February 17, 2025

BSE Limited
Phiroze Jeejeebhoy Towers,
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 February 4, 2025 and February 11, 2025, we are enclosing herewith, the Transcript of the conference call for the Analysts/ Investors, which was held on February 11, 2025, to discuss the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended on December 31, 2024 ("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: 2025.02.17 15:05:48 +05'30'

Onkar Ghangurde
Head - Legal, Company Secretary & Compliance Officer

Encl.: As above

"EPL Limited

Q3 FY '25 Earnings Conference Call"

February 11, 2025

MANAGEMENT: **MR. ANAND KRIPALU – MANAGING DIRECTOR AND GLOBAL CHIEF EXECUTIVE 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 SHARES AND STOCKS**

Moderator: Ladies and gentlemen, good day, and welcome to EPL Limited Q3 FY '25 Earnings Conference Call hosted by Systematix Shares and Stocks. 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 touchtone phone. Please note that this conference is being recorded.

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

Pratik Tholiya: Thanks, Nirav. Good evening, everyone. On behalf of Systematix, I would like to welcome all the participants who have logged into this conference call of EPL Limited to discuss the third quarter and 9 month ending FY '25. Today, we have with us from the management team Mr. Anand Kripalu, MD and Global CEO; Mr. Deepak Goyal, CFO; Mr. Shrihari Rao, President, AMESA Region; and Mr. Onkar Ghangurde, Head - Legal, Company Secretary and Compliance Officer. At the outset, I would like to thank the management for giving us the opportunity to host this conference call.

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

Anand Kripalu: Thank you very much, Pratik, and hello, everybody. And thank you for joining us for EPL Q3 FY '25 Earnings Call. We have delivered another solid quarter, culminating in 10 consecutive quarters of margin expansion, coupled with continuous double-digit EBITDA growth. The strong turnaround in Europe and Americas is now evident and our B&C business, in line with our strategy, has delivered double-digit growth.

Importantly, PAT grew very strongly, and ROCE has improved even further. EBITDA grew by 12.4%. EBITDA margin reached 20.3%, delivering an improvement of 152 basis points year-on-year. Our adjusted PAT, excluding base year one-offs, grew by a solid 34% versus the prior year.

We delivered an ROCE of 16.9%, which expanded by 321 basis points year-on-year. Revenue growth was a modest 4%, driven by strong performance in Europe and Americas, partially offset by AMESA and EAP. Specifically, Europe and Americas grew by 8.7% and 7.3%, respectively, reflecting the efficacy of our growth strategies and the strong pipeline in the regions.

AMESA grew by 1%, impacted by demand slowdown in India and currency devaluation impact in Egypt. In India, we believe the market softness is short-term in nature. EAP revenue declined by 1% due to the continued effect of macros in China. However, we continue to make strong overall progress in the B&C sector, where we experienced double digit growth year-over-year at 10.3%.

The Non-Oral Care segment now accounts for 48.7% of our total revenue. In summary, the growth in EBITDA and PAT, coupled with strong cash flow generation, helped reduce our net debt-to-EBITDA ratio to 0.76x and the ROCE further improved to 16.9%. Sustainability remains at the heart of our strategy, and we are pleased with the progress we have made so far.

Today, 31% of our portfolio consists of sustainable tubes, and we are actively collaborating with customers to provide innovative solutions that align with their own sustainability goals. Our commitment to responsible practices has been consistently recognized, including a Green rating for the third consecutive year under the Ellen MacArthur Foundation's Plastic Circular Economy goals.

Innovation continues to be a key driver of our success, as demonstrated by recent recognition with two prestigious IFCA awards for our advanced tube solutions. Looking ahead, we remain focused on achieving EcoVadis platinum, further strengthening our position as a leader in sustainability and innovation.

As we look to the future, we believe we are well positioned to continue our journey towards delivering double digit revenue growth and strong operating margins. Specifically, in addition to our ongoing strategic focus areas, we are taking further initiatives to mitigate the soft macro impact in India and China.

In relation to this, I am very happy to share that we have approved a Greenfield expansion in Thailand. Southeast Asia is a very promising tubes market, and we cater to parts of this market today through exports from China. We know this market well and already have an established customer base, along with a strong pipeline. Our significant success in Brazil gives us huge confidence to replicate that experience.

We have committed an initial investment for this beauty and cosmetics focused facility, repeat with tubing, printing, etc., and it will start production in H2 FY '26. Additionally, we have aggressively started capturing export opportunities from India and China. We have added new business development headcount for exports and have started building new pipelines there.

Further, we have made positive progress on a few large accounts in India, which hold significant potential and should materialize in the next few quarters. At the same time, we are pursuing our other priorities even harder. First, Brazil. I am pleased to share that Brazil continues to perform very well. We see new product orders from our newly acquired customers, especially in Beauty & Cosmetics as well as Neo Seam.

We have initiated capacity expansion in Brazil to cater to better-than-expected Beauty & Cosmetics demand, and this new capacity will go online by Q1 FY '26. Capacity expansion in this Greenfield location in less than two years post-commercialization speaks volumes about our confidence in this market.

This also gives the confidence to succeed in new geographies. As far as Personal Care & Beyond is concerned, we have delivered double digit growth in Beauty & Cosmetics in Q3 FY '25, led by robust performance in EAP and the Americas regions. We have a robust B&C pipeline anchored by Neo Seam tubes and superior printing capabilities. We are getting new customer contracts across geographies and feel confident as we build our performance in this important category even further.

On sustainability, we continue to see strong conversion towards sustainable tubes, and our YTD mix reached 31% compared to 21% in FY '24. We see sustainable tubes as a way to gain wallet share over the medium-term, and the current momentum in sustainable tubes is strongly taking us in that direction. Finally, on margins.

Our margins, as you would agree, are in a strong position, as demonstrated by our consistent progress over the past many, many quarters. We have seen continued margin expansion in Europe and Americas, driven by specific restructuring and cost optimization initiatives. We feel optimistic about sustaining and improving these margins even further.

There is a comprehensive plan to bring back margins in India, and we have initiated actions to make sure that this happens. Hence, we feel very confident of delivering continued EBITDA growth ahead of revenue growth. In addition, our strategy of controlling capex and interest costs positions us well for consistent, strong growth in PAT as well as improvements in ROCE.

Finally, as we look ahead, we remain focused on manoeuvring the short-term market softness that we've been experiencing and accelerating our top line to deliver double digit growth with continued margin improvement.

With those opening remarks, I would now like to open up the line for questions.

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

Sanjesh Jain: In fact, two questions. First is on the India. I think in the previous earnings call; we mentioned that the slowness in the India revenue was temporary, and we were taking price hike and that should push the Q3 revenue. I think things have gone down ways post that call because the revenue growth has been just 1%, which implies there has been a volume decline on a Y-o-Y basis. How does the Q4 look like now we are already a month past into that?

Number two, India EBITDA margin sequentially has declined, and you have mentioned that you are able to completely pass on the raw material prices. Can you break it what is the margin forgone in this quarter because of timing mismatch in the raw material price increase and our price increase for the customer? That is my first question.

Anand Kripalu: Yes. So, I'll deal with the volume and on the India margin, what exactly happened. But more importantly, what we are going to do to improve it, I'm going to just ask Deepak to help me out there. Now first of all, I just want to say that we have had volume growth in India, and we don't report volume for good reason.

We have had volume growth in India. And YTD, our volume growth in India is about 5%, okay? So, I just want to articulate and make sure that we understand that there is volume growth momentum as far as the marketplace is concerned. Now some quarters, you sell a bit more, some quarters, you sell a bit less.

And if you were to compare that with customer performance, there is a lead lag factor that actually happens. So, we are not actually concerned that there is a significant slowdown. The revenue, of course, I agree with you, is less than what we would have desired. And the impact of that revenue is partly the market where there is some slowdown without a doubt, okay?

And also, the mix that has actually not been favorable this particular quarter, okay? So, I just want to say that I can't tell you what's going to happen in Q4, but I don't think the numbers of revenue actually reflect how we feel. We feel a lot better because there is underlying momentum in the business, okay? So let me just share -- ask Deepak to share a bit about margin and what's happened there.

Deepak Goyal: Yes. Thanks, Anand. So, India margins, EBITDA at about 17% is lower than our expectations. We are not happy with it. The reason for the lower EBITDA is slow revenue growth, which obviously puts a lot of pressure on the fixed cost leverage. The gross margins are marginally lower, driven by the continued pricing impact and the mix that Anand just spoke about.

And also, we shared in earlier calls that we have invested in personnel cost in AMESA, especially in India, in functions like sales. And those costs, we have not been able to leverage because of the slower revenue growth.

The culmination of this is reflecting in the EBITDA numbers, which is at 17%. However, we have taken very concrete actions to shore these margins up, and we are confident of bringing these back by about 150 basis points over next few quarters. And those actions have already been implemented in the business.

Sanjesh Jain: But Anand, in the presentation, we have mentioned that the Beauty & Personal Care has grown by double digits, I think more in India and EAP region. I thought that mix could have improved…

Moderator: Sanjesh, your audio is not clear. Can you speak a little louder, please?

Sanjesh Jain: Anand, you mentioned in your opening remarks that we have seen double digit growth in the Personal Care in these regions, which is AMESA. Then how has the mix deteriorated? Can you elaborate on that?

Anand Kripalu: No, I said Beauty & Cosmetics has grown globally double digit, right? I did not say specifically that it's grown double digit in AMESA, okay? So, we have had higher growth in the other regions and less growth on Beauty & Cosmetics clearly in AMESA. But what I want to tell you is this that on Beauty & Cosmetics specifically, you will see renewed momentum, particularly in India, right, in the subsequent quarters, right? And we can see that beginning to actually play out now.

Sanjesh Jain: My second question is on the Thailand Greenfield expansion. Why there is a requirement now? Because geographically, China is quite close. What compels us in terms of putting the capacity in Thailand and what advantage that it gives? And number two, what is the quantum of capex are we looking to invest in this plant?

Anand Kripalu: So, I'm not in a position to tell you the quantum of capex just now, right? And we will disclose that at a subsequent date. However, I'll give you the logic of why we are doing this. So, we're already exporting a fair amount of tubes, largely Oral Care, from China to Thailand. Now as we have put business development resources on the ground in Thailand, what we have seen in terms of our pipeline is a very large number of Beauty & Cosmetics customers where typically the MOQs, the lead time, the pace of…

Moderator: Ladies and gentlemen, please stay connected. The line for the management dropped. Participants, please stay connected while we rejoin the management back to the call. Ladies and gentlemen, thank you for your patience. We have the line for the management reconnected. Sir, you may go ahead.

Anand Kripalu: Yes. So first of all, I'm not in a position to disclose the specific capex investment that we are putting into Thailand. But what I do want to say is that we have already built a reasonable business in Thailand, predominantly Oral Care exporting from China. As we put two business development people on the ground in Thailand to sense out and develop that market, what we have realized is that Thailand is a very evolved beauty and cosmetics market.

And when we look at the pipeline that these two business development managers have put together, we find that there's a huge list of Beauty & Cosmetics customers, but they typically have smaller MOQs, lower lead times, and higher rates of change in innovation. Now that kind of business is not possible for us to do from outside the country.

We believe that the high ASP margin accretive opportunity is there with Beauty & Cosmetics. And that's why we are setting up a focused Beauty & Cosmetics unit at least to start with in Thailand. Once we are on the ground there, then we will see whether we want to localize whatever is exported from China and so on and so forth. But that's plan B. That's not the plan for now.

But Thailand is a large market of about 1.5 billion tubes, right, based on our last assessment. There's one large tube supplier on the ground in Thailand. And we believe we have a huge opportunity to get a significant wallet share in that market today. What we have today is a small part, right, of that wallet share. So that is our thinking. And given our confidence from Brazil, I mean, we really feel we can have a bite of this cherry, which is Thailand.

Deepak Goyal: And Anand, I would also add that there are markets of Indonesia, Vietnam, Malaysia, right, which are nearby and having a facility in Thailand also allows us to cater to those markets, especially in the B&C category that we are not able to do from China today. So, it's a very large, exciting market and we believe we have a great opportunity to build share there.

Sanjesh Jain: That's pretty clear. My last question is on the EAP. That geography was doing decent. What's transpired there? It appears to be declining now?

Anand Kripalu: Yes. So, there have been macro challenges in China, okay, which have been there for probably the last couple of quarters, okay? Now how do I see China evolving? See, first and foremost, we don't export from China to markets that could get impacted by a Trump tax. We do some exports, like I said, in Thailand and so on in Southeast Asia, in ASEAN.

And the rest of our business is actually now domestic demand. So, what we are doing is we are staying focused on domestic demand and going to further accelerate our efforts behind Beauty & Cosmetics. Specifically, we have also put in place -- earlier, we used to only focus on converting Beauty & Cosmetics from extruded tubes to laminated tubes.

But now we have also put in an extruded facility in our China market to go head on and gain share of the extruded tube market and we've already tasted some initial success, right? And we are thinking of even expanding this capability and facility further. So, we are going to keep pushing Beauty & Cosmetics.

Oral will probably go at a very modest rate within China. So, Beauty & Cosmetics has to be the mainstay of our growth strategy. But through extruded tubes, through the setting up of Thailand, through more aggressive exports into ASEAN countries that Deepak said, whether it's Malaysia or Indonesia, we are committed to bringing back solid growth to EAP and working around the, at least the short to medium-term softness that may exist in China.

Our own team's reading though is that the domestic market in China is not very soft. It is the export driven companies and employment of people who are export driven companies that is more impacted than a company like ours. So that is our thinking. And basically, we can't do anything about the macros. I think what you have to -- just recognize is that everything around those macros that we are doing to make sure we mitigate any impact of those macros.

Moderator: Next question is from the line of Sameer Gupta from India Infoline.

Sameer Gupta: Firstly, just a continuation of the previous participant. So, we've seen a slowdown in revenue growth across geographies, more so in AMESA and EAP, but even Americas and Europe has seen a decent slowdown from the last quarter. So -- and particularly in AMESA, I remember that you had mentioned there was negative pricing till last quarter, which was to be anniversarized in this quarter?

So, considering that the slowdown is even more, now my question is that if particularly China and India are affected by a soft macro, these are not things that just turn around in a couple of quarters. So, what is your outlook? I mean, if double digit revenue growth is the guidance, by when do you think you can get back on track to deliver those?

Anand Kripalu: So, I mean, you're absolutely right. The macros may be short-term, medium-term, but more importantly, there is very little we can do about it. What we can do something about is everything around those macros, right, to make sure we mitigate the impact of the macros. So first of all, let me just focus on India.

China, I spoke about the various things we are doing, right, which we believe will get us back to a high level of growth. As far as India is concerned, our Beauty & Cosmetics performance thus far has been soft. But I'm telling you that looking ahead, the performance is going to be much stronger, and we're already seeing signs of that happening.

When we call ourselves AMESA region, there are markets outside of India and we are significantly increasing the aggressiveness behind getting business outside of India, which is the export market, okay? And thirdly, there are some big customers with whom we have made actually significant progress, right, which could unlock significant market opportunity.

Now these are the things we are doing really to make sure that we beef up whatever growth we have to compensate for the macros, right? And of course, we've already spoken about what we are doing on the margin side. So absolutely, when we look at our numbers, when we look at our outlook, right, for, let's say, FY '26 and beyond, we are absolutely aiming for double digit growth in this business, okay? And we are building multiple levers in terms of plan to get there. Now if the macros also turn around, well, I think that will be magical.

Sameer Gupta: Second question, sir, on Thailand. I know you do not want to disclose capex and revenue run rate details at this point. But just trying to understand the thought process. Typically, we do Greenfield where there are committed volumes and a large anchor customer, which was our experience in Brazil?

This time in Thailand, if it's going to be for Beauty & Cosmetics with multiple number of players, smaller batch sizes, not committed type of volumes, also pricing, I remember, in Non-Oral Care is not contracted. So how do you mitigate these risks? So, let's say, volumes drop, or customers back out, what happens then?

Anand Kripalu: So, you're absolutely right. Historically, we have always gone on the back of a customer commitment. But that by definition has been Oral Care. And therefore, we have been an oral company to start with in those markets. In Thailand, what we are planning to do, and that's why I'm just explaining the concept is, we have a significant oral volume.

We're going to keep exporting that from China for now. But what we are doing is to set up a facility, repeat with printing, tubing, etc., to give us local presence and therefore agility of a very different order. Our pipeline is very strong. And I think the moment we set up shop, we are very confident that we are going to get significant B&C volume from the start, okay?

But what we are doing is, therefore, we are not setting up a facility like we did in Brazil, right? We're setting up something smaller, but we'll have all the modular capability that we have had in Brazil, right? So, this is our approach to also unlock Beauty & Cosmetics first rather than going as an oral company.

Deepak Goyal: Sameer, just to kind of add, we now have had our salespeople on the ground in Thailand for more than a year. And in this past year, we have developed a very strong pipeline on the ground already, where multiple many of those orders are in finalization stage. So, we feel very confident of getting that volume given the response that we have seen. And hence, it would be an exciting opportunity to capture.

Sameer Gupta: So just a follow-up here. What would be the nature of these customers? I mean will there be contracted customers and committed volumes even, let's say, for a two year, three year period? Or it will be as you go, you will get volumes, etc.?

Deepak Goyal: These are Beauty - largely Beauty & Cosmetics players, with whom we will have contracts, may not be driven by the quantity-led contracts, but there would be agreement, which will say that EPL is a supplier to these players. Many of these products are long-term or long development kind of product in nature.

And hence, continuance of supply is kind of very high probability. Also, Thailand is a large skin care market. And the entire Southeast Asia that this facility can cater to is a very strong beauty and cosmetics kind of play. And hence, our ability to capture to all of that market and build this geography is very high.

Sameer Gupta: Just final question, if I may squeeze in, and this is more of a bookkeeping one. Tax rate this quarter is low. I understand base quarter had some one-off, but you haven't called out anything this quarter. So just trying to understand any guidance you can give for FY '25 and beyond, especially for tax rates. We kind of struggle in modelling this?

Deepak Goyal: Yes. So, Sameer, this quarter, we have had the benefit in China. In China, we get an exempted -- not exempted, but concessional tax rate due to high technology -- being a high technology company. That concession for year 2024 onwards was due for renewal. That renewal came in December.

And hence, earlier months when we provided for 25%, we took that reversal in this quarter. Large part of this concession or the reversal belongs to this financial year itself. And hence, it's not a one-off in nature or exceptional item in nature. However, this quarter, we have had the benefit.

For a steady-state tax rate, we should look at YTD. YTD, our tax rate ETR is about 16.9%, which is pretty much, let's say, in line with last year, which was about 18%. There's a country mix benefit, which is coming in. And long-term, I think our tax rate guidance has always been between 20% to 22%, and that should remain.

Moderator: Next question is from the line of Akshat from RSPN Ventures.

Akshat: So, sir, my question firstly is on the gross margins. So, this quarter, our EBITDA margins are broadly driven by 200 bps improvement in our gross margin. So, do we see this sustaining going forward? And second question will be on the Brazil and Egypt currency depreciation this quarter. So, there have seen a sharp depreciation in Brazil and Egypt. So how much will be the impact of that in the revenue this quarter?

Deepak Goyal: Yes. So, first, talking about the GC. GC is driven by -- first of all, there is a mix improvement. Second, there is also a positive geography benefit. We have seen Europe and Americas results improve. These geographies deliver a strong gross margin. And with that mix improving, our overall gross margins have improved.

We look at our EBITDA performance as a full P&L. And now I'm coming to the second part of your question, do we see it sustaining? So, on the EBITDA margin, we are confident of keep improving our EBITDA margins and delivering growth ahead of revenue because there are multiple initiatives which are still under play. The Europe and America initiatives that we have taken are still being played out, and hence, there is a little -- some juice there.

On top of that, AMESA margins, as I mentioned earlier, are not up to the mark, and we have an opportunity to improve their further. So, with the combination of that, we are confident that EBITDA margins will keep improving. The second point is on Brazil and forex. So, we have seen a forex loss in this quarter, primarily driven by Brazil and Egypt.

The currencies have been volatile. But see, the overall on a full year basis, I think one benefit with EPL is that we deal in some 10 currencies, and we cover most of the countries from East to the West. So, we are -- we have a lot of revenue in Chinese Yuan. In Europe and Middle East, we have Egyptian Pound and Polish Zloty Euro.

On the Western side, we have got Dollars and Mexican Peso, Brazilian Real, etc. What it does is that it gives us a natural coverage. Whenever there will currencies that will keep devaluing and then appreciating. But on overall basis, currency generally gets offset on a full year basis. That's how we see this playing. Just for context in this quarter, Q4, so far, Brazilian Real has again improved, and Egyptian Pound has also improved. So, this is not something we see moving in one direction.

Akshat: And just one last question from my side. So, I understand you cannot guide on the capex number for Thailand, but can you do that for Brazil brownfield capex?

Deepak Goyal: See, Brazil, I think important point, rather than the quantum of the investment, I think the important point is that we have already within two years of our commercialization, we have decided to go for a capital expansion, right? And that is a very, very positive movement. We have seen strong demand for Beauty & Cosmetics in that geography.

And this capex is now needed much earlier than we anticipated. That positivity, I think we should capture. The amount of investment we should be able to confirm subsequently.

Anand Kripalu: And this expansion is purely for Beauty & Cosmetics, right, which is going to give us higher ASPs and be far better from a P&L standpoint as well.

Moderator: Next question is from the line of Vinamra Hirawat from JM Financial.

Vinamra Hirawat: Sir, my question was regarding the Trump tariffs. For your U.S. customers, could we have a breakdown of where the tubes originate from in terms of country of manufacturing? Which countries are the largest exporter of the tubes to the U.S. market? Because this would help us assess potential supply chain risks if tariffs were imposed on specific countries?

Anand Kripalu: So actually, we are not too worried about the Trump tax. We don't, first of all, we don’t export any tubes to the U.S. We make all the tubes that we sell in the U.S. in the U.S. The only thing we export are laminates. Now we make laminates in India and China. Earlier, we used to export from China to the U.S. and then the Trump tax came.

And we then moved all the supply of laminates from India, right, to the U.S. So today, it all goes from India. And everything else we manufacture on the ground in the U.S., okay? We have a manufacturing plant in Mexico that caters essentially to the Mexican market as well, okay?

So, I mean, we don't know what we don't know. We don't know what he might do against India, right? We'll have to just wait and see for any adverse announcements in that area. But for now, I don't think we're losing sleep over that.

Deepak Goyal: And also, there could be some benefits coming our way if there are large duties imposed on China. China today as a country exports a lot of extruded tube to U.S. And if duties are imposed, then some of that demand actually can be fulfilled from India. We have an extruded facility in India, and then we could capture that demand. So, we are watching the space. And if there are any opportunities, we will go and capture them.

Anand Kripalu: I think that's a good point. We might actually benefit from the Trump tax given our geographic flexibility.

Moderator: Next question is from the line of Vedant Bhasin from Minerva Asset Management.

Vedant Bhasin: Yes. So, my question is more of a qualitative one. I just want to understand for two specific geographies, Brazil and Europe, Americas, but Brazil is more focused. I'm just trying to understand how we're able to grow at maybe double digits in an industry that I don't think grows more than mid-single digits. So, I want to understand what exactly our strategies are over here. Is it pricing? Is it higher ASPs? And how sustainable is this maybe?

Anand Kripalu: And you want to -- you want me to explain specifically Brazil and Europe, right?

Vedant Bhasin: Correct.

Anand Kripalu: Okay. So, first, let me take Europe. Now Europe, we've been present for a long time, but we have been a single-digit market share player in Europe, okay? And Europe is the biggest beauty and cosmetics region in the world. If I'm honest, we have been fraught with internal challenges in Europe for many, many years.

We were manufacturing too much in Germany. The costs were too high, and we had just a space of internal challenges because of which, I think, honestly, we were too internally focused on fixing the problems rather than being externally focused to gain share. In the last few quarters, ever since we have made some structural and people interventions in Europe, I think that thing has started transforming.

And actually, while we don't share volume numbers, we have been, I would say, pleasantly surprised with the amount of volumes that we've been getting in Europe, okay? What we believe is that Europe is going to grow very strongly just because now we have fixed our ability to service our cost model in Europe and put the right people in place to get that business, and the first signs of that are already visible, okay?

So, Europe is about gaining a share of the huge headroom that exists, which we could not harness before. Brazil, we have just entered, and we are still a very small player in Brazil again. We have been commercially active in Brazil for under two years, actually 1.5 years to be precise, okay? And while in Oral Care, we went on the back of a contract customer, we have had orders from other customers.

But what we've been really pleasantly surprised about is what's happening in Beauty & Cosmetics, and most of that is Neo Seam incidentally. We've been really surprised by the amount of orders and the pipeline that we are getting there. So again, in Brazil, we have started recently, and it's a massive market in itself, and we are probably just still a single-digit player in that market, right, or a low double-digit player in that market. So, it's again, headroom for growth.

So, I think when we have low shares, so if you look at India where we have very high shares, the category growth is far more critical to our growth strategy, right? And we have to do different things to grow if the category is not supportive of growth. But in Europe and Brazil, it is really about being competitive. It is not about discounting on price. I want to make it clear. But it's about innovation, service, and quality that delights the customers in that market compared to the other suppliers who are there, right? And like I said, in both these cases, we've tasted blood, right, over the last few quarters over the last year or so. So, I am actually very confident about our ability to grow, well, double digit, time will tell, but grow very strongly in both these markets.

Vedant Bhasin: And my second question is just a quantitative question on if you can just tell me what margins are on a general blended level because I know you don't give volumes or because there are a lot of different types of products. But if you can tell me what the margins are on Oral versus Beauty, that would be helpful to model?

Deepak Goyal: So, you are asking...

Anand Kripalu: Oral versus Beauty margins.

Deepak Goyal: Yes. On Beauty & Cosmetics, on a per tube basis, the margins are significantly higher than Oral. That is driven by the higher selling price because the selling price of Beauty & Cosmetics is significantly higher than Oral Care tubes. On a percentage basis, however, they are very similar, right?

Beauty & Cosmetics, in some markets, Beauty & Cosmetics, depending upon the kind of embellishment which is there on the tube is slightly higher, in other markets, slightly lower. But on a whole, they are very, very similar.

However, at the EBITDA level, and Anand, thanks for reminding, the Beauty & Cosmetics are significantly better because the fixed cost allocation, when you're selling a tube, you're selling a tube, right? So, the fixed cost allocation that happens on Beauty & Cosmetic tubes as a percentage are lower with the benefit of higher revenue, and hence, EBITDA that the Beauty & Cosmetic tubes make are better.

Moderator: Next question is from the line of Siddharth Purohit from InvesQ Investment Advisors.

Siddharth Purohit: So, a lot of my questions have been answered. Just one clarification. When you talk about double digit growth, do you mean to say in terms of volume because -- or it's a mix of pricing and volume that you are looking at?

Anand Kripalu: Yes, it is revenue growth. And therefore, it has a volume, have mix because we have clearly said that B&C will grow faster than Oral Care. So, there's a mix, right? And there is some pricing depending on how commodities move, okay? So, it has all three components in our double-digit growth guidance, which is a revenue growth guidance.

Siddharth Purohit: And sir, given the slowdown in this quarter and almost half of the quarter has gone now, so in the coming quarter also, we might see further slowdown given the global environment, how is it shaping up?

Anand Kripalu: I don't expect so. But I don't know what I don't know, but I don't expect so, right? I expect things to only get better in this quarter and beyond. But I mean, who the hell knows what's going to happen in March, right? So that's the problem, right? There's that uncertainty is there. But honestly, I feel it will be better.

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

Pratik Tholiya: Yes. Thanks, Nirav. Once again, on behalf of Systematix, I'd like to thank all the participants who have logged into this call. Thanks to the management for giving us the opportunity and answering all the questions very candidly. Sir, would you like to make any closing comments?

Anand Kripalu: No. I just want to thank everyone for their continued interest in our company.

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