&C momentum continues to build, I am confident that this business is set up for sustained double-digit growth.

Mihir Shah: Second question is on margins. Your operating margins are near your peak levels. I know historically, the company has maintained -- mentioned that margins will not go beyond a certain level. However, if I have to just think about with Beauty & Cosmetics continuing to grow strongly, mix improvement can still contribute to that margin lever. Even if one is...*(technical glitch)*

Moderator: Sorry to interrupt, Mihir. Ladies and gentlemen, the management's line has been disconnected. Please hold, while we get them reconnected. Ladies and gentlemen, thanks for being on hold. The management has been reconnected. Thank you, and over to you, sir.

Anand Kripalu: I'm not sure was my last answer fully heard?

Mihir Shah: We heard your answer on the revenue front. I was asking the question on margins. Could you hear any of my questions on the margin side, sir?

Anand Kripalu: No, I didn't get any questions on margin. You got the full answer on the double-digit growth part, right?

Mihir Shah: I did. I did, sir.

Anand Kripalu: Okay. Right, you want to come back in the queue, Mihir? I don't know what the plan is for the operator, but I've answered three or four of your questions already. That's why I'm asking.

Mihir Shah: Sure. No problem, sir. I will come back in the queue. Thank you.

Anand Kripalu: All right. Thank you.

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

Sameer Gupta: Sir, firstly, book-keeping question. Americas high growth of 27%. I know you mentioned double-digit growth across countries, but still there is a quite visible acceleration this quarter. Just wanted to understand the driver of this acceleration? And is it sustainable?

Anand Kripalu: See, first and foremost, I just want to say that EPL is a portfolio of countries and regions. And the power of our portfolio is that sometimes when something doesn't do so well, other things come in and chip in, so that we can still deliver our overall global commitments. This quarter,

Americas has performed extremely well, as I said earlier. Now is it sustainable? I don't have to answer that question. All I'm telling you is that it's broad-based.

All countries in the Americas region have delivered double-digit growth, with Brazil being even stronger. Our intent is for the Americas to certainly deliver higher growth than the global average on a sustained basis, right? That is for sure, right? This quarter, it's probably a tad higher than normal, but I still expect very strong double-digit growth coming out of the Americas.

Sameer Gupta:

Secondly, sir, on AMESA, if you could just call out the growth, which is adjusted for the GST-led inventory corrections and both in Oral and Personal Care, if you could do that in AMESA region this quarter?

Anand Kripalu:

So we're not breaking up Oral and Cosmetics growth by region, okay? I think that's the level of detail too far, Sameer. Now having said that, it is hard for us to precisely estimate what has been the impact of GST, right?

Now you guys track all the other consumer goods companies. You know that many companies have delivered a soft quarter or a flattish quarter on the back of a soft September, okay? So it's hard for me to decode that.

Suffice to say that we have plans in place to, of course, recover anything that we may have lost from GST, but also to accelerate momentum in AMESA, and that specifically as far as India is concerned. And the plans there include some recovery from Oral Care and strong momentum from Beauty & Cosmetics.

Moderator:

Thank you. The next question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.

Kashyap Javeri:

Congratulations for a great set of numbers. Just one question on the Europe margins. We see a significant contraction there, Y-on-Y as well as Q-on-Q. Any particular reason for that? And where do we see those margins particularly for that geography in the coming few quarters?

Anand Kripalu:

Yes. So first of all, please don't look at margins sequentially for the business. So I'll give you an example, the countries that celebrate Christmas in a big way tend to have amongst the softest quarters in Q3, our Q3, right, which is the October, November, December quarter. So don't look at it sequentially because there is some seasonality...

Kashyap Javeri:

I'm looking at both Y-on-Y as well as Q-on-Q, because for straight 4 quarters you were about 17%, 18%.

Anand Kripalu:

Yes, I'm coming to that. So I'm saying don't look at it sequentially. Now if you look at it year-on-year, you're absolutely right that there has been a contraction of margins. That margin drop essentially has been because of loss of scale of the business on top line.

I just want to reassure you that costs are completely intact, okay? Costs have been very tight. It's not that business costs have gone out of control. But there's been a loss of top line and

specifically, a significant challenge of destocking with one major customer, okay? So that's the reason why the Europe margins have happened.

Now our guidance on Europe margins has always been mid-teens margins, okay? And therefore, our objective is to deliver mid-teens upwards. The comparative last year, right, was particularly high, and therefore, we had a high base as well that we were lapping.

But our objective is absolutely to get quickly back to mid-teens. I would say, this quarter is less than what we would have liked, right and certainly less than our mid-teens guidance. We need to quickly recover from here, and that is the objective.

Moderator: Thank you. The next question is from the line of Raman KV from Sequent Investments. Please go ahead.

Raman KV: Congratulations on good set of numbers. Sir, I just want to understand what's our current utilization on a blended basis? And how much -- if you can give a ballpark number, how much capacity will the Thailand plant add to our entire production capacity.

Anand Kripalu: So I'm going to hand over to Mr. Ramasamy, for a roundup of our capacity utilization. On Thailand's whether we'd be -- I don't want to actually disclose the specific capacity. I think we've already disclosed earlier the investment we are making in the Thailand plant. And I've already said in my response to the previous question that we are already looking at further expansion, right? So we are building this plant in a very modular way.

And as we see the pipeline of orders building, we're going to very quickly go and expand capacity to a second line. So it's too early, I would say, to start reading into the specific capacity for Thailand is. On the overall capacity question, I will hand over to Mr. Ramasamy.

M.R. Ramasamy: Good afternoon. See, overall capacity is the mathematics of many things which happened in the market, where we have an oral dominated market, which are contractual businesses, our capacity utilization can be anywhere between 65% to 70%. Like where we are dominated by Beauty & Cosmetics growth, the capacity utilization that what we ideally plan will be around 50% to 55%, because the fluctuation in that market is higher.

So generally, you can take anywhere between 60% to 65%.. And when we get into a 65% and the above, we plan for a capacity. Capacity additions happens in modular, whereas market grows leaner. So you will any point of time, we will see anywhere between 65% to 70%. Sometimes when it goes to peak 70%, can we add a capacity to come back to 65%.

So in this business, being a little capital intensive, plus variation in the marketplace is higher, about 5%, 10% that we can always caution away utilization. If there is a sudden, it has to be done. That's how it's planned. I hope I answered your question.

Raman KV: Yes, yes, yes. And sir, one small question. It's mainly on the bookkeeping part. In the PPT, we have seen, there was a strong AMERICAs growth. I mean, it's more or less like a follow-up on the previous participant's question. The American business had a strong growth with revenue

growing around 27%, and EBITDA growing around 40%, 45%-plus. So how much of this is a contribution to the increase in the US dollar?

Anand Kripalu: So we're not specifically giving a breakup of FX, even globally or indeed by region, okay? And like I said in the preamble part, there are sometimes pluses and minuses as far as FX is concerned. I mean, we are an INR-denominated company in terms of our performance and results, right, at the end of the day.

So, is there some benefit because of the US dollar? Of course, there is. But I'm not sure what happened with the Brazilian real or the Mexican peso, right? So it is a blend of movement of currencies and not just one currency.

Raman KV: No, I just want to understand, is this tremendous growth, was an effect of the Europe dollar strengthening? Or was it an operational efficiency? From that point of view, I just wanted to understand.

Anand Kripalu: The bulk of those numbers are because of underlying performance. The cherry on the cake may be the FX, right? But the cake is underlying performance.

Moderator: Thank you. The next question is from the line of Amit Aggarwal from Leeway Investments. Please go ahead.

Amit Aggarwal: Sir, our other expenses have increased by 15% this quarter. Can you throw some light on that?

Anand Kripalu: Other expenses have grown by 15% this quarter. Can we throw some light on that? Will you take that right away?

Deepak Goyal: Yeah.

Anand Kripalu: Okay, I'm going to hand over to Deepak for that.

Deepak Goyal: Yes. So if you see our other expenses, they are a critical part of the revenue growth. So they are slightly ahead of, so the other expenses have grown at 12.4% versus the revenue growth of 11%. These are driven by some investments that we have made in our S&D expenses. This is also driven by some power and fuel expansion or the inflation that has happened in the Western part of the world.

Equally, some amount of freight cost has gone up because of the customer mix expansion. So this is a combination of inflation in power and fuel, some operating reasons like the freight, as well as some investments that we have made on the S&D expenses. But all of this is the investment part is also driving the revenue.

Amit Aggarwal: So, do you think that it will continue or go back to the normal levels that has been in the last previous quarters?

Deepak Goyal: So, see, ultimately, Amit, what we guide on is our EBITDA margin and EBITDA growth. We continue to maintain that we'll deliver doubled revenue growth. Our EBITDA will grow faster than revenue.

Our EBITDA margin will show improvement, gradual improvement now, and that is how we manage the P&L. Now the expenses line specifically, I don't want to comment on because it is very important for us to also drive revenue growth.

Amit Aggarwal:

And my second question is regarding the polymer prices. So, the polymer prices have remained constant or have gone down in last 2 years. So that must have helped in giving better EBITDA margins. Sir, can you segregate the percentage of polymer cost compared to aluminium cost? And how does it going to affect in the future if polymer prices shoot up to the previous high they had in 2022?

Deepak Goyal:

So Amit, the commodity price indeed have remained stable, right? However, our revenue is a mix of contractual pricing where the entire commodity inflation or deflation gets passed on to the customer and non-contractual pricing where we are able to negotiate with our customers on a need basis.

This mix allows us to make sure that our P&L remains predictable and, but at the same time, we also keep improving our EBITDA margin. I'm not sure if you have been part of our investment conferences or earlier calls. But we have always maintained that the effort of the business is to make our performance commodity cyclical proof, right?

So even when the commodities are stable right now, we continuously keep monitoring our gross margins at a customer level. And as the cycle reverses, we will start those pricing discussions because the commodities are stable over a period of 2 years.

Let me just finish. Because commodities have been stable over a period of 2 years, there is no significant commodity benefit that has led to the EBITDA expansion. That is primarily coming because of our operational efficiencies and the margin improvement initiatives that we have taken.

Amit Aggarwal:

Sir, could you give a, how can you segregate the cost...

Moderator:

Mr. Amit, please rejoin the queue for more questions. Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities Limited. Please go ahead.

Sanjesh Jain:

Sorry, I joined a little late in the call. I apologize if it's a repetition, but I just wanted to understand what has changed in this quarter for the Europe geography. We have been doing quite well in terms of revenue growth.

And again, I know you answered partly on the margin, telling that it's largely driven by operating leverage. But sequentially, it has still grown by 0.6%, while margins have been lower. Is that product mix has changed and the customer who has given lower order was predominantly a higher-margin product? Is that how we should read this number?

Anand Kripalu:

No, I don't think that's how you should read it. I think you're probably reading more between the lines that is intentional. See the simple thing is, and I don't want to overstate it, but there's been a significant challenge of downstocking with a major customer, okay? So this is not a broad-

based kind of problem that is there in Europe, and I want everyone to just understand that properly, right?

The bulk of the challenge has been with one customer, there's been some significant downstocking that happened across some of the countries in Europe, okay? Now our belief is that this is going to bounce back their outlook in the future is much stronger, what they are sharing with us, okay? But basically, the short-term impact on margin is purely a loss of scale, right, largely from a major customer, right?

Now other things keep -- the mix keeps moving some positive, some negative and so on and so forth, okay? The Beauty & Cosmetics performance, right, has been stronger and has been better than Oral Care, right?

And this customer is largely Oral Care, okay? So the drop has been largely in Oral Care. And our understanding is that it is largely because of destocking, right? There's no fundamental loss of business, and therefore, this should bounce back in the foreseeable future.

Sanjesh Jain:

No, Anand, I get it. I get it. But my problem is that sequentially the revenue drop is not actually a decline. It is still a growth of 0.6%. Now that doesn't explain why the margin should contract so much, because I can understand one customer moving up and down. But on an aggregate basis, that problem is really not hurting us. That margin mathematics is really something difficult to reconcile.

Deepak Goyal:

So, Sanjesh, what happens is that in any business, we plan for cost increases, investments, etc. This was forecasted in the plant revenue. And Europe has definitely delivered a softer quarter than what we expected.

But we have continued with the investment that we had planned for, specifically in Beauty & Cosmetics because Europe remains one of the critical markets for us. And that is why while the overall costs are in control, the natural inflation has come in and the revenue has not kicked in the way we expected.

But is this permanent? No, it's not permanent. The revenue and we are working with the customers, is likely to improve as we go along. The cost lines, the investments have gone into the ground, right? And hence, the margin will improve. So in terms of margin, this quarter, I would say, is an aberration, and it will now start improving.

Sanjesh Jain:

Second, on the EAP. Again, exactly opposite to Europe, everything has gone right there. So what's working in EAP for us?

Anand Kripalu:

What is working in EAP? That's a rare question. So why is something working? But anyway, let me explain to you. Actually EAP, China is a country and our region of EAP is really the leader as far as innovation is concerned, okay? China is leading the world on innovation and not just in AI or technology, but also in cosmetics and skin care.

Two very interesting things have been happening. So one is in Oral Care, we have seen significant volumes coming from a tube in tube format, right? I want to share this with you. A

tube in tube format is rare for Oral Care, but basically, there are two cylinders, one inside the other, two concentric cylinders with two different products, right, in each that get dispensed, right, on the toothbrush.

The selling price, obviously, of these because they are innovation, but they also got all the bells and whistles in terms of the looks and so on, right, is significant. And that has really propped up our Oral revenue at a time when volumes in Oral grow very modestly, okay? But the revenue has been much stronger on the back of this.

And we've just finished a meeting with the EAP team, and the momentum seems to be continuing as far as this is concerned. The second is, we have said this earlier that EAP for 5 years and now the sixth year has been delivering very solid Beauty & Cosmetics growth on the back of local teams. So local Chinese customers and on the back of stepped-up innovation, which also brings in higher ASPs, okay? So I think EAP is solid from that point of view.

I actually have to tell you this, I think the best is yet to come. Thailand, we have not even started selling from the Thailand plant, right? It's a greenfield operation with a zero base, and we're going to build that as aggressively as we can, and I've already spoken about thinking about expansion while the first tubes are coming out, right, from that plant, right?

And we also think there are lots of opportunities in EAP, which are unexploited by EPL till now, right? And we are on the hunt for those as well, by the way. So EAP, I think, is a fundamental outcome of the opportunity, the strategy and some of the investment decisions that we have made supported by the right innovation capability.

Sanjesh Jain: Just one last data keeping question on the effective tax rate, now we are back to 25%. Should it continue? Or have we exhausted all the benefits that was there on the tax rate? How should we look at effective tax rate?

Deepak Goyal: Yes. So, Sanjesh, the quarter-on-quarter tax rate is a function of the country mix, as well as the intercompany dividend flow, which happens. So last quarter, our effective tax rate was close to 14%. This quarter is close to 25%. On a full year basis, our tax rate would be in line with the guidance that we have been giving, which is about anywhere between 20% to 22%. And that's how we should look at it.

Sanjesh Jain: That doesn't change right now?

Deepak Goyal: Yes, that's right. It doesn't change.

Sanjesh Jain: Just one last question, if I may?

Moderator: Sorry to interrupt, Sanjesh. Please rejoin the queue for more questions. Thank you. The next question is from the line of Nikhil from SIMPL. Please go ahead.

Nikhil: One question. Sir, it's been 2 to 3 years since we started Brazil. And I think we already went to one phase of expansion...

Moderator: Sorry to interrupt, Nikhil. Your voice is muffled.

Nikhil: Is it audible now?

Anand Kripalu: Yes. You were a little muffled for a moment, but this is better.

Nikhil: Yes. So what I was trying to ask is that if you look at Brazil, we've been in the market commercial since -- for the last 2, 2.5 years. And I think if I'm not wrong, we've already done one phase of expansion as well. Do you think the market growth can sustain more? Or are we done -- are we saturated in terms of the opportunity which the market was provided?

Anand Kripalu: Listen as far as Brazil is concerned I can tell you we only just started. Brazil is the third largest Beauty & Cosmetics market in the world, okay? While we've done really well, we're still very small. The headroom for expansion and growth, I mean, infinite seems an absolute word, but it is huge. And Brazil will get priority for investment because we also have a very, very good margin profile in Brazil, okay?

And it's not an easy country to manoeuvre, but our teams over there, both the people on the ground as well as our regional leadership, right, really understand that country and really understand how to make things work in that country, right?

And with partnership from our corporate finance teams and so on, we've also weathered the currency uncertainty and so on and so forth. So actually, we feel we've gone through the learning curve, and this is creating a platform for, I would say, explosive opportunities in Brazil in the future, right, probably limited by our own imagination more than anything else.

Nikhil: So are we looking for the next phase of capex like in Brazil, or what's the status there?

Anand Kripalu: Not as we speak today, but all I'll tell you is that the last expansion of capex, we only started production 3 or 4 months ago from that new line and capex. As we see the volumes coming in, we will make sure that we proactively make investment decisions for expansion.

Moderator: Thank you. The next question is from the line of Manan Madlani from MJK Investment. Please go ahead.

Manan Madlani: Congratulations on the good set of numbers. My question is on Thailand. So you mentioned pretty soon we'll be coming up with the new set of expansion. So is it fair to expect that from Q3 or maybe Q4 onwards, will be EBITDA level positive particularly from that plant?

Anand Kripalu: Sorry, which plant? You mean the Thailand plant?

Manan Madlani: Yes.

Anand Kripalu: I mean it is premature actually for that question. It is ultimately going to be a very, very good margin plant. Right now, we've just incurred all the setup costs and everything else. But once we hit -- so this quarter, you can assume it's more on setup costs and so on and so forth, right? I don't remember exactly, but will it get margin positive from whatever we see down the line.

Deepak Goyal:

The way we have set up the plant is that the indirect manning cost, which is the supervision cost in the plant is very limited. It's the EAP leadership team, which is also looking at the plant operations in Thailand because it's only 2 hours away from our plant in China.

And hence, the overall overhead costs are very limited, which means that the breakeven point is very small. The plant we are starting small, and hence, it will get to breakeven quickly. The idea is how quickly can we actually expand and explore the potential of the Thailand market. That's what we are focusing on.

Anand Kripalu:

So conversely, it is not going to be any kind of a material EBITDA drain on our numbers, essentially.

Manan Madlani:

Okay. And putting all together the Thailand plant and the Brazil capacity expansion, what would be the peak revenue that at a company level you can generate?

Anand Kripalu:

So we are not getting into specific country-wise volumes.

Manan Madlani:

No, at the country level I'm asking.

Anand Kripalu:

So there's only one plant. All I'm saying is that in Brazil also, we shared already the capex investment, which has been relatively modest in Thailand because we actually have a very creative model of how we have set up that plant in Thailand, and therefore, the capex also is very, very limited.

In Brazil also, you know, the capacity we've been expanding sequentially based on demand coming in. So what is Brazil's contribution to total revenue today? I mean I don't have that number off my head.

Deepak Goyal:

But the challenge also is that we operate in 11 countries with 21 plants. The moment we start going into country level detail, it becomes challenging. But our guidance is already clear that we will deliver double-digit revenue growth consistently. And that growth is a combination of...

Moderator:

Ladies and gentlemen, the management line got disconnected. Please hold while we get them reconnected. Ladies and gentlemen, the management line has been connected again. Over to you, sir.

Anand Kripalu:

Yes. Apologies, I don't know why this line keeps breaking down and breaking the rhythm. So Deepak, you were completing.

Deepak Goyal:

No sir. I'm only saying that our guidance remains double-digit revenue growth on a sustainable basis. It will be a combination of geographical expansion as well as the organic growth in the current country. And that's how we kind of guide for this.

Anand Kripalu:

Does that answer your question because I think you have specific country questions, and we aren't really giving country-by-country numbers and profitability.

Manan Madlani:

Yes, sir. I understand. I mean to ask at the company level.

Anand Kripalu: At a company level, I mean I don't have a percentage for you. Because that again is like getting you the country level performance. But these are growth drivers with zero base, greenfield operations, countries where we have zero share, right? We are setting up plants.

And you've seen how Brazil has helped. We already talked in this call about the Americas performance on the back of really an accelerated Brazil performance. And now I'm hoping that you will see EAP performing that way as Thailand ramps up.

Manan Madlani: Okay. And just last question on the Beauty & Cosmetics side. So down the line...

Anand Kripalu: You're breaking up a lot. You're breaking up a lot actually.

Manan Madlani: Is it better now?

Anand Kripalu: No, you're again breaking up, actually. I think maybe your line where -- hello?

Manan Madlani: Hello? Is it better now?

Anand Kripalu: No, no. Your line is -- there is a problem. I think, I'm hearing...

Moderator: Manan, could you please rejoin the queue?

Manan Madlani: I will join back in the queue. Yeah.

Moderator: Thank you. The next question is from the line of Nilesh Doshi from Prospero Tree Asset Management LLP. Please go ahead.

Nilesh Doshi: Am I audible, sir?

Anand Kripalu: You are audible. But I think there's some problem with -- maybe our line now, I'm beginning to think. Because you guys are breaking up a bit. Please go ahead slowly, and I'll try and follow your question.

Nilesh Doshi: Sir, my question is related to the imposition of the tariff and our business. Say EPL is operating the many plants in different countries. So is it easy for EPL to change the location where the countries which are not affected by the unfavorable changes in the tariff? And if the answer is yes, did the company has done such thing in the past or currently?

Anand Kripalu: So absolutely. And I think that's a very good question as well. So I can tell you that for instance, we make laminates in India and China. When China laminate duties to the US went up, we shifted laminate production to India.

Equally when China commodity prices are lower, we shift manufacturing to China. So we absolutely play the arbitrage as far as sourcing is concerned so that we deliver the best delivered cost to our regions and our countries.

Now very specifically, there is a tariff question which is not easy as easy to mitigate on the US. The good news is the bulk of our value add happens within the US because we have a plant in

the US, okay? But we are looking at creative solutions of what we can do either to bring in stuff from other countries laminates or even tubes tomorrow and also work with customers to get pricing.

So the current real challenge on tariff is the US is the tariff on the imported laminate, right? And nobody knows exactly, but even this morning, there's news that tariff rates are going to temper, right, and hopefully sooner rather than later. But in the interim, I just want you to know that we're not very quiet.

We are actively engaged with our customers to get pricing and actively engaged with other possible partnerships to do creative sourcing, okay? So that we try our best to mitigate as much as possible any impact of US tariffs.

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

Smith Gala: My question was regarding the employee expenses. The last year, we were maintaining a run rate of INR200 crores to INR205 crores. Due to annual increment, it's gone up, it went up to INR215 crores in Q1 and now to INR233 crores in Q2. So is it because of the Thailand plant getting commissioned or what are the reasons behind the increase in employee cost run rate?

Anand Kripalu: The Thailand plant will not be material to our global numbers at this stage, okay? So it is not because of a greenfield startup. Now we will get into the numbers possibly in more detail and address it offline. But one of the major structural changes we have made is to ramp up our sales capability in Beauty & Cosmetics around the world.

Our frontline selling capabilities because one of the realizations is that as we get into more value-added smaller volume customers, you need to go and hunt down B&C sales, B&C opportunities and that capability is quite different from key account management, which is really good at managing the large global Oral customers.

So this has been a conscious increase in investment of people in sales. And this is something that I've spoken about in past quarterly calls as well, right? So that is the major one. But since you asked this question, we take a look more closely to see if there's any other specific driver, but not to my understanding.

Smith Gala: Okay. Sure. Sir, are we looking -- are we planning to add any further sales force then?

Anand Kripalu: I mean some of this is an ongoing activity. I don't think there's going to be any significant step-up at least immediately, right? But we do recognize that as our ambition continues to grow Beauty & Cosmetics, not just double-digit, but much higher than just double-digit.

And as we get into dealing with more fragmented customers with higher innovation demand and higher agility and speed demand, we will need to increase the resourcing at some point in time, but that resourcing will be good cost because it will generate good revenue for the company and good margin, because B&C also is very good as far as ASP is concerned.

So as long as -- my view is this. As long as we are increasing cost, which is good cost, right, which is delivering returns, we must absolutely do it. We need to be ruthless about bad cost, which is cost that doesn't add value to the business. And that has been our philosophy. Thank you. One last question.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today. I now hand the conference over to Mr. Pratik Tholiya, for closing comments. Thank you, and over to you, sir.

Pratik Tholiya: Yes. Thanks, Iqra. On behalf of Systematix Institutional Equities, I would like to thank the participants for logging into this call. Again, I would like to thank the management for giving us this opportunity to host this call. Anand, would you like to make any closing comments?

Anand Kripalu: No, I just want to say that, listen, it has been a privilege for me to interact with you every quarter and to interact with you even beyond that many one-on-one meetings and so on. And I'm going to take away just wonderful memories of my time at EPL working with you all.

As many of you know, I'm not stepping off completely. I'll continue on the Board. So I'll remain a very, very close follower of EPL's performance. But I have no doubt that the future is in very, very good hands with Hemant moving into the saddle on the 1st of January. And I'm excited to sit by the sidelines and applaud EPL's continuing performance. So thank you all very much.

Pratik Tholiya: Thank you so much, sir.

Moderator: Thank you, sir. On behalf of Systematix Shares & Stocks Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.