EPL: Update (BUY)

Date	CMP – 12 May'25	Price Target (12 Mth)	FY26e EPS / *PE(x)*	Market Cap	52 wk High / Low
13 May 2025	Rs.231	Rs.330	Rs. 13.1/ 17.6*x*	Rs.7,370 cr	Rs.290 / Rs.170

Q4FY25 Highlights & Outlook:

- EPL reported a revenue growth of 7.4% YoY at ~Rs.1,105 cr for Q4FY25, with EBITDA of ~Rs.225 cr (Up 17.7% YoY) and EBITDA margin of 20.3% (Up 177bps YoY). Adjusted Net profit for the quarter was ~Rs.118 cr, growth of 42.4% YoY.
- For the full year FY25 Revenue grew by 7.6% YoY at ~Rs.4,213 cr with EBITDA of ~Rs.840 cr (Up 17.5% YoY) and EBITDA margins of 19.9% (169bps YoY). Adjusted Net profit came at ~Rs.363 cr, growth of 44.6% YoY. Company has declared a final dividend of Rs.2.5 per share.
- EAP: Thailand Greenfield project is on track and commercialization is expected by H2-FY26e. Management expects growth in the region to continue and further accelerate with Thailand facility commissioning.
- Americas: Catering to strong B&C demand capacity addition of ~4 cr tubes a year is expected to be operational in Q1FY26. US tariffs are expected to have minimal impact due to local manufacturing in US and exports to US being less than 5% of total revenue. EPL has contractual pass through of duties to most customers.
- India: Tube business grew by mid to high single digit but the reported revenue growth was 0.8%, this was mainly because of inventory correction in relation to inter company laminate sales. Margins in Q4FY25 were at 18.7% demonstrating improvement with further progress expected in FY26.
- Management maintains its double digit revenue growth guidance on the back of B&C initiatives and geographical expansions. EBITDA is expected to grow ahead of revenue and the current 20% margins are sustainable with scope for improvement in select geographies.
- EPL continues to focus on ROCE expansion and believes to cross 20% mark in short term. Company has guided for capex of Rs.380-390 cr for FY26e and FY27e (similar as FY25), to be sufficient for its growth ambitions.
- Consensus expects revenue, EBITDA & PAT to grow at CAGR of 10%, 12% & 17%, respectively between FY25 & FY27e. ROE is expected to improve from 15% in FY25 to 18% in FY27e. Free Cash Flows remain strong and are expected to remain between 90-100% of net profit in the next two years.

Valuation & View:

Blackstone recently sold 24.9% stake in EPL to Indorama ventures Ltd. (IVL). They are global leaders in sustainable packaging & chemical solutions, operating in 31 countries with 117 manufacturing locations having strong presence in Asia pacific, Africa, Europe, & the Americas. Blackstone shall continue holding its remaining stake of 26.41% in the company retaining decision making & operations of the company. IVL won't be designated as promotor instead more of a strategic partner.

Currently the stock trades at a PE of 17.6x on FY26e & 14.9x on FY27e, in comparison to its 5 year median PE of 27x. We expect Blackstone to liquidate its remaining stake sometime in future & hence EV/EBITDA should be the ideal valuation matrix. On EV/EBITDA it trades at 8.3x & 7.3x on FY26e & FY27e, respectively compared to 5 year median of 11x. Valuing the stock at 11x on EV/EBITDA and 27x on PE we derive an average target price of Rs.330 for FY26e & Rs.380 for FY27e.

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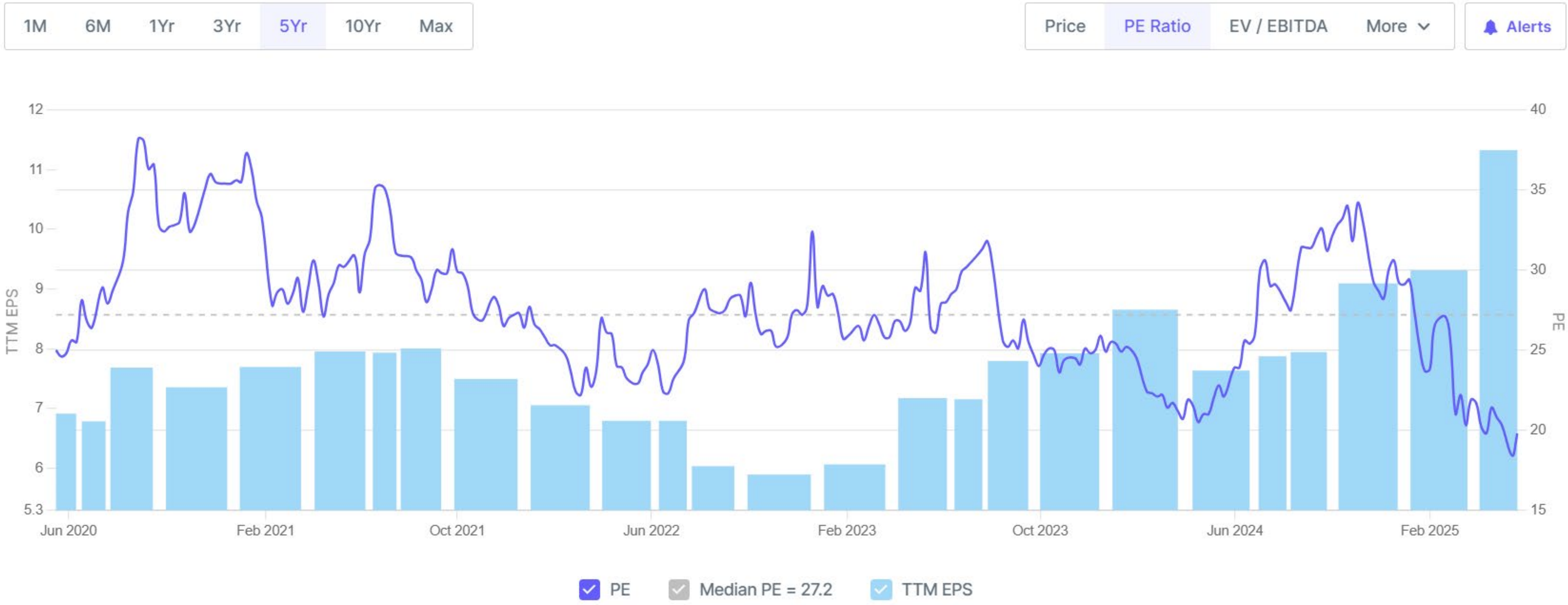
EPL: Financial Summary

EPL Ltd. (Rs.cr) / CMP:	Rs.231	FY24a	FY25	FY26e	FY27e
Revenue		3,916	4,213	4,605	5,140
% chg			7.6%	9.3%	11.6%
EBITDA		718	836	948	1,056
% chg			16.5%	13.4%	11.4%
Net Profit		**213**	**359**	**418**	**494**
% chg			68.4%	16.4%	18.1%
Free Cash Flows (FCF)		212	364	387	472
EPS (Rs.)		**6.7**	**11.2**	**13.1**	**15.5**
% chg			68.1%	16.8%	17.8%
EBITDA Margin		18.3%	19.8%	20.6%	20.5%
Net Margin		5.4%	8.5%	9.1%	9.6%
FCF Margin		5.4%	8.6%	8.4%	9.2%
FCF / Net Profit (%)		*99%*	*101%*	*93%*	*96%*
FCF Yield (%)		*3.4%*	*4.6%*	*4.9%*	*6.1%*
PE (x)		*34.6*	*20.6*	*17.6*	*14.9*
EV/EBITDA (x)		*8.7*	*9.5*	*8.3*	*7.3*
RoE (%)		**10%**	**15%**	**17%**	**18%**

Source: Marketscreener & 9 Rays Equiresearch

EPL: Trailing PE chart



EPL (Weekly Price chart): Post Q4 results stock jumped by 10%. Price is still trading slightly below 200 DMA/50 WMA. Break >Rs.235 can take the stock to its previous double top level of Rs.280. As and when it breaks >Rs.280 it will open the door for Rs.400-410. 200 WMA at Rs.200 is the major support level.

Source: ACE, Spider Software

Short Disclosure:

The above note should not be construed as a detailed research report. It is a compilation of facts and figures obtained from company annual report, company presentation, concall transcript, media articles, and other publicly available information (believed to be from reliable sources). For financial summary we have used the Bloomberg consensus estimates. For deriving the price target, we have used past valuation range and used our judgment of what it could be in future based on various factors like earnings growth, margin expansion, return ratios and cash flows.

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Positive: Favourable industry dynamics, better placed in the industry, differentiated product/service portfolio, good management, strong financials, good corporate governance, good earnings growth potential, decent return ratios, under valuation as compared to peers or based on historic range.

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HOLD:	If one year upside ranges between 0 & 10%
REDUCE/ SELL on rise:	If one year downside is -10% & 0%
SELL	If one year downside is > -10%.

Note: Target prices are on a 12-month horizon basis. These ratings are used illustratively to comply with applicable regulations.

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