



Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR218 TP: INR275 (+26%) Buy

The Americas and Europe drive operating performance

Operating performance in line

Bloomberg	EPLL IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	69.3 / 0.8
52-Week Range (INR)	242 / 170
1, 6, 12 Rel. Per (%)	-5/2/-15
12M Avg Val (INR M)	220

- EPLL reported healthy operating performance in 1QFY25, with EBITDA rising 17% YoY, led by the Americas (up 94% YoY; ramp up of Brazil), followed by Europe/EAP (up 31%/10% YoY). However, EBITDA for AMESA declined 4% YoY (due to higher investments to drive growth ahead).
- We broadly maintain our earnings estimates for FY25/FY26. We value the stock at 20x FY26E EPS to arrive at our TP of INR275. **Reiterate BUY.**

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	39.2	42.3	46.0
EBITDA	7.1	8.2	9.7
PAT	2.6	3.2	4.4
EBITDA (%)	18.2	19.5	21.1
EPS (INR)	8.2	10.2	13.9
EPS Gr. (%)	13.5	25.1	35.5
BV/Sh. (INR)	66.2	71.4	80.3

Ratios

Net D/E	0.3	0.1	-0.0
RoE (%)	12.7	14.9	18.3
RoCE (%)	12.2	13.9	15.9
Payout (%)	63.7	48.9	36.1

Valuations

P/E (x)	26.6	21.2	15.7
EV/EBITDA (x)	10.4	8.7	7.1
Div Yield (%)	2.0	2.3	2.3
FCF Yield (%)	1.8	7.0	7.3

Broad-based growth across regions drives revenue

- Revenue grew 11% YoY to INR10b (est. of INR10.2b), aided by broad-based growth. Gross margin expanded 180bp YoY to 59.5%. EBITDA margin improved 90bp YoY to 18.4% (est. 18.5%) led by improving margins within the Americas and Europe. EBITDA stood at INR1.9b (in line), up 17% YoY. Adj. PAT grew 18% YoY to INR642m (est. of INR626m).
- Revenue from AMESA/EAP/Americas/Europe grew 9%/14%/19%/9% YoY to INR3.7b/INR2.5b/INR2.6b/INR2.3b. EBITDA margin expanded 610bp/230bp YoY to 15.8%/13.6% for Americas/Europe, while EBITDA margin contracted 280bp/90bp YoY to 19%/21.9% for AMESA/EAP. EBITDA grew 94%/31%/10% YoY to INR408m/INR314m/INR536m for Americas/ Europe/EAP while declined 4% YoY to INR700m for AMESA during the quarter.
- The Oral care/Personal care segments rose 15%/6% YoY in 1QFY25. The share of the Personal care segment was ~47% (vs. 49% in 1QFY24).

Shareholding pattern (%)

	Jun-24	Mar-24	Jun-23
Promoter	51.5	51.5	51.5
DII	11.6	13.4	15.9
FII	11.4	10.9	12.2
Others	25.6	24.2	20.4

Note: FII includes depository receipts

Highlights from the management commentary

- **Guidance:** EPLL expects to sustain double-digit revenue growth, with over 20% EBITDA margin. Gross margin of 1Q are sustainable going forward. It expects a tax rate of ~21-23% in FY25 as well as in the longer term.
- **Brazil:** The region is witnessing strong momentum on account of new customer acquisitions. It has started supplying to two new MNC customers and one local customer, in addition to an anchor customer. The Brazil plant is operating at 65-70% utilization.
- **AMESA:** Margins contracted due to higher investments for improving performance and driving growth ahead. EPLL expects margins to improve going forward with an increase in sales. Egypt is not expected to be a drag on the AMESA going ahead.

Valuation and view

- We expect EPLL to report healthy sales growth and margin expansion, fueled by cost rationalization measures, margin improvement in Brazil, and operating leverage, thereby boosting its earnings.
- We expect a revenue/EBITDA/adjusted PAT CAGR of 8%/16%/30% over FY24-26.
- We largely maintain our earnings estimates for FY25/FY26. We value the stock at 20x FY26E EPS (i.e., at ~20% discount to the five-year average of one-year fwd. P/E of 24.7x) to arrive at our TP of INR275. **Reiterate BUY.**