



“EsSEL Propack Q2 FY18 Earnings Conference Call”

November 08, 2017



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Moderator: Ladies and gentlemen good day and welcome to the Q2 FY18 Results Conference Call of Essel Propack hosted by Emkay Global Financial Services. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal the 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. Amit Purohit from Emkay Global. Thank you and over to you Mr. Purohit.

Amit Purohit: Thank you very much. We thank the management of Essel Propack for giving us the opportunity to host the call. I would like to the management to start with opening comments. Over to you sir.

Ashok Goel: Thank you Amit. Good afternoon ladies and gentlemen, thank you for joining in. I hope all of you have received the investors note. Please do pay attention to the safe harbor note there as well. Now during this quarter the consolidated sales grew 7.3% to Rs.639.7 crores. The net profit for the quarter was 52.5 crores, higher by 12% compared to the previous year net profit excluding the exceptional item; You may recall in the previous year we have reported an exceptional gain of 23.9 crores on consolidation of our German joint venture as a fully owned subsidiary effective September 30th 2016. This year has witnessed significant exchange rate movement as compared to the previous year in all major currencies in which the company has operations. This has had material translation impact on the



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reported consolidated numbers for this quarter as well. Besides, following the implementation in India of GST effective July 1st 2017, the excise duty recovery which used to be reported as part of sales revenue under Indian Accounting Standards ceased to be levied; on the other hand, the GST recovery is not to be reported as part of sales revenue, which basically explains that last year's numbers did have the excise duty component in the revenue number so therefore the revenue for the quarter is not comparable with previous period. For comparability if we were to consider only the sales revenue, net of excise or GST and on constant currency terms, the sales growth during this quarter is much higher at 14.6%. Now if you see the reported sales growth is 7.3%, and if you factor in the excise component and constant currency component it just doubles. So underlying business effectively we are saying has grown at 14.6%. Of this 9.7% came from German acquisition because now it is 100% consolidated as revenue, and balance 4.9% from organic growth.

East Asia Pacific that is China, America and Egypt delivered a healthy growth over the previous year. This was partly offset by India and Europe. The GST transition in India continue to depress the sales albeit to a lesser extent then compared to the first quarter of this financial year, but still significant in comparison to India's growth potential. By the way, India sales for this quarter in the same period last year was 15.4% whereas this year it is grown only 3.4%. So you can see the potential that exist in India. Europe sales excluding Germany was disappointing with the key customer off-take declining compared to last year. Share of non-oral care in total sales improved by



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1percentage point to 40.9% compared to the previous year. EBITDA margin for the quarter perked up by 1.7 percentage points to 21.1% with overall EBITDA of the business inclusive of Germany expanding 28.1% in constant currency terms against reported number of 21.3%. Exclusive of Germany also the EBITDA expanded 22% in constant currency against comparable sales growth of 4.9% (as I mentioned organic growth was 4.9%) representing 3.2 percentage point margin expansion to 22.5%. It is a matter of satisfaction that our productivity and efficiency improvement program in Germany is paying off and the unit's EBITDA margin is now tracking the rest of Europe of margin at around 12%. The unit is also set to grow its volume through new customer acquisitions which should further help improve the profitability. As regards the quarter's net profit, the growth in constant currency terms has been strong at 17.3% exclusive of exceptional items, against the comparable sales growth of 14.6% which is more or less in line with our mission 20:20:20. The balance sheet net debt is at Rs.665 crores which is lower by Rs.38 crores compared to March 2017. Average interest cost for the quarter is 5.9% which is lower by 42 basis points compared to the previous year. Debt equity ratio of 0.68 and debt service coverage ratio of 2.23 , further reinforces the company's financial flexibility. The company has AA rating for long-term debt and top rating for short-term debt were both reaffirmed by Care and India Rating during the quarter. Company has been active in raising funds on its top-rated commercial paper to benefit from attractive market interest rates. Return on equity and return on capital employed on trailing 12 months basis are at 15.7% and 16.5% respectively.



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Overall the quarter shows good traction in the top line, India appears to be on recovery mode and should be further helped by stabilization of the GST regime and the public spending boost announced by the government of India. America's growth has picked up across all the three units while East Asia Pacific i.e. China and Egypt continue to post healthy growth. German unit's efficiencies have normalized and opportunity is seen to ramp up capacity in the near term. Efforts continue to get rest of Europe to growth path.

Also to note is the success we have seen in commercializing some of our new innovation across regions and in driving up manufacturing efficiencies to value engineering projects undertaken on global basis. Mystik which is a hair colorant in tubes, the first commercial production line is being installed in Europe which shall help catapult the business growth in next financial year. Expansion opportunities are being pursued in Assam in India and in the Far East Asia to drive growth. Injection molding capability where we make our caps and closures in India is being modernized and upgraded that will help us cater to specialized caps for non-oral care category while optimizing the input costs and efficiencies. Special efforts on Indian Pharma packaging are yielding results with new customer acquisitions.

So, with this I will open the floor for the questions and answers.

Moderator:

Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.



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Agastya Dave: Sir if you can elaborate what has happened since the end of the quarter in the Indian market with respect to demand and subsequently how much of the adjustment post GST is still remains to be seen? Second question, you had problems in oral care in China, what's the progress on that side, any resolution on side, what have you seen in the quarter and what do we expect over the next 12 months? And third question, crude prices have spiked up and you have clarified in the past that actually it doesn't impact you, there may be some lag in passing on the prices, so is there anything we can expect in next quarter some extraordinary gross margin compression, any guidance on that?

Ashok Goel: On GST, what we had seen in the previous quarter in the run-up to GST, there was a compression of pipeline of stocks and therefore obviously we sold much less. During this quarter we have seen that because of the change in the effective tax rate lot of packaging material may need to undergo the MRP change which necessarily meant that the brands had to--in some sense recall the stock from there supply-chain pipeline and--put the new stickers. And also for the new orders they may need to change the artworks. So generally, the GST by by itself has not impacted but the resultant impact on the supply chain had some uncertainties. Now as we see as the October month and the forecast that we have from the customer, we are seeing that the things are already improving. Pharma sector was one category which, maybe, took some time for them to get all the related act together and we are now seeing the demand from Pharma also bouncing back. So as we see third quarter would be definitely much better than the second quarter and the fourth quarter we



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should normalize as far as the demand in India is concerned. So that is as far as GST is concerned.

On China oral care we had mentioned, we did get some new customers for oral care so that partly offset the compression of demand from the multinational brands and this quarter we have seen some of the multinational brands have got their act together and their numbers are better than last year. And we hope that this trend continues and therefore China will continue to deliver on their promised numbers. We also expect in China, that non-oral care business growth will also happen, and just for you to recall that our ratio between oral care and non-oral care revenue in China, China is the lowest as far as the non-oral care numbers are concerned. So we do expect that even that to do better. So therefore, we expect China business to grow faster than their cost growth and that has been our concern and I had shared that with you in the past.

On the crude prices; so far in the crude price I think I have explained again in the past that yes, if you compare the crude price and the polymer price on the longer periods that means if you put the trend line over a period of 2 to 3 years, it tracks the prices of crude movement vis-à-vis the polymer price movements but that is on the longer-term horizon. When you see on the shorter term horizon what happens is that there are other building blocks for the polymers after crude, like Naphtha and after Naphtha is Ethylene and from Ethylene you have the Petro-chemical polymers. Now each of these has its own orbit in terms of their demand and supply, so therefore if Naphtha demand is higher than what the capacity is and the capacity



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varies depending on which plant goes in for their annual maintenance and all that stuff, this is where it varies. Then it can cause movement in Naphtha price, the same thing can happen in ethylene price and therefore can also happen in petrochemicals for the polymers. So that is generally how it happens but in our case we normally have three months stock, so we still have to see if the crude price movement is temporary because of the happenings taking place in Saudi Arabia and that is causing the market nervousness a little bit in the petroleum market; so we have to see how things emerge if it is temporary or permanent. So, therefore, we don't see much impact because of the price movement at this stage yet. But yes, in the last two months the polymer prices have gone up by about 2%-3%-4%, maybe 5% and that is being taken care of.

Moderator: The next question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Percy Panthaki: Sit this is Percy Panthaki here. Just to continue with what you are saying on the polymer prices going up 5% and you said that are being taken care of, what exactly do you mean by that? Do you mean that there is a consequent price increase that you have taken?

Ashok Goel: Yes, we will be taking now because this is the quarter wise prices. When the price goes in the next quarter your prices will get corrected.

Percy Panthaki: Do you see a one quarter compression of margins if there is a quarter lag in the pricing?



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Management: Its gradual, as Ashok has explained that we have a pipeline stock. Prices of all polymers have not gone up at the same time, so you won't see a compression.

Percy Panthaki: Second question was on the India; if I look at the results of all the FMCG companies, most of the FMCG companies have seen a better number in September quarter versus June quarter. Whereas we have actually seen a worse number in September versus June as far as the India business is concerned. So just wanted to understand because I thought packing material is sort of a lead indicator for FMCG sales because it is used first and then sales happen 15-20 days later, so why are you seeing this reverse trend versus FMCG?

Roy Joseph: In India actually it is the first two months of the post GST we were seeing demand gradually picking up. So there was July, August we were seeing some impact of GST in terms of our sales then there were changes in MRP, SKUs getting changed and especially in the Pharma segment took a longer time for—took the package of the entire quarter for the demand to revive. In fact, we are seeing better numbers come only in this quarter for Pharma, so there is a significant impact on Pharma sales. But if you look at sequentially it is better. The performance has improved over the previous quarter by 8%. So there is the improvement sequentially and we would expect that to continue going into Q3 and Q4 as things stabilize.

Ashok Goel: So that is the trend Roy explained but Percy you have to also see that FMCG is a much broader category. And we cater to the FMCG segment where the pastes are concerned. So I don't



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think we would have trailed behind the FMCG results in that sense. I don't know if you guys have any further breakup, of overall FMCG landscape.

Percy Panthaki: Is there a confidence that in Q3 will be able to go back to double digit kind of a number for India?

Ashok Goel: Yes, we will.

Management: Percy just couple of things I want to add. If you look at India number, sequentially the top line has grown 8.6% and if you see the quarter, reported number shows a 6.6% drop but that as Ashok explained, in the last year our sales revenue included excise; so the GST is excluded and as we adjust for it, it is about 3.4%. So in that sense it's a growth. Now also keep in mind, last year the September quarter was one of the best for us as the market was really getting back to the normal in India. So year-over-year, last year we had grown 15.4% and during the same quarter. So look from that viewpoint, and the fact that profit growth of around (+)18% for the quarter and the EBITDA has improved. So it has been a fairly good quarter for us.

Percy Panthaki: My next question is on Europe, there is still organic sales decline there, there are off-take issues with customers etc. So is there in the visibility you have as to when these issues are getting resolved and when we can go into a positive growth trajectory like is it going to be from next quarter or beginning of FY19, I'm just looking at the timeline where the decline stops?

M.R. Ramaswamy: Percy you will see some positive traction in Q3 and as we go along this is not just one customer, there are lot of



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developmental activities being under pipeline. So you will see a substantial traction as we go forward in the next year. But you will see a change from Q3 onwards.

Percy Panthaki: So you are saying Q3 itself you will see a growth rather than a decline?

M.R. Ramaswamy: Yes.

Percy Panthaki: There were several activities underway in China on the non-oral care front. So you had I think set up different manufacturing base also to cater mainly to non-oral care. So, can you give some idea as to are there any initiatives or any new clients you have got on the non-oral care side and how that entire journey is progressing as far as China is concerned?

M.R. Ramaswamy: The numbers are reflecting if you see in segment results, there is a growth. But substantial growth is yet to come. As we explained this kind of conversions takes longer time, the pipeline is very healthy, and we will see a good growth as we go along.

Percy Panthaki: I believe that now it is somewhere in the 25% region for non-oral care in China. So just over 2 to 3 years horizon what kind of oral versus non-oral care split can we see in China?

Ashok Goel: Our target remains the same; each region has to achieve 50:50. But we tell you global 50:50, so obviously some regions are doing better than the other in terms of these ratios. So the obviously gradually will go, there has been no immediate jump. But yes, lot of work is underway and I don't think we ever mentioned before there was a leadership change also in China



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in terms of regional business head. So he will be bringing in some additional fresh thinking and therefore we are seeing some traction as well because of that reason.

Moderator: The next question is from the line of Ritwik Sheth from Deep Finance. Please go ahead.

Ritwik Sheth: In your opening remarks you mentioned that we are looking for an expansion in Assam; can you throw some light on that?

Ashok Goel: Yes, Ritwik, Assam has been till this last March 2017 tax free zone. So, lot of FMCG companies have set shops in Assam and Essel Propack is not there in Assam. So it is currently being partly catered from rest of India by Essel and some of it by other competition of Essel. So we believe that by us being there, we will not only retain our existing business but we will double it up in the first 12 months of operations.

Moderator: The next question is from the line of Dhawal Mehta from Yes Securities. Please go ahead.

Dhawal Mehta: My question is on the Americas operating margin profile. We clocked in this quarter 16.4% vis-à-vis the earlier run rate of around 12%-13%, so how much sustainable is this margin profile for that geography and were there any one-offs in this quarter?

Ashok Goel: Dhawal, certainly no one-offs boosted the numbers. You may recall that last year we were setting up the Colombia unit and incurring extra cost and stuff. So this year the unit has stabilized that is one reason. Mexico is third and US also has done better.



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And therefore it is all coming in combination of one-off cost not being there and the business improving therefore kicking off the economies of scale.

Dhawal Mehta: Has the non-oral care part done exceedingly well in that geography because we have very small part of the non-oral care business over there?

Ashok Goel: For the quarter that we have reported I don't think there is any significant shift yet. But we are expecting that shift to take place in the coming period. But Dhawal, Americas have delivered about 18% EBITDA margin sometime back and therefore this improvement is still not satisfactory as far as we're concerned. And it has delivered based on the lower volumes, so it can certainly deliver based on higher numbers, high volumes.

Dhawal Mehta: My second is the book keeping question, the tax rate for H1 was around 35% which is quite high vis-à-vis last year, so what will be the annualized tax rate and what will be your tax rate going forward also?

Ashok Goel: Tax rate, there are multiple moving parts here. One, in case of India, couple of years ago we had the tax-free units which came into the tax net. Then we had until last year the investment allowances which was provided in the budget which was withdrawn this year. And then there is the IndAS on undistributed profit also has to be charged to tax; even though it is notional, it is pushing up the overall effective tax rate. So last year it was about 31%, now this year it is going 33%-35%.



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Dhawal Mehta: So even for full year we should assume that it should be in the range of 33%-35%?

Ashok Goel: Yes.

Moderator: The next question is from the line of Ankit Gor from Systematix Shares & Stocks. Please go ahead.

Ankit Gor: My primarily question is with regard to EDG, if you can give a breakup of Europe as a whole and once what's the EBITDA loss on EDG front and what steps, corrective measures you are taking to bring EDG to Europe margin levels?

Ashok Goel: There is no EBITDA loss in EDG first of all. On the contrary EBITDA margin for EDG which was lower than the rest of Europe has come back up to the levels of Europe which is at 12%. We have said in the note that our interventions post-acquisition has helped us to stabilize the operations in Germany and we now are looking for the growth Germany as well as in Poland. In terms of breakup I don't know what you mean by breakup of...

Ankit Gor: We meant the EBITDA thing only.

Ashok Goel: EBITDA is same 12% across Europe now.

Ankit Gor: On Assam front, when we speak of doing some expansion in Northeast Asia we mean setting a plant there?

Ashok Goel: Yes, we always talk about but the moment we talk about expansion it's either the Brownfield which means expanding the capacity in the existing facility. But in Assam we don't have our



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own facility, so we are going to lease out custom-built factory which is going to be built by a third-party and we'll take it on lease.

Ankit Gor: And which will remain with our CAPEX guidance which is equals to depreciation, right?

Ashok Goel: Yes that's right.

Moderator: The next question is from the line of Ritwik Sheth from Deep Finance. Please go ahead.

Ritwik Sheth: We are talking on Assam expansion; you said that the CAPEX will be in line with our depreciation. So can you throw some light on the total CAPEX for this particular project?

Ashok Goel: So yes, it will be. My RFC is saying it will be within the region of depreciation. But it depends so we also differentiate the CAPEX in strategic and nonstrategic, we haven't taken a decision yet whether we will call it a strategic investment or not. So that is first part of your question, what was the second part?

Ritwik Sheth: The total approximate CAPEX that we intent to spend for this unit?

Ashok Goel: I don't think any specific CAPEX Ritwik would make sense but overall CAPEX plan as we mentioned it.

Ritwik Sheth: And it will be in line with oral non-oral care similar that we will try to aim for 50:50?



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Ashok Goel: Yes in this case probably it will be higher on non-oral care.

Ritwik Sheth: You mentioned about GST particularly impacting the Pharma and other non-oral care, so is it safe to assume that non-oral care for us was hit harder during this last quarter?

Ashok Goel: Yes, absolutely. Let me reverse the question and say it; oral care was the first one to bounce back faster. Then followed by the beauty and cosmetics and Pharma is now bouncing back.

Ritwik Sheth: We should assume that H2 will be better for non-oral care?

Ashok Goel: Yes.

Ritwik Sheth: In terms of Europe you mentioned that you've lost some revenue from a big client, so is it possible to quantify this amount for the quarter?

Ashok Goel: It's not that we lost any wallet share as such. It's just that the volume off-take from a particular customer was lower. Quantification I don't know but we expect it to be made up in the overall year.

Ritwik Sheth: This should be the last quarter where the base quarter will not have EDG revenue, right? From coming Q3 FY13 we will be having EDG in the base?

Ashok Goel: That's right.

Moderator: We will take the next question from the line of Prashant Kutty from Sundaram Mutual Fund. Please go ahead.



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Prashant Kutty: Just one question on the European operations, you just said that the EBITDA margins for the entire business is coming back to about 12% kind of a number. Now if we typically look at the EBIT margin structure for all the geographies, the AMESA, EAP and the Americas operation, all of them are pretty much tracking each other's EBIT margin structures. When do you think that structurally Europe could move towards the direction actually or do you think because of the German acquisition your EBITDA margins are capped over there?

Ashok Goel: Prashant, no, I think we have discussed this in multiple times in the past. It's basically volumes or the scale economy so India is the highest as far as the margin is concerned followed by China then Americas, Europe is the last one. So while India is improving, China is also constantly improving, we expect US or Americas to follow the trend first. So we will be happy if they reach across 20% EBITDA margin and Europe we still have to build the scale.

Prashant Kutty: Is there a case that inherently Americas have higher margin apart from the scale as well because typically if I look at the revenue structure, there is not much of a change per se. Is there a case that inherently Americas probably has a higher share on non-oral care or something of that sort which is why your margin inherently is better, is that the case?

Ashok Goel: No, volume in Americas is much higher than what we do in Europe.

Prashant Kutty: Because in terms of the revenue size it's almost similar but is why I'm asking.



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Ashok Goel: Yes revenue because we also have the emerging markets in Americas region, Mexico and Colombia. So the price for the same tube in the emerging market or let's say India and in US, same tube would be selling at least 2.5 times of oral care only I'm talking about.

Prashant Kutty: I was referring to America versus Europe.

Ashok Goel: Yes I know, so I'm giving you an example.

Prashant Kutty: So structurally if volume actually improves Europe could also track that number as well like what would currently in Americas or a EAP might be tracking at this point in time?

Ashok Goel: For Europe to reach the same number they have to grow the volumes even more.

Moderator: We will take the next question from the line of Sagar Karkhanis from Nirmal Bang. Please go ahead.

Sagar Karkhanis: I just wanted your thoughts on this In-mould labelling as a technology in the packaging business and what you feel is the scope for us in that space going forward.

Ashok Goel: So in-mould labelling is been there for many-many years as far as the injection moulding is concerned. But now I can safely assume that you are talking about the tubes which are in-mould labeled. So this is relatively new technology which has come for the tubes. I can sum up by saying that yes it was about a year ago, some brands or some customers did adopt this technology. And now the same customers are moving back to laminated tubes. So obviously we have been looking at this technology



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very clearly, very closely and we believe there are technological challenges which will still be there. Besides that this technology is offering no real advantage in terms of costs, no real advantage in terms of capacity buildup and no real advantage in terms of flexibility. So therefore, for somebody to build the capacities it will take much longer, for somebody to change something then the whole system requires for change and it is giving no economic benefit with the quality under question. So therefore, we have been watching it closely and the proof is in the pudding so the customers who have actually adopted it have gone back to the normal tube which is either plastic tubes or laminated tubes.

Moderator: The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: If I look at all the transitory effects across various geographies, so GST probably was the biggest disruption. Other than that it seems that everything is now falling back in place. So am I right in my assessment here that over the next 2-3 quarters when the volumes start ramping up across different geographies, the building blocks are there in place. Whatever you are moving some equipment from one geography to another, new plants were coming up, new lines were getting added. There were some customer one-off related issues in China. So it seems like everything is kind of sorted out, there some transitory effects which were out of your control, they are still hampering business in some geographies. But other than that everything seems to be going around nicely. Am I right in my assessment, am I missing something?



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Ashok Goel: Yes, Agastya ,by and large you are absolutely right. So all the building blocks are in place but we do have a nasty habit in the Essel Propack that we keep challenging the status quo. So we keep building more foundations yes, first part is right. So far whatever was disclosed have come online and are moving in absolutely the right direction. So that should ensure our continued growth. What we are also doing is we talked about Assam; we are also talking about another opportunity in Far East Asia. The discussions are at fairly advanced stage not really advanced stage. Then we are already expanding our Wada unit which makes plastic tubes in India so that it can house more capacities. Whatever current capacities we have, are fully booked. So obviously it would require space for expansion which we did not have. And we may also have one or two more projects taken up sooner which I don't think is prudent for me to talk right now. So in that sense we will end up creating more from there so that even longer term growth is ensured. So, yes, you're right this is where we are.

Agastya Dave: In that background I asked you questions 18 months back and I will repeat those two questions. What is now the visibility on the two targets which we have been focusing for some time now, one was 50:50 and the other one was 20:20:20. 20:20:20 we achieved, can we surpass that now when the volume start coming in? And what is the assessment of the management now on the target of 50:50, how long will it take?

Ashok Goel: With the 50:50 still there is room to grow because as you may recall that I always said that the 50% of non-oral care target is a moving target which necessarily means that we will not stop



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growing in the oral care. So if we keep growing in oral care I have to grow even more in the non-oral care. And sometimes we are at 41, sometimes we go down to 40, sometimes we go to 42, so I'm okay with that but I think that 50:50 target is still a good challenging target for us to continue to follow. As far as 20:20:20 is concerned, yes EBITDA is already there. On trailing 12 months basis 15.6% and 16.4% ROE and ROCE, so we still need to do some work on that. But yes you can safely assume that after a year, year and half we may have to come up with our new mission statement. So, you are right, we will do that.

- Agastya Dave:** Which I am assuming will be higher.
- Ashok Goel:** Obviously has to be higher.
- Moderator:** The next question is from the line of Vikas Sharda from NT Assets. Please go ahead.
- Vikas Sharda:** One question on the Mystik line which you mentioned that you will be setting up the first line in Europe. I mean in the future would you need that to have a separate line in all the geographies wherever you roll it out and how big is it likely to be in Europe for next year?
- Ashok Goel:** Vikas great question, good technical question rather. So obviously this is not a new line as line, this is the add-on equipment in the existing line apart from a separate piece which will be required as a totally different equipment which will be equivalent to multiple of the tubing machines. I mean one machine will be equivalent to multiple tubing machines. So that's how the technology will be, so we are going to try it out. First, we



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have the prototype, now the commercial equipments are ready and they are being installed. As far as the volumes and overall size of this business, we have been talking 2.5 billion tubes of the organized sector, there must be equal number of unorganized sector also or smaller local brands. We have not factored in those numbers. And of course, developer which is hair-color is always the two-component product and that offers the opportunity for that as well. We haven't done the numbers yet as far as the next year's budget is concerned. That our teams are now beginning to put some numbers together globally and then we will see how much real growth will come only from Mystik for next year. This year in any case we have not built-in any budgetary numbers for Mystik.

Vikas Sharda: Could you quantify what would be the quantum of strategic CAPEX for this year and next, any rough numbers?

Ashok Goel: That again we have to work on Vikas because next year's numbers we haven't put together yet. We haven't actually started on budget activity.

Vikas Sharda: For this year?

Ashok Goel: For this year strategic investment we haven't done anything.

Moderator: The next question is from the line of Ritwik Sheth from Deep Finance. Please go ahead.

Ritwik Sheth: Just one follow up, when will this Assam plant be ready for commercial production?

Ashok Goel: It will be Q2 next year probably.



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- Ritwik Sheth:** So around one year from now?
- Ashok Goel:** Yes.
- Moderator:** We will take the next question from the line of Sagar Karkhanis from Nirmal Bang. Please go ahead.
- Sagar Karkhanis:** Do we supply to Patanjali and if yes how big is that customer for us?
- Ashok Goel:** Yes we do supply to Patanjali and if your obliquely hinted question is that are they growing, yes they are growing. Are we growing with them, yes we are.
- Moderator:** Thank you. That was the last question. Mr. Purohit would you like to add closing remarks?
- Amit Purohit:** Thanks a lot to the management for their time and giving us the opportunity. Thank you Sir.
- Ashok Goel:** Thank you everyone, thank you Amit and Emkay everyone. We really appreciate your time. Have a great evening.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services that concludes this conference call. Thank you for joining us and you may now disconnect your lines.