November 16, 2023

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**

Dear Sir/ Madam,

In furtherance of our intimation(s) dated November 1, 2023 and November 8, 2023, we are enclosing herewith, the Transcript of the conference call for the Analysts/ Investors, which was held on November 8, 2023, to discuss the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and six months ended September 30, 2023 ("said transcript").

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

This is for your information and records.

Thanking you.

Yours faithfully,
For **EPL Limited**

ONKAR DEEPAK GHANGURDE
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Encl.: As above

"EPL Limited
Q2 FY2024 Earnings Conference Call"

November 08, 2023

ANALYST	**MR. PRATIK THOLIYA – SYSTEMATIX INSTITUTIONAL EQUITIES**
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: Ladies and gentlemen good day and welcome to EPL Limited's Q2 FY2024 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 from Systematix. Thank you and over to you Sir!

Pratik Tholiya: Thank you very much. Good evening everyone. On behalf of Systematix Institutional Equities I would like to welcome all the participants who logged into this conference call of EPL to discuss Q2 FY2024 Results. From the management we have with us Mr. Anand Kripalu - MD & Global CEO, Mr. M.R. Ramasamy - COO, Mr Deepak Goyal - CFO, Mr. Shrihari Rao - President AMESA region; and Mr. Onkar Ghangurde - Head - Legal, Company Secretary & Compliance Officer. At the outset I would like to thank the management for giving us this opportunity to host the call. I would like to now welcome Mr. Anand Kripalu to start the proceedings by giving his opening remarks. Thank you and over to you Sir!

Anand Kripalu: Hello everyone and very good evening and welcome to the Q2 FY2024 Earnings Call. The operating environment continued to move in the right direction with relatively benign commodity cost. During the quarter significantly EPL crossed Rs. 1000 Crore revenue for the first time and also delivered the highest ever quarterly absolute EBITDA of Rs. 181 Crores. Specifically in Q2, EPL posted a revenue growth of 5.6% impacted by softening commodities, which necessitated some pricing pass-through. Excluding Brazil, the underlying business growth was 4% broad-based across all regions. AMESA grew at 5.5% impacted by the devaluation of the Egyptian pound. India's standalone however grew by 6.9%. EAP continued its strong performance with double digit growth of 13.2%. Europe grew by 5.5%, and Americas by 6%. Inter-region elimination led to the overall growth being 4%. Our continued focus on personal care and beyond has seen success with the category now contributing 48% to our total sales in H1. Importantly our journey on EBITDA margin recovery continued very strongly. We delivered a solid EBITDA margin of 19%, which was an improvement of 267 basis points year-on-year and 103 basis points sequentially versus the previous quarter with an absolute EBITDA growth of 21% year-on-year, this is a result of, of course some softening costs coupled with active price management, mix improvement and significant P&L productivity. This is the fifth straight quarter of EBITDA margin increase reposing confidence in the ability of this business to sustainably deliver industry-leading margin. Net profit for the company grew by 50.4% and ROCE also improved to 16.5%, including Brazil EBITDA margins stood at 18.1% and absolute EBITDA and PAT growth was 18.3% and 9.5% respectively. Specifically, on Brazil our plant is scaling up really well, as you know it is a state-of-the-art manufacturing facility integrated with SAP HANA. In the first full quarter of operations itself Brazil reached over 80% of the lead customers committed volume. It is poised to fulfill the lead customers demand in the next few months and can open up to take other customers' orders. In fact, we have already produced a few sample batches for validation and are confident of expanding the customer base in the near future.

Moving onto sustainability, innovations and so on, we continue to make progress towards our ambition to be the most sustainable packaging company in the world. External recognitions and awards further validate that we continue to move in the right direction. As you are aware we were awarded Gold by EcoVadis which puts us in the top 5% of all manufacturing companies worldwide. I shared earlier we have lunched a company wide effort towards EcoVadis Platinum which will put us in the top 1% of all companies worldwide on sustainability. It is important to note that our key global customers like Colgate, Unilever, P&G and so on have announced bold target to move to recyclable packaging in the very near future. Our strong portfolio of recyclable tubes, backend capability through substantial investment over the past few years coupled with sustainable processes puts us in a very advantageous position to capitalize on this opportunity, all this while contributing towards making the world a better place.

Looking ahead what do we see, and there are two legs to our agenda for looking ahead the first is driving revenue growth and the second is margin expansion. Clearly one of our key priorities is to accelerate our revenue growth towards our stated ambition of double-digit growth. To achieve this, we are taking two key initiatives building on everything else that we are doing already on the business. The first is an even more aggressive play in personal care and beyond of which beauty and cosmetics is the largest segment. Now this is a very large category of 25 billion tubes where EPL has about a 10% share. Now as you know we have been growing at a fast pace in this category and it contributes 48% of our revenue already. However, the opportunity and headroom for accelerated growth remains very large and this is a big, big focus for us. To capture this opportunity, we have strengthened our portfolio through multiple innovations such as near seam elimination called NEO Seam, high-end printing and decoration capabilities. This has improved our right to succeed significantly. Further we have invested in the backend to deliver requirements of smaller customers in the personal care category like short and smaller batch sizes with frequent changeovers and so on.

Finally, we are strengthening our front-end team through additional headcount and re-skilling so as to aggressively hunt down additional volume. So this is all what we are doing to accelerate our growth within personal care and beyond. The second leg of our growth agenda is to fully capitalize on the Brazil opportunity and as I mentioned before we feel very excited about this, we have only just started and believe there is significant opportunity to expand and grow. The second leg of looking ahead apart from revenue growth is margin expansion. We have consistently improved our margins over the last few quarters. In this process we have developed some important muscles like active price management and strong middle of the P&L productivity. We continue to have a very strong pipeline of initiatives that will help us continue the journey on margin improvement and take us to 20% plus margin.

To summarize our priorities going ahead are to continue the growth momentum in India and China and deal with some demand softening in Western geographies, accelerate beauty and cosmetics through innovation and backend capability, ramp up Brazil volumes and expand the customer base there, leverage our sustainable portfolio to drive customer conversion and wallet share gain as our customers themselves strive to achieve the commitments that they have made and finally continued focus on margin improvement through mix and cost efficiency, efficient capital allocation and manufacturing, local location optimization. So in continuation of past quarter we remain focused on driving growth with margin expansion and remain confident about our ability to deliver double digit growth with margin improvement. With that, I will open up the line for question.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nilesh Daha from Julius Baer Bank. Please go ahead.

Nilesh Daha: Hi. Thanks a lot for your fairly comprehensive opening remarks. I saw in your presentation there is a section where you are talking about recycled tubes and this is about 10% and you wanted to go to 20% and there is a glide path going forward. Can you talk a bit about two aspects, first - what is your role in the supply chain to enable this recycling to happen and second - is there advantage that you have from a margin point of view as you substitute your sort of normal tubes to recycle tubes?

Anand Kripalu: The thing is this that we have technology that allows us to apply recyclable tubes to our customers. Last year 10% of the tubes that we applied were recyclable and this year we expect it to be over 20% and we expect it to accelerate very dramatically over the next couple of years, as the customer commitments also need to get achieved and therefore, they are putting pressure on us. Now there are two aspects to this, we believe that we have amongst the best recyclable tube in terms of just the thickness, the use of the plastic and barrier properties, but importantly also have the best backend capability and capacity to be able to supply these recyclable tubes around the world. Now as far as the second part of your question is concerned about margins, this is a question I have addressed in the past. In the area of sustainability, charging a higher margin versus chasing market share is a strategic choice. You can choose, try and make a higher margin and put background dispersion and make it more difficult for companies to convert orwhat you could say is I will supply to at pretty much the same price, give or take a bit, cover your margins fully make the same amount of money maybe a bit more, be sure that you will be able to supply them, so that the conversion happens. And while this helps customers, you do this in the quest to get a higher share of wallet. It is the right thing to do for a company where sustainability is an important driver of our business.

Nilesh Daha: That makes a lot of sense. I think the only sort of insight that I was looking for is that, is there an IP or an edge in terms of recyclable tube versus normal tubes and does that allow you to sort of build a deeper relationship with your customers?

Anand Kripalu: So the thing is this that everybody will ultimately have to have recyclable tubes, otherwise they will go out of business. Question about this game is, are you one step ahead always compared to other people -so are you able to provide solutions ahead of others, are you able to do it with less use of plastic, are you able to create better or deliver better barrier properties, are you able to deliver better decorations and look and feel like, see-through tubes or metallic finish tubes that are fully recyclable. So this game is about staying one step ahead. Now we believe that we are currently at least one if not several steps ahead of other players when you look at this in totality, but the work on R&D and staying one step ahead is something that you have to keep doing. Now couple this with the fact that you require capex and enhancement in the backend to deliver these, exactly the same machines cannot deliver the tubes at the same capacity. So you need to do unlocks and that is something we have been doing for the last two to three years to make sure that we are recyclable ready in terms of our capacity and today 85% of our capacity is recyclable ready. So if you look at this in totality that gives you a source of competitive advantage, at least that is what we see.

Nilesh Daha: Thought right and I will get back in the queue. Thank you.

Moderator: Thank you. Next question is from land of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta: Hi Sir. Good evening and thanks for taking my questions. One thing I noticed during the quarter is that interest cost has seen a spike around Rs. 31 Crores this quarter and I see there is no material change in the net-debt or lease liabilities in the balance sheet, so any particular reason why there is an interest cost plus price and how should we model this going forward?

Anand Kripalu: Yes, I am just passing this on to Deepak, our CFO.

Deepak Goyal: So the interest cost increased the combination of the hard interest rate scenario, which continues across the world, but more specifically in the western side of the world, both US and Europe. We have taken a debt for our Brazil capex, which is a Greenfield capex and we kind of funded through external borrowings. The interest rate in Brazil and for that matter in South America kind of is high and that reflects in the interest cost.

Sameer Gupta: Got it and this is going to continue for the foreseeable future I believe?

Deepak Goyal: I think that probably for next two to three quarters probably the interest rates will continue to stay hard as kind of everyone is predicting. But hopefully after that we should start seeing some softening in the interest costs, which will then flow into our P&L.

Sameer Gupta: Second question on Europe and Americas. I see the growth here continue to be sub-par. Americas if you adjust for the additional sales of Brazil, it is still a mid-single digit kind of a growth, Europe also around 5%-5.5% so what is basically going on here and what is the outlook in this part of the business?

Anand Kripalu: I think I will address Americas and Europe separately. I think as far as Americas is concerned and we are talking about excluding Brazil for now. Having said that Brazil is organic growth for this business, so ultimately we must look at it including Brazil, but since I have read out America's growth at 6% excluding Brazil let me comment on that. I think you should expect to see some acceleration of the America's growth as we look ahead, but you will also see that there has been a significant P&L improvement in terms of EBITDA margin in the America. So I think we are focused on making sure that we fix the P&L for the Americas and you can see now we are at mid-teens margins and we are hoping for that to even go up further and a lot of the other initiatives that I talked to you about particularly on B&C where we actually have the smaller shares in the US for instance, that acceleration is going to help us to accelerate revenues in the future, but the good news is that we would have kind of fixed the P&L so the accelerated revenue will actually yield dividends back to the business. I think as far as Europe is concerned I think the growth is modest if at all, but 5%-6% growth is not a disaster in Europe if you think of what is happening in the continent. Our bigger challenge in Europe is to fix the P&L like we have done for the Americas and I just want to say that we are seized of this issue. This issue has been going on for many quarters now and the EBITDA margin is something that we need to fix. We have currently structured our cost base in Europe for higher levels of growth and I think what we are very clear about today is that either we quickly accelerate growth in Europe or else we start cooling the cost base, and we are seized of this and we are committed to delivering mid-teens margins in Europe. Having said all of this I just want you and others on this call to recognize that Europe accounts for about 5% of our total EBIT so that is the materiality of Europe. So while we are seized for fixing it, it is not something that is significantly moving the needle adversely for EPL as a whole.

Sameer Gupta: Got it Sir. Just a followup on Americas we had an expectation of margin improvement because there were some one-off insurance related costs, so how much of this margin improvement that you are seeing 15.7% is because of that?

Anand Kripalu: The higher insurance cost is actually a structural issue in US because the insurance loss has become fairly stringent and because of that our insurance cost has gone up. We are working on couple of projects which involve capital investments as well as efforts to bring it down structurally. Those projects will fructify by Q4 of FY2024, so even in 15.7% margin we continue to incur the higher investment cost, post Q4 of FY2024 we will start seeing the benefit of lower insurance coming.

Deepak Goyal: So directionally, I think you should take away that we are absolutely committed to delivering mid to high teens margins for the America, and this is a step in that direction. I think that is what we need to probably take away from this.

Sameer Gupta: Great Sir. That is all from me. I will come back in the queue if I have any followups. Thanks.

Moderator: Thank you. Next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Good evening Sir. Thanks for taking the question. First again on the recyclable tubes you did allude to tell us that the tube pricings are not really very different for our traditional laminated tubes versus the recyclable tubes. Can you give the entire economics, are we even same at the EBITDA level or are we incurring higher cost, and can increase in the renewable tubes we are looking at going to 60% would be dilute or would it be a margin accretive of a larger mix which you have this on a scale?

Anand Kripalu: No, it will absolutely not dilute. I think the question earlier was about taking a premium for these tubes and make a higher margin in the worst-case scenario. We will make as much money as we are making today. We will not dilute the margin per million tube or the percentage margin that we make, so I think we are very, very clear about that. The question is whether we will make more margin or not and we have said strategically we do not want to be opportunistic as far as this is concerned, we want to invest with our customers for the long-term growth of sustainable tubes as a larger industry and that is the decision that is why we are playing it the way we are playing.

Sanjesh Jain: Got it. Just one related question. I think Colgate is largely backward integrated if I understand it right for their own tubes barring India and does it give us an opportunity to currently deeper into Colgate as a global account?

Anand Kripalu: Well, we would love to and it is something that we are absolutely seized off, now it represents a big structural model change for Colgate and whether they will open up their doors to outsourcing the tubes or not is the larger question, but we are looking at it step-by-step when we start supplying laminate, printed laminate, can we do whatever we can to make inroads, but I think that is an absolute opportunity, and we are exploring everything that we can as far as that is concerned.

Sanjesh Jain: But any initial talks, anything you can share, do they have that much of a technology bandwidth because this is not something which is the core for them. Any initial thoughts we had discussion because they are our customer as well?

Anand Kripalu: Of course they are and all I can tell you is we are very seized of this opportunity. They are the biggest oral care player in the world, we are very seized with this opportunity, we will do everything we can, we will leave no stone unturned but beyond that to share here what conversations we are having with the customer and so on I think is not appropriate honestly, but just recognize that we are seized of this and we will do everything we can.

Sanjesh Jain: Fair enough. Just again extending the same recyclable tube. We are looking to grow big in beauty and cosmetic and extruded tubes are very popular in that segment and they are naturally recyclable single plastic, they qualify for most of those qualifications. Given this scenario, do you think the conversion from an extruded tube to the laminated tubes in beauty and cosmetic can actually be slower in a scenario of growing recyclable tubes?

Anand Kripalu: We actually think that we absolutely can convert and I think, what is the right to win our laminated tubes - First of all the barrier to conversion to laminated tube historically was the cosmetic appeal of the tube because of the size scene and I called out my opening comments that now with near zero seam, which we are calling NEOSeam technology, we are able to almost eliminate the negative cosmetic appeal of the seal so that is the first thing. The second thing is that as far as extruded tubes are concerned; it is very hard to have extruded tubes with plastic less than 350 to 400 microns. In laminated tubes you can go to 200 microns. So while one of the things is recyclability is cosmetic appeal, the other thing that is really important is the total plastic consumed and because the total plastic consumed in a laminated tube could be significantly less than in an extruded tube, there is also a significant price advantage that you can offer to laminated tubes. So net-net, less plastic, actually better barrier properties because of the layers that you can have in a laminated tube, better barrier properties depending on the product in size, as good cosmetic appeal because of elimination of high seam as well as all the bells and whistles of printing and other design embellishments, and a cost advantage. So there are significant benefits of a laminated tube. The only barrier for conversion was the seam for which now we have an alternative technology that can eliminate that or near eliminate that. So that is the story.

Sanjesh Jain: One related question to Brazil. This quarter we have done a revenue of close to Rs. 16 Crores (Rs. 159 million),EBITDA loss of Rs. 58 million and a PAT loss of Rs. 220 Million, even if I take 100% reaching to this customer, we will be at Rs. 190 million of revenues that means even at 100% conversion to this customer we will not completely recover at the EBITDA level let alone attack. At what level do you think you will break even at EBITDA and PAT level and will FY2025 entire year be a journey of incurring losses or you think next year you can turn at least at the EBITDA level profitable for Brazil?

Anand Kripalu: First of all the journey of incurring losses is start-up related and not steady state business related.So in the start-up phase, which includes the data that you read out, which is absolutely correct, is to do with all the high start-up costs, setup cost and higher cost inventory and so on and so forth that we are carrying. Actually as we look ahead not in FY2025 but even in FY2024, towards the end of FY2024, we will absolutely not just break even we will be making positive EBITDA and positive EBITDA margin. So FY2025 will be full steady state and we believe will be EBITDA margin accretive to the total business.

Sanjesh Jain: We will do more than 20% EBITDA margin in Brazil in FY2025 in that case.

Anand Kripalu: This question is related to EPL global. Now you can assume whatever number that is, but that is what I am saying. So I would request you not to extrapolate the current quarter's numbers the way they look and think that that is how Brazil will play out. So that is the message on Brazil and Brazil very quickly I would say in the next month and certainly quarter will start delivering positive EBITDA.

Sanjesh Jain: This is my last question, I know I have extended it, but this one will be the last one, and the Brazil how many customers are we talking today beyond the anchor customer?

Anand Kripalu: Well, we have a list of I would say 10 interesting prospects, a couple of whom we have already given samples to which they have put into storage in testing because the process that you follow in this business and we have like I said apart from these couple of seven or eight more we have shown interest and some include big multinational players who have shown a lot of interest in actually substantive volume. Now if some of those orders come through, we might need to actually expand our facility and add another line and the good news is the civil work and utilities and so on has been done, so it is quite easy for us to put another line to service any big customer orders that come our way. So I would say 8 to 10 is the list of prospects we have, I would say couple of those are hot, the others are warm, and there may be many more cold prospects as well, but as I had mentioned earlier we are currently focused on delivering our commitments to the anchor customer fully and then expanding our customer base. But on the side we have started talking to other customers as well, but currently we are only supplying to our anchor customer because that is our commitment today.

Sanjesh Jain: That is fairly comprehensive answer. Thanks Anand for answering all the questions and best of luck for the coming quarters.

Moderator: Thank you. Next question is from line of Douglas from Invesco. Please go ahead.

Douglas Turnbull: Thanks very much. You mentioned in the slide deck that the underlying business performance was partially offset by soft commodity impact in pricing, could you just unpack this statement a bit, how much is this headwind to the topline and to what degree is it kind of flip side of the improving margins?

Anand Kripalu: So we are not presently breaking up volume and price mix and so on and so forth in terms of granular details and we have mentioned in the past reasons why we do not think that would be a good reflection or measure of our strategy. All I can say is that price mix has been negative and that has therefore affected our revenue numbers in the quarter. Now what I can also say is that that is likely to continue for another quarter or so because last year we were lapping higher input costs and therefore some higher pricing levels related to those input costs. So this thing has to unwind a bit further because commodities remain benign or I would say relatively flattish. So they are not going down any further incidents, they have remained flattish now for the last several months, but the pricing has to unwind back, and we are obviously playing this as best as we can contractual customers it plays out almost directly based on the contract and non-contractual customers we are trying to see how best we can retain as much of that as possible, but that will play out over the next quarter or so till the commodities and pricing catches up with each other. Having said all of this I think it is important to say that we are confident of continuing to deliver solid absolute EBITDA growth in this business.

Douglas Turnbull: Thank you. I just wonder how much of the margin expansion we have seen was a function of price catching up to soft commodity prices which have obviously been high we have been passing that through and regaining margin as those soft commodities are now a bit lower to flat and we unwind that, is there margin expansion still to come from this, is it the case that if the topline still remains with this as a headwind that we are still going to get some margin expansion benefit?

Anand Kripalu: You will get margin expansion benefit and you are right, part of the percentage margin expansion is translation, part of it is real, but if you look at just the absolute EBITDA growth, that is the real reflection of the profit pool and the profit of the company that we are generating, and that is growing solidly and there is no optical benefit as far as absolute EBITDA is concerned. So the margin is what it is, but the absolute EBITDA and I just said that it will continue to grow solidly, now we can decode what solidly means, but it will continue to be solid in terms of absolute EBITDA growth.

Douglas Turnbull: Thank you very much.

Moderator: Thank you. Next question is from the line of Viraj from SIMPL. Please go ahead.

Viraj Kacharia: Hi, thanks for the opportunity and congratulations on good numbers in such a challenging environment. Most of my queries have been answered, just two specific queries. I think you shared a presentation towards the end of the last quarter and it was quite a very detailed elaborate strategic presentation, so thank you for that. Just had one query on that if you look at our own expectation over the next 3-4 years in terms of margins we are expecting eventually the business to move towards say 21%-22% EBITDA margins, so just kind of want to get the thought process into what gives you the confidence to achieve those kind of a margin structure especially if I look at last 10-15 years we have never had that kind of a margin base, so if you can just build more drivers of those margins and what are the factors internally which we have in our control and maybe irrespective of the growth strategy which we are expecting which you can help us achieve that kind of a margin so some more deeper color on that?

Anand Kripalu: No, absolutely. So first of all, the 21 and 22 numbers are yours, they are not mine by the way.

Viraj Kacharia: This is on the implicit derivation on the EBITDA and the sales, which we are expecting the high and the low end so just on the derivation on that.

Anand Kripalu: I have said 20% plus and they will get to 20% plus. Now what is going to give us confidence that we can continue to improve margins. There are four, five things there. First is this aggressive accelerated growth that we are going after in B&C beauty and cosmetics, which is mix accretive and margin accretive so that is the first thing. As we accelerate B&C even faster than the historical growth rates which were called it by the way, then we are going to get an improvement in margin. Apart from this we believe that the muscles we built on strategic price management is a muscle that is going to help us and as we look ahead and there are many things that we are doing incidentally for opportunities for margin improvement through cost takeout. We have opportunities for continued insourcing to bring in-house some of the things that we outsource like the amount of caps that we buy from outside, and there is an opportunity to bring those in and steal those margins and keep it in-house. Some manufacturing realignment and as we speak there are some shifts we are doing between plants to move capacity and volume from higher cost locations to lower cost locations. They are exploring possibilities of cross sourcing between plants and even between regions as opportunities and collective automation particularly in high-cost regions. So there are many things that we are going to continue to do while keeping our belts absolutely tight on our operating expenses and we believe there is still juice as far as some of these things are concerned. So when you look at these, which will include some structural cost takeout and some continuous improvement projects, we feel there is enough in the part to continue to drive the margin agenda. If I am honest with all of you on the call today, I think in the last two years we, as a management team, were upset with margin and cost because of the crazy input cost environment that we were all part of and therefore if you like we had taken a bit of our eye off growth and put a lot, probably both eyes behind cost and margin and many of you will recall that every call was about margin and when will we get our margins back. All I am telling you now is that we are doubling up management focus and intensity behind accelerating growth and that I think is what will create a very robust P&L while still keeping one foot on the break of costs through all the initiatives that I spoke about, but I just want to be sure that people recognize that we are significantly stepping up efforts behind growth. Cost is actually more deterministic; it is more with an internal control on margin and cost management. Growth is a bit more probabilistic because it is more external pacing, and that requires a lot more focus from management, but that is how we are approaching the business as we look ahead and this is not something that will play out in one quarter, two quarters, but to your question over the next couple of years.

Viraj Kacharia: Just a followup on this, so the elements like product mix is more external driven, but if I have to look at these three-four factors which you talked about what will be the major driver of the margin improvement, and second question is so elements like insourcing or moving from high cost to low cost definition where would we be in that whole journey is it still early days or a good amount of work is already done, any more perspective if you can share on these?

Anand Kripalu: We are not at the start of the journey, but there is still a lot of meat available in that journey, whether it is in-sourcing or cross-sourcing and so on and so forth. We also have opportunities for some structural cost takeouts, which we are looking at, honestly with a fine-tooth comb. Now none of these are things that we have never done before, but cost takeout is something that every time you look at the same problem through different lens you find opportunity, and we have opportunities on the table today that we know we can exploit. Apart from which the muscles we have let us say on productivity improvement, just regular day-to-day efficiency improvements are actually quite substandard and have been delivering every year. Otherwise our margin erosion may have been even higher. So these are all things that we are doing, some of them have different lead times because they may involve some capex, some transferring of equipment from one place to the other and so on and so forth, but we are absolutely seized of these and when I have given a guidance of saying we are absolutely focused on taking our margin to 20% plus and this is not a guidance for a quarter. We run the business on a year-to-year basis, but we have confidence that we will get to this sooner rather than later.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Can you talk about Americas margin normalized and in couple of years what are the steps we have taken and can we assume in next couple of years Americas margin can be the level of what it was two to three years ago?

Anand Kripalu: We are committed to getting Americas' margins to mid to high teen in that range. So it is very close to where we used to be certainly earlier. Now what has happened is that as far as Americas is concerned a lot of the margin erosion was because of the time it took us to get pricing particularly some of our contracted customers in a highly inflationary environment and the second thing is that just the cost impact particularly in the US of COVID, of wages, of healthcare, of absenteeism, of overtime was just unprecedented, so a lot of these were kind of input cost driven, which actually today have basically started unwinding, and we also had other challenges internally have come up with some inventory, some manufacturing challenges and so on and many of these are now behind. So as these have started unwinding you have started seeing an improvement in the margins which are reflected in our Q2 numbers and we remain confident, you can always have a little bit plus and minus here or there in the dynamic environment, but we are confident that the trajectory for improvement is well on its way.

Sumant Kumar: So Brazil is also a key reason for lower margin of Americas so with the stabilization of Brazil and Brazil, we are assuming a better margin business segment, so can we assume that Americas margin will have a better than what it was two to three years ago?

Anand Kripalu: So the Americas' margin that you are seeing in the investor deck is excluding Brazil. The 15.7 EBITDA margin that is there in the investor deck is excluding Brazil. Our plan is that Brazil in steady state will be margin accretive to Americas and have actually said that will be margin accretive to EPL globally as well so that is how you should read it as well.

Sumant Kumar: Thank you.

Moderator: Thank you. Next question is from the line of Nikhil from SIMPL. Please go ahead.

Nikhil: Hello. Good evening. Just two questions. First one is a continuation. Sir you mentioned that one of the key levers for the margins and overall for the company the focus area is shifted from margins and cost to growth and growth in the beauty and cosmetic segment. Now if I look at this journey EPL has been going through this over the last many years, so consistently we have been improving the mix between oral and beauty and cosmetics what has changed at the marketplace level where you believe that probably it is a good time to accelerate on this segment or what differently you are doing as to what we have been doing all these years that is one. And secondly if you look at EPL's history in last 15 years we have seen all kinds of external challenges including at promoter level and all which have impacted the business, but the business has remained study, now as a CEO if I have to ask you about what would be the key risk which you see in this business and I would not go into the risk on the oil volatility and all because that has been happening over the last 15 years and company has recovered margins and again moved on to business as usual, but other than this what could be the biggest challenges or risks which you foresee?

Anand Kripalu: As far as B&C acceleration is concerned, you are absolutely right. This business was an oral care company a decade ago and it has come a long way since then where half the business today is in personal care and beyond, so non-oral care sale. Now we believe that oral care will continue to grow at the rate at which it is growing with some step changes in growth coming through Brazil and so on and so forth and some opportunities for share gain and wallet share gain. However, if you want to accelerate the total business to solid double-digit growth then it has to come through a further acceleration of beauty and cosmetics beyond what we have grown in the last decade. Now what has changed I think is first and foremost our ability to compete with extruded tubes, which is the main stay of beauty and cosmetics in the marketplace today, and that is through the creation of the NEOSeam technology, which I said earlier has eliminated the seam. Opportunities of innovation through printing and design and applicators and nozzles and so on, I think we have either we are equal to or better than what can be offered by extruded tube as far as all these things are concerned with the added advantage of cost and less plastic usage. So I think sometimes what happens in life is suddenly you feel the stars are reliant, the ducks are in a row and the penny dropped, and I think the cracking NEOSeam capability has brought the whole thing together and we said now we can take a real onslaught onto extruded tubes and we have clear right to win versus extruded tubes may not be in brands where the cost of the tube is not important to them or where the amount of plastic they use is not important to them, but for a massive market segment where the cost is important and the amount of plastic they are using is important. So I think this is a big thing that has changed and our ability to service them. The second thing is this, by and large if you want to increase your customer base in beauty and cosmetics, you have to have faster turnarounds, you have to do smaller back sizes, in short you need backend flexibility and agility, which is of a different order from what you need in oral care. We have now either built or well on the way to building that kind of backend and finally as the management team we are saying we are going to significantly step up our hunting organization which is both the number of people and the skill level to get a new business. So when you put all this together we feel we have an opportunity to accelerate the B&C growth. It is an ambition, we have a plan beneath it, we have already segmented the market to identify which customers we must go after and we have started that journey. So that is exactly how we are doing it and that is what is different. As far as you are saying as the CEO what are the risks. So I will tell you the last two years what I have seen is just the ability in a B2B business to get pricing in a highly inflationary cost environment. So what keeps me awake is if you are in a benign cost environment then it is kind of smooth water, the ship sailing, kind of shining. It is relatively more predictable to do business. So one of the risks of this business and may not be to do **oil** but it could be do of anything else that happened last time, where suddenly the input costs go out of whack and it takes you time to catch up on pricing. The only confidence I have is that this time we catch up much faster than we did last time. Second is our ability to grow at aggressively in the Western geography so I would say as I said in my summary continue the growth momentum in India and China and deal with some demand softening in the Western geography. Now given that we are a global business, we have the benefits of a global business and sometimes also a victim of some of the regions where there could be local issues that could impact the total business. So the other thing is really how are we going to make sure we deliver robust P&L in the Western world and what we are doing which is within management control is to make sure we get the cost based right and therefore we deliver the right margins that we have fired for in the western world without the margins being a drag as they have been actually in the last couple of years there have been a drag on our total business. MSI and EAP have been delivering by and large stable margin, but we have taken a hit on margin in the Western world. How do we make that more predictable by getting a better grip on the cost base and how we will deal with that. While figuring out how to grow faster and the ambition of growth is not a certainty. You have an ambition, you have a plan, you go after customers, but it is probably to translate into numbers and all I can tell you is that normally when management puts mind and might behind something you have a higher probability of succeeding and that is what we are aiming to do. So I would say that really the answer for your question.

Nikhil: Sure, thanks a lot.

Anand Kripalu: We will take one more question before we close. We are out of time, but we started 2 minutes late so we can take one more question if there is one in the queue.

Moderator: Thank you. We will take the next followup question from the line of Nilesh Daha from Julius Baer Bank. Please go ahead.

Nilesh Daha: Thanks for the followup. I just wanted to ask you one thing I see you are talking there is several responses you have spoken about how **there is an opportunity to migrate from** extruded tubes to your tube I just want to understand how does that and have you had any success already of this kind and if so can you talk a bit about the account management practices, EPL historically has had a set of very loyal captive customers and has not really been a hunting focused organization, how would you really star this journey so I would pause there and wait for your response? Thank you.

Anand Kripalu: Yes, first of all we have absolutely had successive conversion already to NEOSeam and we have made some professional supplies already. So the journey has started it is not absolute kind of message that I am giving you. Now I think you are partly right we have had expertise at the account management, but it is not true that we have had no helping capability otherwise our B&P business would not have grown several times faster than our oral business over the last few years because by definition B&P is a bit more fragmented. I think what we are doing now is they are bolstering it in a very strategic thoughtful way and putting resources behind that. So apart from key account management and managing large customers we are putting a whole program and organization and capability behind hunting down and managing smaller customers with the right backend capability to service them. So I would say it is not as if here again the journey is starting from scratch, but this is an opportunity to accelerate what we have done and that is what we really do.

Nilesh Daha: Thank you.

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

Anand Kripalu: I would like to thank everyone who dialed into this call and who is engaged with the company and asking absolutely sharp questions and what we are doing. I also want to thank you for having supported the company through the challenging period that we have been through and all I can say is that I think we can clearly see light at the end of the tunnel, about accelerating our performance and building on the kinds of numbers that you have seen in this quarter. So thank you very much everybody for your interest in the company.

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