

ESSEL PROPACK LIMITED

Regd. Office : P.O. Vasind, Taluka Shahapur, Dist. Thane, Maharashtra - 421 604.

Q3 FY14 RESULTS

EsseL Propack sustains the growth momentum

Results Q3 FY14– Snapshot

Consolidated* (₹ in Crore)

	Quarter ended December 2013	Quarter ended December 2012
Sales/Income from operations	537	448
Operating Profit	57	48
Net Profit	28	22

EsseL Propack global operations posted robust growth during the quarter. The consolidated Revenue grew 19.8% over the previous year to ₹ 537 crores and the Net profit grew 28.3% to ₹ 28.3 crores. For the nine months ending December 2013, the Company has posted a consolidated revenue of ₹ 1543 crores (+13.8% over previous year) and a Net profit of ₹ 80.5 crores (+48.9% over previous year). The operating margin for the quarter remained flat at 10.7%, but cumulatively the margin has expanded by 80 bps. Significantly lower finance cost (12.8% lower versus previous year) has further contributed to the improved net profits this year. Sequentially, the Revenue for the quarter grew by 2% considering the holiday season in the Western markets; and the Net profit remained flat.

India stand-alone posted a Net profit of ₹13.4 crores for the quarter, higher by 16.7% over the previous year, with the quarter revenue growing 14.7% to ₹171 crores. For the nine months ending December 2013, India Stand alone has posted a Net profit of ₹ 42 crores (+17.5% over the previous year) helped by Sales growth of 13.4%, operating margin improvement of 20bps and a significant reduction in the finance costs by 19.1%.

Highlights:

- For the quarter, all the regions posted healthy revenue growth over the previous year. Europe grew by 43%. EAP 32%, AMESA 14% and Americas 10%. Cumulatively too, all the four regions have posted healthy double digit growth. The revenue growth together with various ongoing initiatives for improving operational efficiency and capital productivity, underpin the operating margin expansion of 80 bps for the nine month period.
- Europe operating loss for the period reduced by 69%, with Q3 FY 14 posting a break even operating profit. The company's strategy to turn around the Europe operations is on track with speedy ramping up of the new laminated tube facility at Poland and improved operational efficiencies and volume expansion in Germany.
- EAP is fast recovering from the effects of slow down in off-take at its key oral care customers and has posted strong sequential growth in the Sales and Operating profit. The Company's effort to enter and grow in the large cosmetic category has begun yielding results. The new cosmetic tube making facility in Philippines which commenced operations in the previous quarter is now fully ramped up. Toward end of the quarter, the Region bagged a supply contract for a multi-national 'niche' cosmetic brand in China, and has effected its first supply. The region is poised to grow in the coming months.
- Americas Region has been steadily improving performance during this year with thrust on new business development and improved operational efficiency. Year to date, the region has grown sales by 10.5% and Operating profit by 38%. During the quarter, the Region commenced supply of premium cosmetic tube for a multi-national customer based on its Egnite technology. However, due to holiday season, stock correction at its key customers has impacted the revenue and consequently the profit during the quarter.
- AMESA is growing double digit helped by buoyant demand for tubes. The input cost increased on account sharply devalued rupee has been passed over with a lag effect.
- The value share in the company's sales of the non-oral care category for the quarter was 37 % compared to 41 % in the previous quarter on account of the ramping up in Europe of the new long term contract for supply of oral care tubes, as well as strong market growth in India in the oral care category. This has also impacted the revenue mix; therefore the margins for the quarter.
- Finance cost continues to be optimized with average rate of borrowing reducing by 156 bps over the previous year.

The Company staying its course pursuing profitable growth through active Customer engagement, innovation and efficiency improvement.

As a FMCG play, the Company sees huge opportunity to grow, leveraging the new regional manufacturing hubs of its Global Customers in markets such as Mexico, India & China where the Company is well positioned, and the ongoing shift from the Plastic to Lami tubes where the Company is pioneering PBL technology.

Valuation Comparison with Global Peers

	Company Name	Business Description	Share Price (\$)*	EPS (LTM) (\$)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EBITDA Margin (LTM) ##	EV / EBITDA	ROE
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	37.85	1.89	21.30	16.39	2.46	11.90%	10.92	10.60%
2	Sealed Air Corporation	Manufacturer of a range of flexible packaging material, shrink films and packaging equipment that serve food, industrial, medical and consumer applications across USA, South America, Europe, and Asia.	31.07	-1.26	-26.5	7.20	4.66	12.20%	14.74	8.59%
3	Sonoco Products Company	Manufacturer of rigid papers & closures, flexible packaging materials, pallets, containers etc. for industrial and consumer use in USA, Canada, South America, Europe, and Asia.	41.66	2.01	20.30	15.50	2.64	11.90%	11.19	13.20%
4	Ball Corporation	Manufacturer of metal cans and plastic blow moulded containers for beverage, food and household use in USA, Canada, South America, Europe, and Asia.	48.60	2.26	22.80	7.80	6.61	13.40%	11.64	38.30%
5	Crown Holdings Inc.	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	41.02	2.12	20.80	-0.76	-57.80	12.30%	12.90	NA
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	45.60	2.85	16.60	9.92	4.87	13.70%	10.20	20.10%
7	AptarGroup, Inc.	Manufacturer of caps & closures, spray pumps, valves etc. primarily for the cosmetic, and personal care, pharmaceutical, household, food and beverage markets across USA, South America, Europe, and Asia.	64.48	2.50	26.70	22.17	3.01	17.00%	12.82	11.80%
8	EsseL Propack#	EsseL Propack is leading specialty packaging company for personal care & hygiene, cosmetic, pharmaceutical, household and food having presence in USA, South America, Europe, and Asia.	49.85 (INR)	6.84 (INR)	7.29	69.94 (INR)	0.71	16.90%	5.24	10.56%

Source : www.in.advfn.com & Company fillings (27 January 2014) for competitor companies

* Share Prices as on 27 January 2014.

LTM - Last Twelve Months published numbers for EPL.

##EBITDA-LTM Sep 2013 except EPL

NA - Not Applicable.

GLOBAL OPERATIONS
UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

₹ in Lacs

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2013	30 September 2013	31 December 2012	31 December 2013	31 December 2012	31 March 2013
	Unaudited					Audited
1 Income from operations						
a. Net Sales / Income from Operations (Net of Excise Duty)	53258	52164	44433	153012	134356	181128
b. Other Operating Income	419	443	360	1273	1168	2049
Total Income from operations (net)	53677	52607	44793	154285	135524	183177
2 Expenses						
a. Cost of materials consumed	20430	24953	21127	67536	64077	88681
b. Changes in inventories of finished goods, work-in-progress and stock in trade	5765	383	198	6919	1332	52
c. Employee benefits expense	8822	8536	7099	25167	21258	28534
d. Depreciation and amortisation expense	3287	2967	3320	9412	9733	12617
e. Other expenses	9662	9525	8264	28091	25104	34599
Total expenses	47966	46364	40008	137125	121504	164483
3 Profit from Operations before other income, finance costs and exceptional items (1-2)	5711	6243	4785	17160	14020	18694
4 Other income	515	495	488	1517	1321	2298
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	6226	6738	5273	18677	15341	20992
6 Gain/(Loss) on Foreign Exchange Fluctuations (Net)	(132)	(20)	14	(91)	209	254
7 Finance costs	1957	2068	2103	6107	7001	9121
8 Profit from ordinary activities after finance costs but before exceptional items (5+6-7)	4137	4650	3184	12479	8549	12125
9 Exceptional (income) / expense	-	77	-	77	-	(473)
10 Profit from ordinary activities before tax (8-9)	4137	4573	3184	12402	8549	12598
11 Tax expense (Current tax, Deferred tax, MAT credit entitlement etc.)	1249	1575	957	4102	3143	4430
12 Net Profit from ordinary activities after tax (10-11)	2888	2998	2227	8300	5406	8168
13 Extraordinary Item	-	-	-	-	-	-
14 Net Profit for the period (12-13)	2888	2998	2227	8300	5406	8168
15 Add : Share of Profit of associates	22	(40)	50	18	193	224
16 Less : Minority interest	(79)	(89)	(71)	(269)	(193)	(296)
17 Net Profit after taxes, minority interest and share of profit / (loss) of associates from Continuing Operations (14+15+16)	2831	2869	2206	8049	5406	8096
18 Loss from discontinuing operations (after tax)	-	-	-	-	-	-
19 Net Profit for the period (17 - 18)	2831	2869	2206	8049	5406	8096
20 Paid-up Equity Share Capital (Face Value ₹ 2/- each)	3141	3141	3141	3141	3141	3141
21 Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year						91184
22 Earnings per Share (EPS)						
Basic & Diluted EPS (not annualised) computed on the basis of Profit from Continuing Operations	1.80	1.83	1.40	5.12	3.45	5.15
Basic & Diluted EPS (not annualised) computed on the basis of total Profit for the year	1.80	1.83	1.40	5.12	3.45	5.15

NOTES:

- The above Consolidated results were reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on 30 January 2014.
- Exceptional items for nine months ended 31 December 2013 consists of (a) write back of ₹ 616 lacs interest provided by erstwhile RAS Propack Lamipack Limited (merged) on possible custom duty liability on imports under EPGC scheme, no longer required and (b) Cenvat credit of ₹ 693 lacs of prior years, non realisable hence written off during quarter ended 30 September 2013.
- The Company is engaged in the business of Plastic Packaging Material. Geographical segment has been identified as primary segment and reported as per AS-17 below:
 Geographical Segmentation are:
 a AMESA : Africa, Middle East and South Asia include operations in India and Egypt.
 b EAP : East Asia Pacific includes operations in China and Philippines.
 c AMERICAS : includes operations in United States of America, Mexico and Colombia
 d EUROPE : includes operations in Germany, United Kingdom, Poland and Russia.

GLOBAL OPERATIONS
UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

₹ in Lacs

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2013	30 September 2013	31 December 2012	31 December 2013	31 December 2012	31 March 2013
Segment Revenue						
A AMESA	24613	24047	21496	71559	64332	88273
B EAP	14028	12402	10627	37102	31390	42124
C AMERICAS	10551	11359	9607	33500	30308	42640
D EUROPE	7613	7354	5322	21442	17310	24271
E Unallocated	12	8	-	28	-	30
Inter Segmental elimination	(3140)	(2563)	(2259)	(9346)	(7816)	(14161)
Net Sales / Income from operations	53677	52607	44793	154285	135524	183177
Segment Result						
Profit / (Loss) before interest and tax from each Segment						
A AMESA	3144	3492	2913	9550	8423	11441
B EAP	2468	2140	2204	6320	5750	8144
C AMERICAS	219	959	411	2182	1579	2629
D EUROPE	7	(236)	(631)	(501)	(1464)	(2808)
E Unallocated	(110)	(112)	(112)	(374)	(268)	(619)
Inter Segmental elimination	(17)	-	-	(17)	-	(93)
Total	5711	6243	4785	17160	14020	18694
Add: Other income	515	495	488	1517	1321	2298
Add: Gain/(Loss) on Foreign Exchange Fluctuations (Net)	(132)	(20)	14	(91)	209	254
Segment Result	6094	6718	5287	18586	15550	21246
Less: Financial expenses	1957	2068	2103	6107	7001	9121
Exceptional (income)/expense	-	77	-	77	-	(473)
Profit from ordinary activities before tax	4137	4573	3184	12402	8549	12598
Capital Employed						
(Segment Assets - Segment Liabilities)						
A AMESA	64833	63069	44764	64833	44764	59012
B EAP	37161	41354	39175	37161	39175	34867
C AMERICAS	25311	24020	19400	25311	19400	21310
D EUROPE	18944	18967	10010	18944	10010	17800
E Unallocated	(33167)	(36874)	(17465)	(33167)	(17465)	(35595)
Inter Segmental elimination	(3200)	(3121)	(2304)	(3200)	(2304)	(2928)
Total	109882	107415	93580	109882	93580	94466

4 Figures of the previous period have been regrouped / reclassified / rearranged wherever considered necessary.

For Essel Propack Limited

Place : Mumbai
Date : 30 January 2014

Ashok Goel
Vice-Chairman & Managing Director

**INDIA STANDALONE
UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013**

₹ in Lacs

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2013	30 September 2013	31 December 2012	31 December 2013	31 December 2012	31 March 2013
PART-1	Unaudited					Audited
1 Income from operations						
a. Net Sales / Income from operations (net of excise duty)	16519	16247	14497	47963	42522	56245
b. Other operating income	537	529	367	1573	1144	1668
Total income from operations (net)	17056	16776	14864	49536	43666	57913
2 Expenses:						
a. Cost of materials consumed	8634	8173	7084	24549	21011	27377
b. Changes in inventories of finished goods and work in progress	(120)	(96)	(113)	(439)	(640)	23
c. Employee benefits expense	1473	1479	1344	4427	4243	5689
d. Depreciation and amortisation expense	970	717	925	2615	2588	3308
e. Other expenses	3643	3652	3477	10969	10003	13322
Total expenses	14600	13925	12717	42121	37205	49719
3 Profit from operations before other income, finance costs and exceptional items (1-2)	2456	2851	2147	7415	6461	8194
4 Other income	537	590	556	1814	2175	3076
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	2993	3441	2703	9229	8636	11270
6 Gain/(Loss) on foreign exchange difference (net)	(114)	65	24	212	403	372
7 Finance costs	1027	1171	1080	3400	4203	5499
8 Profit after finance cost but before exceptional items (5+6-7)	1852	2335	1647	6041	4836	6143
9 Exceptional Items (Refer note 4)	0	(77)	0	(77)	0	473
10 Profit before Tax for the period (8+9)	1852	2258	1647	5964	4836	6616
11 Tax expense (current tax, deferred tax, mat credit entitlement etc.)	516	676	500	1727	1231	1632
12 Net Profit after tax for the period (10-11)	1336	1582	1147	4237	3605	4984
13 Paid-up equity share capital (Face Value ₹ 2/- each)	3141	3141	3141	3141	3141	3141
14 Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						66820
15 Earnings Per Share (EPS)						
Basic and Diluted Earnings Per Share (not annualised)	0.85	1.01	0.73	2.70	2.29	3.17

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2013	30 September 2013	31 December 2012	31 December 2013	31 December 2012	31 March 2013
PART II	Unaudited					Audited
A PARTICULARS OF SHAREHOLDINGS						
1 Public shareholding						
- Number of Shares (Lacs)	645.12	645.12	645.12	645.12	645.12	645.12
- Percentage of Shareholding	41.06%	41.06%	41.06%	41.06%	41.06%	41.06%
2 Promoters and Promoters Group Shareholding						
a. Pledged / Encumbered (Lacs)						
- Number of Shares (Lacs)	20.00	20.00	20.00	20.00	20.00	20.00
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%
- Percentage of shares (as a % of the total Share Capital of the Company)	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%
b. Non-encumbered						
- Number of Shares (Lacs)	905.89	905.89	905.89	905.89	905.89	905.89
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	97.84%	97.84%	97.84%	97.84%	97.84%	97.84%
- Percentage of shares (as a % of the total Share Capital of the Company)	57.66%	57.66%	57.66%	57.66%	57.66%	57.66%
B INVESTOR COMPLAINTS						
Pending at the beginning of the quarter	0					
Received during the quarter	2					
Disposed off during the quarter	2					
Remaining unresolved at the end of the quarter	0					

NOTES:


- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on 30 January 2014. The Statutory Auditors have carried out a limited review of the above financial results and their report contains no qualification.
- None of the financials of the Subsidiaries / Associates / Joint Ventures have been consolidated in the above results.
- Under AS -17, the Company has only one major identifiable business segment viz. Plastic Packaging Material.
- Exceptional items for nine months ended 31 December 2013 consists of (a) write back of ₹ 616 lacs interest provided by erstwhile RAS Propack Lamipack Limited (merged) on possible custom duty liability on imports under EPGC scheme, no longer required and (b) Cenvat credit of ₹ 693 lacs of prior years, non realisable hence written off during quarter ended 30 September 2013.
- Figures of the previous period have been regrouped / reclassified/ rearranged wherever considered necessary.

For Essel Propack Limited

Place : Mumbai
Date : 30 January 2014

Ashok Goel
Vice-Chairman & Managing Director

GREEN INITIATIVE: (ELECTRONIC SERVICE OF DOCUMENTS)

The Company had requested members to participate in the Green Initiative of Government of India (Electronic Service of Documents). For supporting this initiative kindly access the website of our Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Ltd. at www.shareproservices.com or click on the icon  provided on the Company's website, follow the instructions and fill in the requisite details.

We solicit your whole-hearted co-operation and patronage for implementing the Green initiative taken by Government as your contribution towards a better environment.

For Investor related queries / complaints kindly contact :

Registrar & Transfer Agent

Sharepro Services (India) Private Limited

Unit: ESSEL PROPACK LIMITED, 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka, Mumbai - 400 072.

Tel. : (022) 6772 0300 / 400, Fax : (022) 2859 1568, E-mail: sharepro@shareproservices.com

Company designated email id: investor.grievance@ep.esselgroup.com



BOOK POST

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The above information was provided by the Audit Committee and approved by the Board of Directors of the Company. It is being provided for the information of the investors. The Company is not responsible for the accuracy or completeness of the information provided. The investors are advised to conduct their own due diligence.

Date: 20/07/2014
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