

February 19, 2026

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 February 6, 2026 and February 13, 2026, we are enclosing herewith, the Transcript of the conference call for the Analysts/ Investors, which was held on February 13, 2026, to discuss the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended on December 31, 2025 ("said transcript").

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

This is for your information and records.

Thanking you.

Yours faithfully,
For **EPL Limited**

Onkar Ghangurde

Head - Legal, Company Secretary & Compliance Officer

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“EPL Limited Q3 FY'26 Earnings Conference Call”

February 13, 2026



MANAGEMENT: **MR. HEMANT BAKSHI - 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. THOMAS STEPHEN - PRESIDENT, AMESA REGION, EPL LIMITED
MR. ONKAR GHANGURDE – HEAD - LEGAL, COMPANY SECRETARY & COMPLIANCE OFFICER, EPL LIMITED

MODERATOR: **MR. PRATIK THOLIYA - SYSTEMATIX SHARES AND STOCKS LIMITED**



EPL Limited
February 13, 2026

Moderator: Ladies and gentlemen, good day and welcome to the EPL Limited Q3 FY'26 Earnings Conference Call hosted by Systematix Shares and Stocks Limited.

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 the 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 of Systematix Shares and Stocks Limited. Thank you and over to you, sir.

Pratik Tholiya: Thanks, Anushka. Good evening, everyone. On behalf of Systematix Institutional Equities, I would like to welcome all the participants who have logged in to this conference call of EPL for 3rd Quarter and 9-month ending FY'26 Earnings Call.

From the Management Team, we have with us Mr. Hemant Bakshi – MD and Global CEO; Mr. M. R. Ramasamy – COO; Mr. Deepak Goyal – CFO; Mr. Thomas Stephen 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 this conference call.

I would now like to welcome Mr. Hemant Bakshi and ask him to begin the proceedings of this call. Thank you and over to you, sir.

Hemant Bakshi: Good evening, everyone and thank you for joining us for EPL Limited's Q3 FY'26 Earnings Call. This is the first Earnings Call that I am addressing as the CEO and I am delighted to be here

Over the past 3 months, I have visited our plants in India, China, USA, Mexico, Poland, Germany and Thailand. This has given me an opportunity to spend meaningful time with our teams, interact with our key customers and engage with our partners. These interactions have given me deeper understanding of our operational strengths, the quality of our talent and the opportunities that lie ahead of us. I am truly excited with where we are as a business and even more so for what the future holds for us.

I am pleased to share that we have delivered another strong and consistent quarter. Revenue grew by 13.3%, EBITDA grew by 12% and EBITDA margin stood at 20.1%. ROCE improved to 18.7%, expanding by 184 basis points year-on-year. This is the 3rd Quarter of double-digit growth, clearly showing that our strategy to accelerate Beauty & Cosmetic growth is working and is being executed with rigor and discipline across the organization. Our consolidated revenue

growth of 13.3% was broad based with double digit growth in 3 of our 4 regions. EAP and Americas delivered particularly strong performance, growing 18% and 19% respectively, supported by improved mix and customer momentum. AMESA grew 10% while India standalone recorded a solid growth of 8.7% aided by continued traction in Beauty & Cosmetic segment. Growth in Europe was lower than our expectation at 8%. The Beauty & Cosmetic segment continued to outperform delivering 26% year-on-year growth in line with our strategic focus to grow faster in this category. All regions delivered nearly 20% growth, materially outperforming the market and highlighting accelerating market share gains.

EBITDA margin stood at 20.1%, 20 basis points lower than last year but firmly within our target operating range. Margins improved across all regions except Europe where performance was impacted by short term operational issues and adverse mix. We are confident of returning to targeted mid-teen margins in the coming quarters. Profit after tax is flat versus last year due to the one-off benefit in the base. Excluding this, PAT grew by 11% in line with EBITDA growth. The cash flow continues to be strong with net debt to EBITDA ratio at 0.65 while ROCE expanded by 184 basis points versus last year and stood at 18.7%. Sustainability and innovation remain central to our growth agenda. During the quarter, sustainable tube formats contributed 38% of sales reflecting sustained customer adoption.

We were recognized among the top 2% globally on CDP Climate and Water A List 2025 and received the CII Sustainable Packaging Excellence Award, underscoring our leadership in sustainability. In parallel, our focus on innovation was recognized through multiple awards at the IFCA Awards and Pure Beauty Awards Europe for our innovative tube solutions. Some of our most exciting innovations like tube-in-tube formats in China are getting to scale and command a 8x premium over standard tubes.

Now looking ahead, our priorities are clear to deliver sustainable, profitable, double-digit growth guided by four priorities that will shape the next phase. One, accelerating momentum in Beauty & Cosmetics. Our deliberate strategic shift towards Beauty & Cosmetics is translating into sustained performance. We have now delivered four consecutive quarters of over 20% growth in this segment with non-oral accounting for 53% of our total portfolio. With continued investments in innovation, extruded solutions, front-end specialization and new technologies, we see strong headroom to sustain and scale this momentum. Number two, scaling in high-growth emerging markets. Emerging markets continue to be an important growth driver. Brazil has been a consistent outperformer. Thailand is gaining traction and we remain focused on building scale and capabilities in these markets to drive long-term growth while also exploring other markets which remain a white space for us. Number three, sustainability as a growth enabler. Sustainability is increasingly influencing customer choice and our capabilities are well aligned with this shift. With 38% of our sales coming from sustainable tube formats and recognition through EcoVadis Platinum, we are well positioned to deepen relationships with global customers and win incremental share. Number four, margin expansion and capital

efficiency. Margin discipline remains a core focus. We have delivered six consecutive quarters of 20% plus EBITDA margins and we expect gradual improvement through scale benefits. Europe margin initiatives and targeted operational initiatives at the same time are focused on capital efficiencies yielding results with ROCE improving to 18.7% and we remain confident in our journey to consistently improve ROCE. To sum up, this quarter demonstrates our ability to execute with discipline in a dynamic environment. We are growing profitably, strengthening returns and building a resilient future ready business. I would like to thank our teams for their disciplined execution, our customers for their continued trust and our shareholders for their confidence in EPL. And I must end by saying the best is yet to come.

With that, we are now happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Mihir Shah from Nomura. Please proceed.

Mihir Shah: Hi team, congrats on a great set of numbers. Thank you for taking my question. Firstly, just wanted to check what drove the strong AMESA growth, especially in B&C? Was it any new subcategory that you have got share from or a new clientele? Or was there any element of restocking post the GST changes that happened there? Also, an update on oral care in India, which continues to see headwinds as we saw in the market leader's results. Can you break up the growth of B&C and oral care for us in India? That's my first question.

Hemant Bakshi: I think, firstly, India continues to be a very attractive market for us with category growth. We have always maintained that India will come back to growth as soon as the impact of the earlier quarters, which were due to one-off like GST. This quarter is definitely a step in the right direction. We are seeing momentum in B&C category and oral is gradually coming back. We are confident of continuing and improving this growth trend even further. Focusing more on B&C, I think what we are doing is expanding our customer base, reaching more and more customers. Most of them are coming to us because of the high quality products we offer. And we definitely see that there is significant runway for further growth.

Mihir Shah: Got it. I have a further one on India, but I'll probably come back for India. Moving on to China, despite the unit closure, the sales saw an increase. Firstly, what was the reason for the unit closure? And ex of Thailand, what was the growth for EAP? Next quarter also, there can be an impact because of Chinese New Year. So, ex of that, can one expect this strong growth to sustain at these levels? Like we saw when you had entered Brazil and we saw the growth in America took off from there. So, similar trajectory can we expect for EAP from year on with Thailand getting added?

Hemant Bakshi: So, Mihir, firstly, let me address the question on the factory closure. The China factory closure was driven by customer filling facility movement closer to another EPL plant. Accordingly, we

moved our equipment from one facility to another existing facility we had. However, it did mean that we had to pay severance cost here and that has been shown in our results as well. So, this was purely because of a customer initiated action. As far as EAP is concerned on an overall basis, we commercialized our Thailand plant in this quarter itself, Quarter 3. And therefore, Thailand is a very exciting market. In fact, Southeast Asia is a very exciting market, very high consumption level. And we are very confident and excited about the results we will get in Thailand. But to be fair, in this quarter, it's been scaling up. And therefore, the results which you see here are driven entirely by our incredibly good performance in China. And you can see from our results, we are building significant momentum in B&C in China and gaining share. And we see this momentum continuing.

Mihir Shah:

Got it. And if I can put in one last question, you highlighted that the best is yet to come. If you can just touch a little bit deeper on what do you entail by this? Because two things. One is that, if you see the America's growth of strong double-digit growth, it will start cycling a higher base from next year onwards from FY'24. So, growth there can normalize. Secondly, the margins have come back to 20%+. So, room for further improvement can be lower from here. So, when you say best is yet to come, can you elaborate a little more on that? That's all from my side. And thank you very much.

Hemant Bakshi:

Now, I think, Mihir, I'm really confident and very excited about the pivot we've made strategically towards B&C. If you look at B&C and compare it with Oral, B&C market size is twice that of Oral. It's growing at twice the rate of Oral. And in addition to that, our market shares in B&C are relatively lower. So, if we were to double our market share, which is very well within our reach in the next few years, we have a runway for growth which is higher than what we've seen so far. So, I feel B&C and the move towards B&C makes for a really exciting future for EPL.

Mihir Shah:

Got it. Thank you. That's all from my side.

Moderator:

Thank you. We take the next question from the line of Sameer Gupta from India Infoline. Please proceed.

Sameer Gupta:

Hi. Good evening, sir. And first of all, congratulations on a good set of numbers and thanks for taking my question. First question is on Europe. So, revenue growth has kind of come back. It's not still at a level which you mentioned is still below expectations, but it's still a decent number and margins still have witnessed a sharp contraction. Overall, this has been a troubled geography, volatile performance. So, you've had some interventions, but we are yet to see those results. So, just wanted your sense as to what is happening in this geography. And I know you mentioned in the presentation, but a little more details here?

- Hemant Bakshi:** Sameer, very good to hear from you. And I think your question is valid. So, firstly, when 8% is good growth, but our expectation in this quarter was for even higher growth and therefore our plan etc. were constructed on that basis. And that's why we are saying it's below our expectation. So, as I was mentioning, our growth was below our expectation, although to be fair, in Europe kind of environment, 8% is good growth. But our challenges were adverse customer mix. In addition to that, we were impacted by short-term operational challenges, which are in the nature of higher write-off, higher outsourcing and some production issues as well. Also, Quarter 3 tends to be a slower quarter in Europe because of Christmas and hence the lower margin. Last year, of course, was helped by one-time gains, which we had in the business. Having said that, the more important thing is we've identified key initiatives, which will address these issues and will improve margins. We should start seeing the benefits of these in the coming quarters. And we are confident that going forward, Europe will operate at mid-teen margins.
- Sameer Gupta:** Sir, if you could elaborate those initiatives, it would be helpful.
- Hemant Bakshi:** So, these are operational initiatives in terms of the actions we are taking as we consolidate some of our operations, which were planned. We will be taking very significant actions to reduce some of the costs, which we've seen emerge as a result of these operational issues.
- Sameer Gupta:** Got it, sir. Thanks for this. My second question is on AMESA, taking it forward from here. So, the growth here has rebounded after four consecutive quarters, is there an element of negative pricing which has got anniversarized now? Or do you see a pickup in oral care, because we are yet to see any meaningful uplift in the market leader's performance? So, just wondering how sustainable this growth number is, if you could address that?
- Hemant Bakshi:** I don't think there is any pricing advantage in these numbers. Having said that, I think the key issue is we are seeing early recovery signs in oral care. Obviously, you will see it will take some time for it to fully recover. But definitely, this quarter has been better and we feel that momentum will start turning and become positive.
- Sameer Gupta:** Got it, sir. That's all from me. I'll come back in the queue for any follow-ups.
- Moderator:** Thank you. We take the next question from the line-up of Amit Aggarwal from Leeway Investments. Please proceed.
- Amit Aggarwal:** Hello. Good afternoon. Can you bifurcate the raw material expenses between polymer and aluminium raw materials? And how do you see our margins shaping up in the next one year if the polymer prices go up in the next one year?
- Deepak Goyal:** So, Amit, our effort has been to make our margins delinked from the commodity prices. And we have taken multiple initiatives to achieve that objective. We review our customer margins, gross

margins on a monthly basis. We are mostly on a pass-through basis. And hence, 50% of our business is on pass-through basis. Balance 50% is negotiated when the prices go up. Today, our ability to have those discussions with our customers, as soon as we start seeing the upward movement in prices is much higher because of the internal processes that we have set up. And hence, our expectation is, as the prices go up, our margins should not get impacted.

- Amit Aggarwal:** Can you bifurcate the raw material expenses in percentage terms between aluminum and polymer?
- Deepak Goyal:** See, polymer is a significantly higher part of our raw material cost. Aluminum is much smaller also because now we are more and more moving towards plastic-based laminate. And hence, polymer remains our largest raw material, though I obviously wouldn't be able to give you an exact percentage of both the raw materials.
- Amit Aggarwal:** And any particular reason that net debt has increased in the last one quarter or one year?
- Hemant Bakshi:** This is just phasing. So, in this quarter, we do a dividend payout. And we have some accelerated CAPEX spending. This is a timing impact and should get corrected on a full year basis.
- Amit Aggarwal:** My last question is regarding Thailand. How much of the capacity has been utilized till now? And what is the assumption in the next one year, how much capacity are you going to use in the next one year in Thailand?
- Hemant Bakshi:** I think to be fair, Thailand is just starting. We commercialized the plant in November of this quarter, which the results we are talking about. It's really early days in Thailand. It's a very attractive market as we spoke about earlier. And I think we should give it some time as it scales up. And I'm sure we'll have a deeper conversation on Thailand as time goes by.
- Amit Aggarwal:** Okay, thank you. Best of luck.
- Moderator:** Thank you. We take the next question from the line of Meet Jain from Motilal Oswal. Please proceed.
- Meet Jain:** Hello, sir. I have one question on your operation. So, as we've seen and also guided that there are some operation issues happening in that. So, in terms of demand front, how are we seeing the demand? As we understand that for the B&C market, it will be one of the largest markets. So, any new product launches that we are planning or how is the traction in terms of demand that we are seeing there? Also, if you can throw some light on the current mix of the Beauty & Cosmetic and Oral care in the market?
- Hemant Bakshi:** So, I think we are very excited by the performance we are seeing in Beauty & Cosmetics. We've had multiple quarters of 20% plus growth. And even in this quarter, each of our regions are close

to 20% or ahead of 20% growth. So, I think we are seeing a lot of positive momentum in this space. And as I was mentioning earlier, this is a very attractive market, large, fast-growing, where our capabilities become very relevant. Some of our very interesting innovations which are coming out of different parts of the world, including China, are getting to traction. I spoke about Tube-in-Tube, which we've talked about earlier. But also, other applicators which we are using are getting a lot of customer positive response. So, overall, we feel very positive and confident of B&C and the demand in that space.

Meet Jain: Understood. And also, one bookkeeping question in terms of debt itself. So, currently, we are doing an interest cost of around Rs. 28 crores. So, can you throw some light on the current outlook? Will it come down? How do you see the interaction going in this part?

Deepak Goyal: So, Meet, we will continue with our gradual reduction of debt. And interest cost will show the consequential benefit. However, we prioritize growth. And growth is the biggest priority for the company. And hence, we will keep investing in our growth priorities as well.

Meet Jain: Understood. And lastly, on the current momentum. We are in the middle of the last quarter. So, how is the performance in the economic geographies right now? Can you throw some light on that?

Deepak Goyal: Our long-term guidance remains unchanged, which is double-digit revenue growth. We've delivered it now consistently for the last few quarters. And we are confident that we will continue to deliver to our strategy.

Meet Jain: Okay, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Abhishek Maheshwari from Skyridge Fund Managers LLP. Please proceed.

Abhishek Maheshwari: Hi, thank you for taking my question. Just a few things. So, you mentioned about the factory closure in China. Can you elaborate a little bit more on that? Because you said the customer moved, so we had to move our machines also. But does other plants have enough space to accommodate those machines? I mean, can you elaborate a little on that?

Hemant Bakshi: Yes, Abhishek. Actually, the move has been executed already. So, we do have space in the other facility which we had. This is a customer-initiated change. And we've had to close because our customer-filling facility moved closer to another plant we already had. So, we just moved our machines there. We have enough space. The only impact has been on some of our employees where we've had to pay severance cost. But this is an action which has already been executed.

Abhishek Maheshwari: Alright, got it. So, no capacity cuts in the sense this machine is operating elsewhere?

- Hemant Bakshi:** Yes.
- Abhishek Maheshwari:** Okay. And the next question is regarding Europe. I think last quarter concall you had mentioned that Europe was slightly slow because a big customer was destocking. And it seems that the slowness has persisted this quarter also. So, what are we seeing from that customer again, the big customer? Has the inventory build-up started again or are we still seeing some slowdown there?
- Hemant Bakshi:** There is recovery. And as you can see in the results on growth also, you can see between the two quarters there has been an improvement. As I mentioned earlier, our expectation was of even higher growth. We are beginning to see some turnaround in the customer which we spoke about. But there is some way to go still and we need to watch the situation carefully.
- Abhishek Maheshwari:** Got it. Thank you so much. All the best.
- Moderator:** Thank you. We take the next question from the line of Smith Gala from Rspn Ventures. Please proceed.
- Smith Gala:** Thank you for the opportunity and congratulations on a good set of numbers. My first question is, by when can we expect some clarity on Thailand ramp-up? Because the depreciation has grown 3% sequentially from Rs. 94 crores to Rs. 97 crores. So do we expect any more increase in the near future or this is a steady state at least for the next two or three quarters?
- Hemant Bakshi:** I think we can get back to you on Thailand as a little time passes by. As I told you, we just commercialized our plant in November. These are early days. It's a very, very promising market. And on investments, Deepak can add more to it.
- Deepak Goyal:** So our investment philosophy continues where we invest in line with depreciation. And the depreciation cost, obviously because of phasing and the fallout of existing assets, can move up or down. But essentially, as a strategy, it will always remain lower than revenue growth. And that's what you see in the YTD numbers as well. Our depreciation growth is lower than the revenue growth. And that's what we'll continue following.
- Smith Gala:** Okay. So next question is, in the future, after as and when Thailand ramps up, do we expect our revenue growth from double digits to mid-teens kind of thing? And secondly, can we expect some operating leverage or in future now, the revenue growth will mirror EBITDA growth going forward?
- Hemant Bakshi:** So our guidance remains unchanged, which is that we will deliver sustained double-digit growth on revenue. And our EBITDA growth will be slightly ahead of that. So that's our guidance and that remains unchanged.

- Smith Gala:** Okay. Thank you.
- Moderator:** Thank you. We take the next question from the line of Yogesh Mittal, an individual investor. Please proceed.
- Yogesh Mittal:** Thanks for giving me the opportunity. Sir, I have a question to ask about the operational aspect of the company. Please pardon my ignorance. Sir, I wanted to understand that when we make the empty tubes, they are shipped to the client's place and the filling and packing of that is done at the client's place, including the labeling and the printing, or that is done at our facility?
- Hemant Bakshi:** We sell empty printed tubes to our customers and they do the filling at their own location. That's the normal conventional model which is followed.
- Yogesh Mittal:** Right, sir. Sir, I have one more thing to ask on this. So, coming to that point of when we were shifting the facility in China near to the client's place, so understanding this part, then what was the reason to shift to the client's place? So, do I understand that we have some more coordination to do with the client's manufacturing where they have the contents to fill? In that, do we have a close coordination to do with them?
- Hemant Bakshi:** No, I think I should clarify that our customer in this case, they decided to change their own filling unit. So, they were producing in one place where we were producing very close to them. They shut down their factory there and moved to another location and therefore we had to follow them. So, this was initiated by the customer and it was a customer decision. And what we can tell you is that there is extremely high coordination between us and our customers so that we can do a lot of these things in synchronization.
- Yogesh Mittal:** Right, sir. Sir, and one thing more, please, if I may ask. So, the final means, the batch number, etc., those kind of printing might be done at the client's place. So, basically, other than that, all the product labeling is done on your empty tube and we ship to the client. Is that understanding right?
- Hemant Bakshi:** Your understanding is right.
- Yogesh Mittal:** Thank you so much for helping me out on this one. Wish you all the best. Thanks.
- Moderator:** Thank you. We take the next question from the line of Chirag from Keynote Capitals. Please proceed.
- Chirag:** Thank you for the opportunity. Sir, my first question is to understand what kind of operating margin difference there is on non-oral care and oral care products. As we are seeing the move and growth in Beauty & Cosmetics to be in the high double digits of more than 20%, the margin

is expected to take a shift accordingly. So, I just wanted to understand what kind of margin difference is there?

Deepak Goyal:

So, our ASP in Beauty & Cosmetics, which is the larger part of non-oral care business, is significantly higher than the Oral care business. As a function of that, the per tube margin that we make in non-oral care or Beauty & Cosmetics is significantly higher than the Oral care. However, as a percentage of margin, they are roughly similar. But because the ASP is higher, the fixed cost absorption happens better and hence Beauty & Cosmetics or our movement to non-oral care is margin a bit advantageous as an overall.

Chirag:

So, it would be fair to assume that it is better for us to look at unit economics rather than margins because higher ASP, slightly higher cost. But because of operating leverage, your margins are slightly higher as it is balanced off. Correct?

Deepak Goyal:

I would say that we look at our business on a revenue basis because that becomes the equalizer. Beauty & Cosmetics deliver better economics on an overall P&L basis.

Chirag:

Sir, the second thing I wanted to understand, in the personal care category, there have been multiple subcategories that we have been catering. Since last 2.5 years, I am able to see that there is no new category being added into it. So, is it fair to assume that the width of the product that we wanted to manufacture, we have catered to them? Moving forward, this would be the product basket we would be catering to?

Hemant Bakshi:

I think Personal Care and Beauty & Cosmetics has multiple categories, subcategories within it. You can go from conditioners to shampoo to face wash, face care and then you can go into mascara, eyes. So, there are multiple categories in Beauty & Cosmetics and Personal Care. We are able to operate in all of them. So, we have capabilities and we have skills to be in all of these spaces and that is something which we have been executing for some time. So, it isn't like there is any area in which we can't be present or are not present.

Chirag:

Perfect. Since the time Shudhanshuji used to run this Company in 2020, we used to provide a regional-wide bifurcation between rural care and non-rural care, which I am not able to see in the last 3-4 years. So, will it be possible for you to again show those numbers? Because we are able to see that the growth is completely driven currently by retail cosmetics, by the initiatives that we have taken. So, it would be fair for us to understand this regional-wide story?

Hemant Bakshi:

Our understanding is that this is the information we have been disclosing for a very long period of time and that is what we will continue to do. In the meanwhile, we will check what is there in the past that anything is missed.

- Deepak Goyal:** So, that's fair. I think our business, we deliver or we provide the category-level information at a global level. The regional numbers at a quarterly level could be very volatile and hence may not be productive to discuss. However, at an overall level, we provide enough guidance to show the category momentum. That's what we should continue with and as Hemant said, we will look at what we were doing as well.
- Chirag:** No issues, sir. Sir, one more thing. Will it be possible for you to give the capacity size in metric tons after the Thailand CAPEX got completed?
- Hemant Bakshi:** Our capacity does not work in the metric tons manner. The laminates are actually in square meters. However, the kind of tubes that we make are very different from each other depending upon the size of dia, the printing etc. Hence, it will not make sense to provide a capacity in that metric.
- Chirag:** No issues. That is it from our side. Thank you.
- Moderator:** Thank you. We take the next question from the line of Aditya from Securities Investment Management. Please proceed.
- Aditya:** Hi, sir. Thanks for the opportunity. I just wanted to get a better sense of the scale-up in Thailand. So when we had expanded in Brazil, we had an anchor customer with us which helped us in scaling up that geography faster. Is it a similar case in Thailand as well or do you think the scale-up will be much more gradual here?
- Hemant Bakshi:** Our model in Thailand of entry is different. This is a much more organic entry model. We worked in Thailand now for more than a year with the actual sales team on the ground which has been building a pipeline of business for us. We have a really strong and healthy pipeline. We will execute against that over a period of time because Thailand has been operational in this quarter for less than 4 weeks. So it is a bit premature to start talking about what is the performance and so on. You will see that come through in the next few quarters. But our model of entry has definitely been different and it is a very interesting new model which will open up many more markets for us. So yes, what we have done in Thailand is different.
- Aditya:** Just a follow-up. Is Thailand a completely new geography for us or we were supplying to the geography from other manufacturing plants?
- Hemant Bakshi:** There was some export happening from China into Thailand. We did have a connection with the market and tubes used to come from China. But obviously in this business, on-ground presence and having a manufacturing base makes a huge difference. So it is indeed a new opportunity.

- Aditya:** Understood, sir. And secondly, sir, if I look at your target for ROCE expansion from 18% to 25%, I just wanted to get a better sense. So is it that the margins would have to do the heavy lifting for us to improve our ROCE or there is more capital efficiency which we can bring in in the business? So which of these two would be the growth driver for us for the ROCE expansion?
- Hemant Bakshi:** So our ROCE this year has gone up. It is at 18.7%. It has gone up by 200 basis points. And we will continue to target to improve our ROCE year-on-year as we go forward. But we do not want to provide any year-level guidance on it. Having said that, there are multiple levers which can be deployed to improve ROCE and we will do all of them. And we will always, as I think we mentioned earlier, prioritize growth over all other metrics.
- Aditya:** Understood. But sir, structurally, if I have to understand, so Beauty & Cosmetics would give us better margins. Our platina segment has also, I believe, better margins. So going forward, do you think structurally this business can operate at 20%-23% margins?
- Hemant Bakshi:** Sir, firstly, I should clarify and I think Deepak did mention it earlier. Our B&C and oral care margins as a percentage are the same. So it is not that B&C has higher margins on a percentage basis. Of course, because the selling price is much higher, the total cash you make or the amount of money you make might be higher in B&C per unit, etc. Having said that, our intention is to grow EBITDA slightly ahead of revenue. But we will continue to prioritize growth over other metrics.
- Aditya:** Understood, sir. Got it. And so just last question. Now, if I look at our target for double-digit revenue growth, one of the things you have mentioned is we might look for M&A opportunities. So just if you could help us understand, I believe we have a good amount of marketshare in oral care. Beauty also, we are growing. And we have manufacturing facilities in many of the major geographies. So just wanted to get a better sense. So are we looking at opportunities in the Beauty & Cosmetics or something new, kind of a packaging? Just if you could provide some flavor, where are we looking?
- Hemant Bakshi:** So I think firstly, we must say that we continue to actively pursue M&A opportunities. When we look at M&A, we use two criteria to look at targets. One is anything which takes us to a new geography or indeed helps us build new capabilities, capabilities we don't have. So we see incremental capabilities or presence in geography from an M&A point of view. And of course, we have other criteria for value creation on it being margin and growth accretive. Keeping all of this in mind, we are actively considering M&A. But we don't have anything concrete to come back and discuss with you at this stage.
- Aditya:** Understood, sir. Thanks, sir, for answering my questions.

- Moderator:** Thank you. We take the next question from the line of Chirag from Keynote Capitals. Please proceed.
- Chirag:** Yes, thank you for the follow-up. So just wanted to understand what kind of initiatives that you are taking which is helping us to grow more than 20% in Beauty & Cosmetics. If you can highlight one or two of them?
- Hemant Bakshi:** I think Beauty & Cosmetics as we've been speaking through this discussion is extremely important for us. And the initiatives we've taken are showing very good results. I think what we have done is firstly to build front-end and back-end capabilities. The B&C business is distinct from Oral care. We have many more customers in beauty and cosmetics. Oral tends to be dominated by a few customers. B&C has many more customers. And therefore, our sales effort has to be one of acquiring and retaining customers on an ongoing basis. So we've invested in front-end capabilities. We've also built a center of excellence in Mumbai, which is managing our innovation, pulling it all together globally and also building capabilities on proofing, sampling and so on. And we are also at the same time investing in extruded capacity. So overall, there are many things we need to do. Many new capabilities have to be built. And we are investing in doing so. We've been doing it for the last few quarters. As you can see, the investments are bearing fruit. But the investments will continue in the future as well.
- Chirag:** Fair enough. And sir, just from the perspective, you've already answered it. I know that the pass-on CAPEX cost, the pass-on capabilities we have enhanced. Just wanted to have a view that the improvements related to this was taking place in the last cycle where polymer prices shot up in 2022. Was that the time the new research was related to cost-pass-on? Which is giving us the confidence that down the line, it would be much more easier to maintain the kind of margin that we have.
- Deepak Goyal:** Chirag, we went through a cycle where our margins kind of dipped after the RM increases. So, last time when we saw margin contraction, we as an organization went through every process and introspectively what went wrong. And how can we prevent it from happening again. One thing that came out was that the pricing discussions that we were doing with the customers were not timely. And hence, we were out of pocket on many of these. We have significantly strengthened our capabilities to first review our margins at a customer level. And then also, how can we have those discussions with our customers a lot more proactively. That we have demonstrated in certain pockets, in certain products, certain reasons. And hence, feel confident that in case there is a cycle turn that happens on commodities, we are well equipped to protect our markets. Does that answer your question, Chirag?
- Chirag:** I'm so sorry, my line got disconnected. Your voice was a little muffled. If you could just repeat the last part again.

- Deepak Goyal:** I'm saying that we have learned from the last episode that happened. And we have built in capabilities to review our margins and have proactive discussions with our customers to make sure that our margins don't get impacted in case the commodity cycle turns. And that we are building as a core capability in the organization.
- Chirag:** Happy to hear that. And so this last thing, from a longer term view, like 5 years point of view, are we expecting the internal targets to be around double-digit kind of a growth in topline?
- Hemant Bakshi:** Absolutely, without doubt. Our guidance continues to be sustained double-digit revenue growth in the future.
- Chirag:** So it would be fair to assume that we would be growing our Beauty & Cosmetics into high teen kind of a growth on topline?
- Deepak Goyal:** That's correct. That's the model that the Beauty & Cosmetics there is a significant headroom, we'll grow it in high teen and then oral and pharma will continue to grow on a steady pace.
- Chirag:** That is it from my side. Thank you so much, sir.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Pratik Tholiya for closing comments. Over to you, sir.
- Pratik Tholiya:** Thanks, Anushka. On behalf of Systematix Institutional Equities, I would like to once again thank all the participants who joined this call. I would like to also thank the management for giving us this opportunity. Thank you so much, sir. And thanks for answering all the questions in so much detail. So would you like to make any closing comments?
- Hemant Bakshi:** No, thank you very much. Really welcome the engagement of everyone. And we look forward to speaking to you again in the future.
- Pratik Tholiya:** Great, sir. Thank you so much, sir.
- Moderator:** Thank you. On behalf of Systematix Shares and Stocks Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.