

ESSEL PROPACK LIMITED

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Q3 FY15 EARNINGS UPDATE

Consolidated Financial Highlights for the quarter ended 31st December, 2014

(in ₹ million)

Particulars	Q3FY15	Q3FY14	% change	9MFY15	9MFY14	% change	FY14
Total Income from operations	5674	5368	5.7%	17112	15429	10.9%	21267
EBIT	581	571	1.7%	1863	1716	8.6%	2288
EBIT Margin (%)	10.2%	10.6%		10.9%	11.1%		10.8%
PAT	304	283	7.4%	952	805	18.3%	1078
EPS (in ₹)	1.94	1.80		6.06	5.13		6.87

Consolidated Performance Highlights:

- Company's strategy on non-oral care expansion was on track with the category growing by 15.2% over previous year. Further the Americas and Europe sustained the growth momentum. However, lower than the planned off take by key oral care customers in AMESA and EAP caused the overall revenue growth to be lower at 5.7% during the quarter.
- Lower volume growth impacted the operating margin by 40 bps, despite improvement in the gross margin by 150 bps.
- During the quarter Company successfully issued Non-Convertible Debenture (NCD) of ₹ 90 Crore to drive reduction in the finance cost.

Consolidated Category-wise break up for the quarter ended 31st December, 2014

(in %)

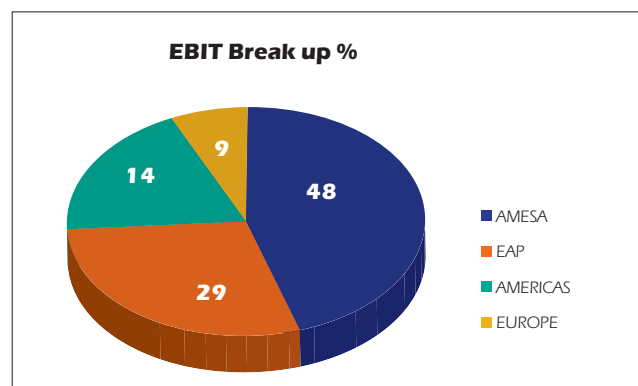
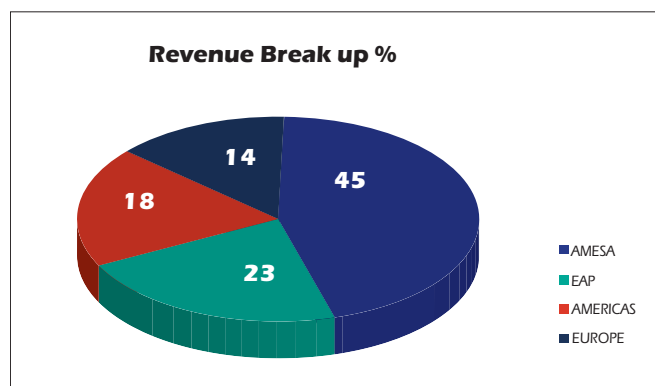
Particulars	Q3FY15	Q3FY14	% change	9MFY15	9MFY14	% change	FY14
Oral Care	58.7%	62.7%	-4.0%	58.3%	60.6%	-2.3%	60.9%
Non Oral Care	41.3%	37.3%	4.0%	41.7%	39.4%	2.3%	39.1%

India Standalone Performance Highlights:

- India Standalone revenue grew by 8.6% to ₹ 1852 Million, as against ₹ 1706 Million in the corresponding quarter last year impacted by the delayed onset of winter and lower than expected growth in FMCG sector.
- However, the revenue grew by 15.3% for 9 months period helped by strong first half performance.



Region wise Revenue & EBIT Break-up:



(Excludes 'unallocated')

Region wise Financial Highlights:

AMESA

(in ₹ million)

Particulars	Q3FY15	Q3FY14	% change	9MFY15	9MFY14	% change	FY14
Revenue	2708	2461	10.0%	8268	7156	15.5%	9807
EBIT	293	314	-6.7%	962	955	0.8%	1292
EBIT Margin (%)	10.8%	12.8%		11.6%	13.3%		13.2%

- The revenue growth and operating margin was impacted by lower volume off take during the quarter in India Tubing coupled with inventory corrections.
- Egypt continues to be high growth geography with 18.5% revenue growth during the quarter.
- Flexible packaging business has shown recovery with revenue growing by 10.6% and operating profit by 64.2%.

EAP

(in ₹ million)

Particulars	Q3FY15	Q3FY14	% change	9MFY15	9MFY14	% change	FY14
Revenue	1420	1403	1.3%	3992	3710	7.6%	4983
EBIT	172	247	-30.4%	508	632	-19.6%	808
EBIT Margin (%)	12.1%	17.6%		12.7%	17.0%		16.2%

- EAP revenue during the quarter grew by 1.3% impacted by lower volume off take by key oral care customers including inventory correction. However, the non-oral care sales continued to grow strongly at 41.9%, albeit on a lower base.
- The new strategic non-oral care unit commissioned in December 2014 impacted the operating costs during the quarter causing the EBIT margin to be lower. As the unit ramps up, revenue and margins are expected to be restored.

AMERICAS

(in ₹ million)

Particulars	Q3FY15	Q3FY14	% change	9MFY15	9MFY14	% change	FY14
Revenue	1125	1055	6.6%	3488	3350	4.1%	4569
EBIT	85	22	289.5%	336	218	54.2%	318
EBIT Margin (%)	7.6%	2.1%		9.6%	6.5%		7.0%

- Americas revenue grew by 6.6% with major thrust on conversion of plastic tube into new generation laminated tube.
- Americas Operating margin improved by 550 bps over the previous year.



EUROPE

(in ₹ million)

Particulars	Q3FY15	Q3FY14	% change	9MFY15	9MFY14	% change	FY14
Revenue	853	761	12.0%	2565	2144	19.6%	3108
EBIT	57	1	8042.9%	122	-50	344%	-88
EBIT Margin (%)	6.7%	0.1%		4.8%	-2.3%		-2.8%

- Europe revenue grew 12.0% and operating margin improved by 660 bps over the previous year same quarter helped by new business in non-oral care category.
- The Company is pursuing further opportunities in non-oral care.

Overall:

We are on track with our strategy of non-oral care category growth across geographies. The DQ FY15 quarter has unusually witnessed sluggishness in growth contributed mainly by large oral care customers coupled with pipeline inventory corrections. Overall year to date net profit has shown a robust growth of 18.3%. This and the continued growth in the non-oral care category reinforces the Company's strategy for sustained PAT growth at 20% CAGR.

Valuation Comparison with Global Peers

	Company Name	Business Description	Performance Indicators				Value Indicators				
			ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 4 years)	P/E (LTM)	Book Value (LTM) (\$)	P/BV (LTM)	EV/EBITDA	Share Price (\$)*
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	12.80%	11.50%	8.30%	2.16%	18.80	16.97	2.30	10.42	45.17
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.	8.80%	10.80%	6.10%	-398.81%	51.50	6.67	5.02	15.52	39.42
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.	13.70%	11.60%	9.40%	3.35%	18.90	17.13	2.38	16.56	44.87
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.	35.20%	12.60%	11.80%	-4.48%	23.90	8.72	7.66	14.08	64.16
5	Crown Holdings Inc	Manufacturer of metal cans, closures for food, beverage, household and consumer applications in US, Europe and other regions.	NA	10.90%	NA	14.24%	20.40	1.04	45.87	14.01	45.91
6	Silgan Holdings, Inc.	Manufacturer of metal and plastic containers and closures for consumer applications in USA, South America, Europe, and Asia.	25.30%	13.20%	9.70%	11.49%	17.00	11.95	4.11	11.03	52.97
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.	12.00%	17.30%	9.80%	0.06%	23.80	23.42	2.64	10.20	63.77
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.	15.87%	16.39%	14.58%	33.16%	16.79	51.35 (INR)	2.55	7.90	129.25 (INR)

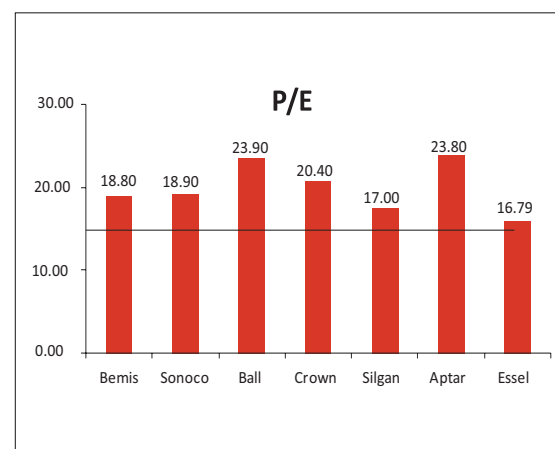
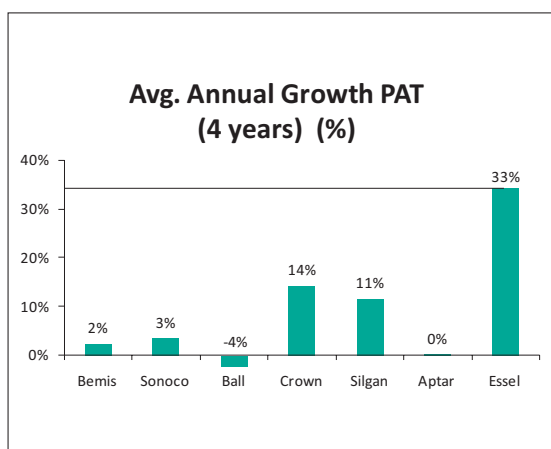
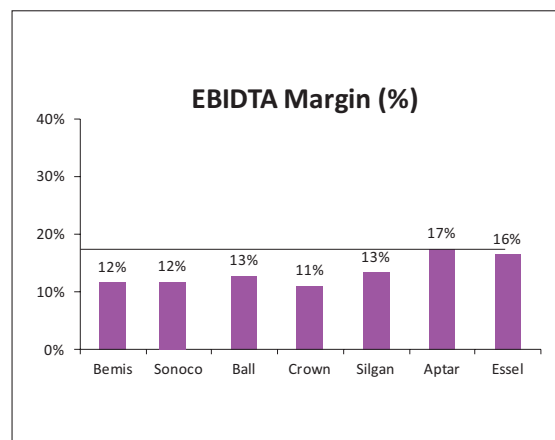
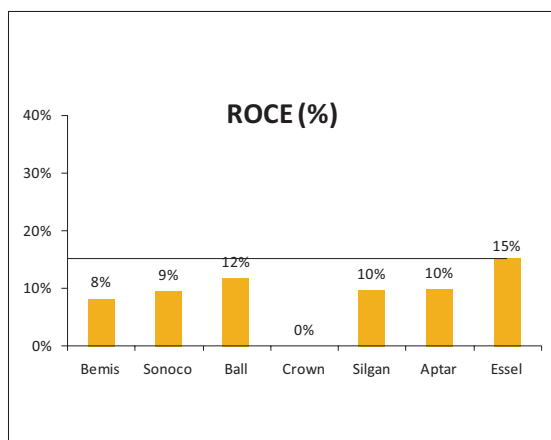
Source: www.in.adfvr.com & Company fillings

* Share Prices as on 27th January 2015

LTM- Latest available Twelve Months for Peers as on 28th October 2014 and Last Twelve Months published numbers for EPL

NA - Not Applicable





Essel leads the pack in Avg. Annual PAT growth, EBIDTA Margin and ROCE

Source: www.in.advn.com for competitor companies

For more details – see table (Page 6)

About Essel Propack Ltd:

Essel Propack, part of the USD 2.4 billion Essel Group, with turnover of over USD 350 million, is the largest specialty packaging global company, manufacturing laminated plastic tubes catering to the FMCG and Pharma space. Employing over 2600 people representing 25 different nationalities, Essel Propack functions through 25 state of the art facilities in eleven countries, selling more than 6 billion tubes and continuing to grow every year.

Holding Oral Care market share of 33% in volume terms globally, Essel Propack is the world's largest manufacturer with units operating across countries such as USA, Mexico, Colombia, Poland, Germany, Egypt, Russia, China, Philippines, Indonesia and India. These facilities cater to diverse categories that include brands in Beauty & Cosmetics, Pharma & Health, Food, Oral and Home, offering customized solutions through continuously pioneering first-in-class innovations in materials, technology and processes.

SAFE HARBOUR

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting our industry. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

GLOBAL OPERATIONS

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2014

(₹ in Lacs)

Particulars	Quarter ended			Nine months ended 31 st December		Year ended
	31 st Dec 2014	30 th Sep 2014	31 st Dec 2013	2014	2013	31 st Mar 2014
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income from operations						
a. Net Sales / Income from Operations (Net of Excise Duty)	55599	58983	53258	168994	153012	210440
b. Other Operating Income	1140	532	419	2129	1273	2223
Total Income from operations (net)	56739	59515	53677	171123	154285	212663
2 Expenses						
a. Cost of materials consumed	29811	27136	20430	81981	67536	104266
b. Changes in inventories of finished goods, and goods-in-process	(2951)	1565	5765	791	6919	(312)
c. Employee benefits expense	9520	9139	8822	27429	25167	33605
d. Depreciation and amortisation expense	3393	3424	3287	10119	9412	12576
e. Other expenses	11159	10987	9662	32175	28091	39653
Total expenses	50932	52251	47966	152495	137125	189788
3 Profit from Operations before other income, finance costs and exceptional items (1-2)	5807	7264	5711	18628	17160	22875
4 Other income	452	450	515	1425	1517	2238
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	6259	7714	6226	20053	18677	25113
6 Gain/(Loss) on Foreign Exchange Fluctuations (Net)	(187)	(120)	(132)	(414)	(91)	(39)
7 Finance costs	2046	2004	1957	5983	6107	8137
8 Profit from ordinary activities after finance costs but before exceptional items (5+6-7)	4026	5590	4137	13656	12479	16937
9 Exceptional (income) / expense	-	-	-	-	77	77
10 Profit from ordinary activities before tax (8-9)	4026	5590	4137	13656	12402	16860
11 Tax expense (Current tax, Deferred tax, MAT credit entitlement, excess provisions)	904	1709	1249	3901	4102	5691
12 Net Profit from ordinary activities after tax (10-11)	3122	3881	2888	9755	8300	11169
13 Extraordinary Item	-	-	-	-	-	-
14 Net Profit after tax before minority interest and share of profit / (loss) of associate (12-13)	3122	3881	2888	9755	8300	11169
15 Add : Share of Profit of associates	31	67	22	86	18	-
16 Less : Minority interest	(113)	(102)	(79)	(318)	(269)	(386)
17 Net Profit for the period (14+15+16)	3040	3846	2831	9523	8049	10783
18 Paid-up Equity Share Capital (Face Value ₹ 2/-each)	3141	3141	3141	3141	3141	3141
19 Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year						67307
20 Earnings per Share (EPS) Basic & Diluted EPS (not annualised)	1.94	2.45	1.80	6.06	5.12	6.87

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 29th January 2015.
- The useful life of fixed assets have been revised in accordance with the Schedule II to the Companies Act 2013, which is applicable for accounting periods commencing on or after 1st April 2014, in case of Indian entities. Consequently, the carrying value, net of residual value of assets beyond their useful life, as of 1st April 2014, has been charged to retained earnings and in other cases, the carrying value has been depreciated over the remaining of the revised life of the assets and the effect on depreciation, in the Statement of Profit and loss, for the current quarter and nine months is not material.
- 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:
 - AMESA : Africa, Middle East and South Asia include operations in India and Egypt.
 - EAP : East Asia Pacific includes operations in China and Philippines.
 - AMERICAS : includes operations in United States of America, Mexico and Colombia.
 - EUROPE : includes operations in Germany, United Kingdom, Poland and Russia.



Consolidated Segment Information	Quarter ended			Nine months ended 31 st December		Year ended
	31 st Dec 2014	30 th Sep 2014	31 st Dec 2013	2014	2013	31 st Mar 2014
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue						
A AMESA	27075	28776	24613	82681	71559	98067
B EAP	14204	14246	14028	39921	37102	49836
C AMERICAS	11247	11927	10551	34881	33500	45686
D EUROPE	8529	9335	7613	25652	21442	31078
E Unallocated	16	16	12	47	28	42
Inter Segmental elimination	(4332)	(4785)	(3140)	(12059)	(9346)	(12046)
Net Sales / Income from operations	56739	59515	53677	171123	154285	212663
Segment Result						
Profit / (Loss) before other income, finance costs and exceptional items from each segment						
A AMESA	2932	3430	3144	9623	9550	12923
B EAP	1718	2199	2468	5082	6320	8079
C AMERICAS	853	1443	219	3364	2182	3180
D EUROPE	570	495	7	1222	(501)	(879)
E Unallocated	(266)	(303)	(110)	(663)	(374)	(413)
Inter Segmental elimination	-	-	(17)	-	(17)	(15)
Total	5807	7264	5711	18628	17160	22875
Add: Other income	452	450	515	1425	1517	2238
Add: Gain/(Loss) on Foreign Exchange Fluctuations (Net)	(187)	(120)	(132)	(414)	(91)	(39)
Segment Result	6072	7594	6094	19639	18586	25074
Less: Financial costs	2046	2004	1957	5983	6107	8137
Less: Exceptional (income) / expense	-	-	-	-	77	77
Profit from ordinary activities before tax	4026	5590	4137	13656	12402	16860
Capital Employed						
(Segment Assets - Segment Liabilities)						
A AMESA	63793	62193	64833	63793	64833	59595
B EAP	40384	37738	37161	40384	37161	39417
C AMERICAS	24580	24417	25311	24580	25311	22836
D EUROPE	26657	26872	18944	26657	18944	27029
E Unallocated	(72587)	(72063)	(33167)	(72587)	(33167)	(76362)
Inter Segmental elimination	(2162)	(2082)	(3200)	(2162)	(3200)	(1930)
Total	80665	77075	109882	80665	109882	70585

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

For Essel Propack Limited

Place : Mumbai
Date : 29th January 2015

Ashok Goel
Vice Chairman & Managing Director



INDIA STANDALONE

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2014

(₹ in Lacs)

Particulars	Quarter ended			Nine months ended 31 December		Year ended
	31 st Dec 2014	30 th Sep 2014	31 st Dec 2013	2014	2013	31 st Mar 2014
PART I	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income from operations						
a. Net Sales / Income from operations (net of excise duty)	17807	19175	16519	55158	47963	64514
b. Other operating income	717	686	537	1937	1573	2089
Total income from operations (net)	18524	19861	17056	57095	49536	66603
2 Expenses:						
a. Cost of materials consumed	9590	10126	8634	29214	24549	33676
b. Changes in inventories of finished goods and work in progress	(160)	(120)	(120)	(163)	(439)	(692)
c. Employee benefits expense	1620	1586	1473	4727	4427	5706
d. Depreciation and amortisation expense	1182	1211	970	3508	2615	3664
e. Other expenses	4224	4429	3643	12542	10969	14934
Total expenses	16456	17232	14600	49828	42121	57288
3 Profit from operations before other income, finance costs and exceptional items (1-2)	2068	2629	2456	7267	7415	9315
4 Other income	516	515	537	1550	1814	2353
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	2584	3144	2993	8817	9229	11668
6 Gain/(Loss) on foreign exchange difference (net)	(46)	(37)	(114)	(148)	212	268
7 Finance costs	1139	1017	1027	3124	3400	4501
8 Profit after finance costs but before exceptional items (5+6-7)	1399	2090	1852	5545	6041	7435
9 Exceptional Items	0	0	0	0	(77)	129
10 Profit before Tax for the period (8+9)	1399	2090	1852	5545	5964	7564
11 Tax expense (current tax, deferred tax, mat credit entitlement etc)	280	523	516	1405	1727	2115
12 Net Profit after tax for the period (10-11)	1119	1567	1336	4140	4237	5449
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						69971
15 Earnings Per Share (EPS)	0.71	1.00	0.85	2.64	2.70	3.47
Basic and Diluted Earnings Per Share (not annualised)						
PART II						
A PARTICULARS OF SHARE HOLDINGS						
1 Public shareholding						
- Number of Shares (Lacs)	685.23	629.57	645.12	685.23	645.12	645.12
- Percentage of Shareholding	43.62%	40.08%	41.06%	43.62%	41.06%	41.06%
2 Promoters and Promoters Group Shareholding						
a. Pledged / Encumbered (Lacs)	20.00	20.00	20.00	20.00	20.00	20.00
- 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)	2.26%	2.12%	2.16%	2.26%	2.16%	2.16%
- Percentage of shares (as a % of the total Share Capital of the Company)	1.27%	1.27%	1.28%	1.27%	1.28%	1.28%
b. Non-encumbered						
- Number of Shares (Lacs)	865.78	921.44	905.89	865.78	905.89	905.89
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	97.74%	97.88%	97.84%	97.74%	97.84%	97.84%
- Percentage of shares (as a % of the total Share Capital of the Company)	55.11%	58.65%	57.66%	55.11%	57.66%	57.66%

B. INVESTOR COMPLAINTS: Pending at the beginning of the quarter - 0; Received during the quarter - 1; Disposed off during the quarter - 1; Remaining unresolved at 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 29th January 2015. The Statutory Auditors have carried out a limited review of the above financial results.
- 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.
- The Hon'ble High Court of Judicature at Mumbai has approved the Scheme of Amalgamation ("The Scheme") of EP Lमितubes Limited (wholly owned subsidiary of the Company) with the Company on 19 December 2014 and the appointed date is 1 April 2014. The certified copy of the Order has been filed with the Registrar of Companies on 22 January 2015. The effect of the same has not been given in the results for the quarter. However, the impact on the profit is insignificant.
- The useful life of fixed assets have been revised in accordance with the Schedule II to the Companies Act 2013, which is applicable for accounting periods commencing on or after 1 April 2014. Consequently, the carrying value, net of residual value of assets beyond their useful life, as of 1 April 2014, has been charged to retained earnings and in other cases, the carrying value has been depreciated over the remaining of the revised life of the assets and the effect on depreciation, in the Statement of Profit and loss, for the current quarter and nine months is not material.
- Figures of the previous period have been regrouped / reclassified/ rearranged wherever considered necessary.

For Essel Propack Limited

Place : Mumbai
Date : 29th January 2015

Ashok Goel
Vice Chairman & Managing Director



BOOK POST

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