

ESSEL PROPACK LIMITED

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Q1 FY15 EARNINGS UPDATE

Consolidated Financial Highlights for the quarter ended 30th June, 2014

(in ₹ million)

Particulars	Q1FY15	Q1FY14	% change	FY14
Total Income from operations	5487	4800	14.3%	21267
EBIT	556	521	6.7%	2288
EBIT Margin (%)	10.2%	10.9%		10.9%
PAT	264	235	12.3%	1078
EPS (in ₹)	1.68	1.50		6.87

Consolidated Performance Highlights:

- Non oral care sales grew strongly by 16.6% over the previous year. Unforeseen offtake issues towards the end of quarter at the large oral care customers in China, and capacity bottlenecks in India, depressed the growth in the oral care. Overall non-oral care value share of sales for the quarter was 42.2%, higher by 2.1 pp over previous year.
- Working capital productivity continues to be a key thrust area; Net working capital reduced by ₹ 380 Million on underlying basis over the quarter.
- Consolidated net debt in constant terms was lower by ₹ 256 Million over previous year. Further helped by interest rate reduction of 33bps, the finance cost for the quarter is 7.2% lower than the previous year.

Consolidated Category-wise break up for the quarter ended 30th June, 2014

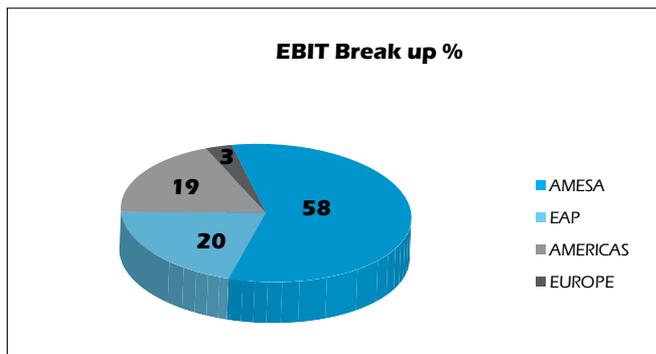
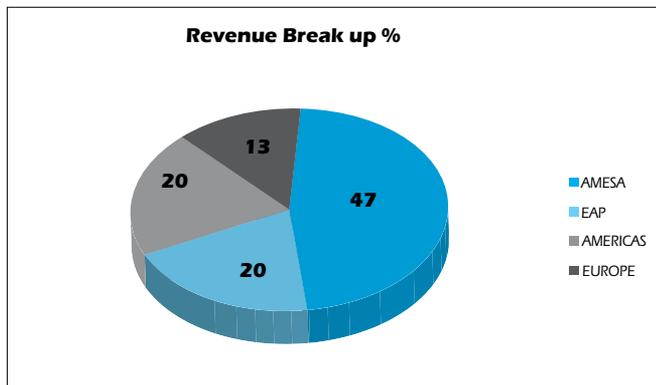
(in %)

Particulars	Q1FY15	Q1FY14	% change	FY14
Total Income from operations				
Oral Care	57.8%	59.9%	-2.1%	60.9%
Non Oral Care	42.2%	40.1%	+2.1%	39.1%

India Standalone Performance Highlights:

- India Standalone continued the strong momentum with revenue growing by 19.1% to ₹ 1871 Million, as against ₹ 1570 Million in the corresponding quarter of the previous year and operating profit grew by 21.9% over previous year. The Net Profit of ₹ 145 Million grew by 10.2% over previous year, in view of lower other income.
- Non oral care sales share increased to 53.0% during the quarter against 52.2% in the previous year.

Region wise Revenue & EBIT Break-up:



Region wise Financial Highlights:

AMESA

(in ₹ million)

Particulars	Q1 FY15	Q1 FY14	% change	FY14
Revenue	2683	2290	17.2%	9807
EBIT	326	291	11.9%	1292
EBIT Margin (%)	12.2%	12.7%		13.2%

- The Region's performance is impacted by Flexible packaging business. Tubes/laminates revenue alone continue to grow strongly by 18.4% helped by
 - o robust sales in the non-oral care category in India,
 - o ramp up of the newly commissioned COCO project for oral care in India.
 - o New customer development for plastic tubes at Wada leveraging the new line added during the last year.
 - o The newly commissioned laminator being fully stabilized and supporting third party supplies both in the local and export markets.
 - o Strong double digit growth in Egypt
- EBIT for the tubes/laminates alone grew by 21.9% over the previous year, the operating margin improving to 15.2% against 14.7% previous year.
- Both India and Egypt are in the process of increasing capacity in the wake of sustained demand growth.

- The India units continued to win accolades for innovation in non-oral care product development and commercialization.

EAP

(in ₹ million)

Particulars	Q1 FY15	Q1 FY14	% change	FY14
Revenue	1147	1067	7.5%	4983
EBIT	117	171	-31.9%	808
EBIDTA Margin (%)	10.2%	16.0%		16.2%

- Non oral care thrust is on plan, recording revenue growth of 68%, albeit on a smaller base.
- Unforeseen reduction in offtake at large customers in China towards the end of quarter depressed the Oral care sales in the region and lowered operating margin and profit.
- Continued growth in the non-oral care through the year is expected to get the unit back to top-line and bottom line growth by end of the year.
- The installation of new facility for non-oral care in the South East China is progressing as per plan.
- The region is investing to further improve supply chain capability and reduce supply chain costs through advanced IT systems.
- As new customer acquisition gains momentum, the region will have more diversified portfolio and sustained growth.

AMERICAS

(in ₹ million)

Particulars	Q1 FY15	Q1 FY14	% change	FY14
Revenue	1171	1159	1.0%	4569
EBIT	107	100	6.4%	318
EBIT Margin (%)	9.1%	8.7%		7.0%

- Americas Operating profit improved by 6.4% over the previous year helped by reduction in operating cost over previous year across all units.
- The US unit is actively developing opportunities in the non-oral care. It had partnered with a multi-national customer for the global launch of their prestigious FMCG brand, with the company's patented "Egnite" tube. Commercial supplies have already commenced. The plastic tubes operations continue to be tightly managed
- Mexico Unit performance has improved over last year on account of operational efficiencies and ongoing ramp up of new contracts.
- Colombia unit is in the process of increasing capacity to meet growth opportunities in the local and Andean markets.

(in ₹ million)

Particulars	Q1FY15	Q1FY14	% change	FY14
Revenue	779	648	20.3%	3108
EBIT	16	-27	157.7%	-88
EBIT Margin (%)	2.0%	-4.2%		-2.8%

- Europe revenue grew 20% over the previous year helped by ramping up of the new oral care contract in Poland, and strong performance by Germany, leading to Operating profit expansion by 158%.

- New opportunities in non-oral care are being commercialized in the German and Polish units, involving conversion to laminated tubes.
- Russia unit is faced with customer attrition due to new competition – the focus is to manage costs and maintain prices while developing a new anchor customer.

Overall:

1st Quarter (JQ) is generally a subdued period due to seasonalities involved. SQ and DQ normally sees heightened demand on a consolidated basis.

The business is poised to deliver on the strategy. Underlying growth and performance is assuring across units except for the specified issues in China and Flexible packaging business. These are being suitably addressed.

Valuation Comparison with Global Peers

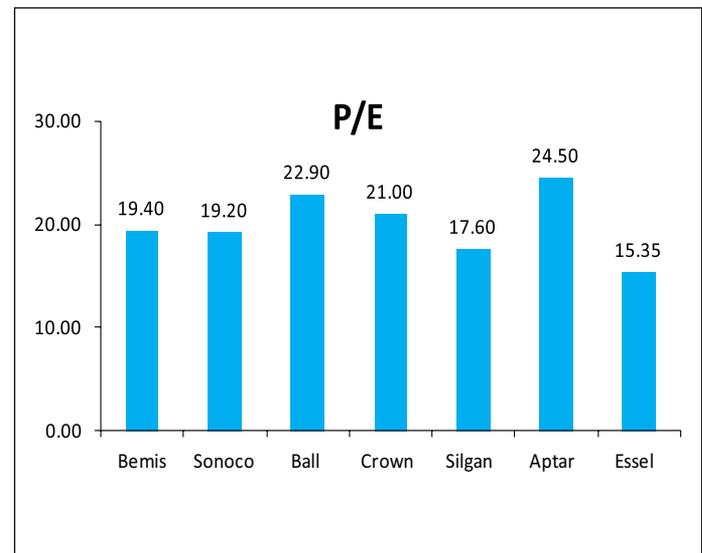
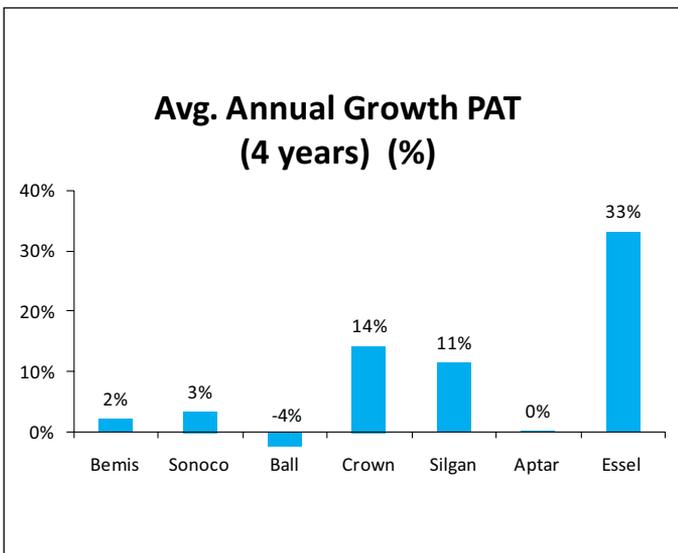
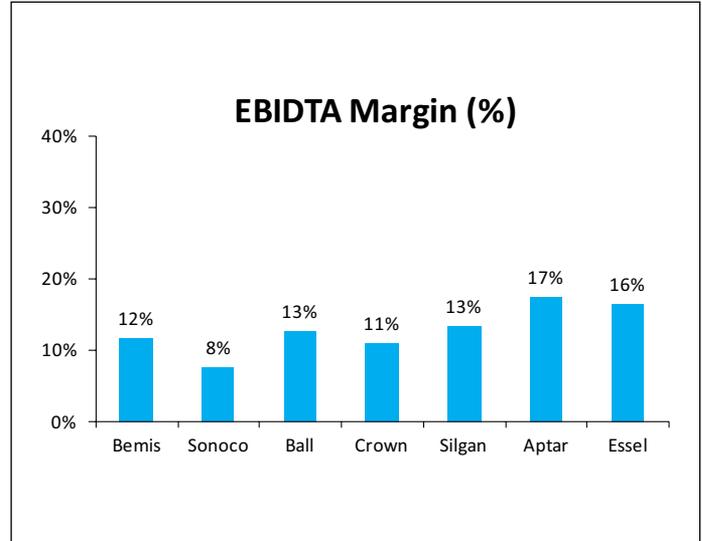
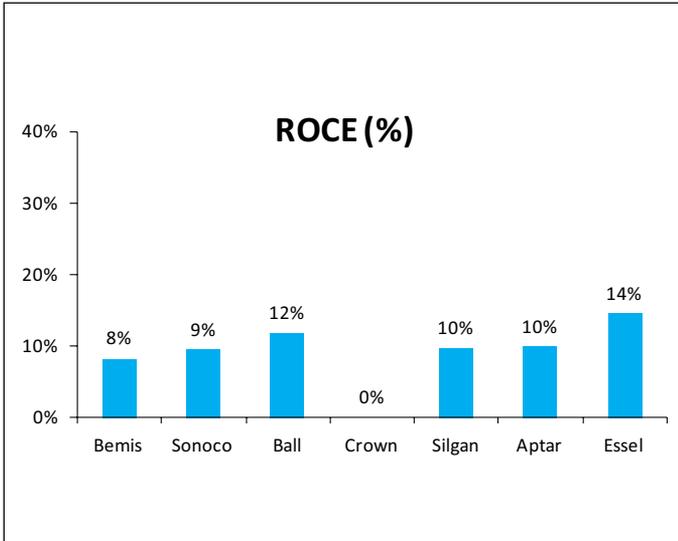
	Company Name	Business Description	Performance Indicators				Value Indicators			
			ROE	EBIDTA Margin (LTM)	ROCE	Avg. Annual Growth PAT (Last 4 years)	P/E (LTM)	P/BV (LTM)	EV/EBITDA	Share Price (\$)*
1	Bemis	Manufacturer of flexible packaging materials and pressure sensitive label materials throughout USA, Canada, South America, Europe, and Asia.	12.80%	11.50%	8.30%	2.16%	19.40	2.39	10.63	39.78
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%	50.70	4.74	15.40	32.45
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%	7.50%	9.40%	3.35%	19.20	2.41	16.58	40.72
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%	22.90	8.18	13.70	63.36
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%	21.00	2500.00	14.13	48.49
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%	17.60	4.49	11.32	51.23
7	Aptar Group, 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%	24.50	2.74	10.47	63.50
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.	16.51%	16.37%	14.49%	33.16%	15.35	2.32	4.33	108.52 (INR)

Source: www.in.advfn.com & Company filings (28th July 2014) for competitor companies

* Share Prices as on 28th July 2014

LTM- Latest Calendar Year for Peers and Last Twelve Months published numbers for EPL

NA - Not Applicable



Esstel leads the pack in Avg. Annual PAT growth and ROCE

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

For more details - see table (page 5)

About Esstel Propack Ltd:

Esstel Propack, part of the USD 2.4 billion Esstel 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, Esstel Propack functions through 24 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, Esstel 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 FMCG and Pharma brands that include cosmetics, personal care, pharmaceutical, food and oral care, 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.

INDIA STANDALONE
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2014

(₹ in Lacs)

Particulars	Quarter ended			Year ended
	30-Jun 2014	31-Mar 2014	30-Jun 2013	31-Mar 2014
	Un Audited	Audited	Un Audited	Audited
PART I				
1 Income from operations				
a. Net Sales / Income from operations (net of excise duty)	18176	16551	15197	64514
b. Other operating income	534	516	507	2089
Total income from operations (net)	18710	17067	15704	66603
2 Expenses:				
a. Cost of materials consumed	9498	9127	7742	33676
b. Changes in inventories of finished goods and work in progress	117	(253)	(223)	(692)
c. Employee benefits expense	1521	1279	1475	5706
d. Depreciation and amortisation expense	1115	1049	928	3664
e. Other expenses	3889	3965	3674	14934
Total expenses	16140	15167	13596	57288
3 Profit from operations before other income, finance costs and exceptional items (1-2)	2570	1900	2108	9315
4 Other income	519	539	687	2353
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	3089	2439	2795	11668
6 Gain/(Loss) on foreign exchange difference (net)	(65)	56	261	268
7 Finance costs	968	1101	1202	4501
8 Profit after finance cost but before exceptional items (5+6-7)	2056	1394	1854	7435
9 Exceptional Items (Refer note 6)	0	206	0	129
10 Profit before Tax for the period (8+9)	2056	1600	1854	7564
11 Tax expense (current tax, deferred tax, mat credit entitlement, excess provisions etc.)	602	388	535	2115
12 Net Profit after tax for the period (10-11)	1454	1212	1319	5449
13 Paid-up equity share capital (Face Value ₹ 2/- each)	3141	3141	3141	3141
14 Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				69971
15 Earnings Per Share (EPS)				
Basic and Diluted Earnings Per Share (not annualised)	0.93	0.77	0.84	3.47
PART II				
A PARTICULARS OF SHARE HOLDINGS				
1 Public shareholding				
- Number of Shares (Lacs)	610.73	645.12	645.12	645.12
- Percentage of Shareholding	38.88%	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
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	2.08%	2.16%	2.16%	2.16%
- Percentage of shares (as a % of the total Share Capital of the Company)	1.27%	1.28%	1.28%	1.28%
b. Non-encumbered				
- Number of Shares (Lacs)	940.28	905.89	905.89	905.89
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	97.92%	97.84%	97.84%	97.84%
- Percentage of shares (as a % of the total Share Capital of the Company)	59.85%	57.66%	57.66%	57.66%
B INVESTOR COMPLAINTS				
Pending at the beginning of the quarter	0			
Received during the quarter	0			
Disposed of during the quarter	0			
Remaining unresolved at 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 July 2014. 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 Board of Directors of the Company at its meeting held on 25 June 2014 has approved the Scheme of Amalgamation of EP Lamitubes Limited (wholly owned subsidiary of the Company) with the Company. No shares are proposed to be issued pursuant to the said amalgamation since EP Lamitubes Limited is a wholly owned subsidiary of the Company. The aforesaid Scheme of Amalgamation is subject to requisite approvals of statutory / regulatory authorities.
- The useful life of fixed assets have been revised in accordance with the Schedule II to the Companies Act 2013, which is applicable from accounting periods commencing on or after 1 April 2014. Consequently, an amount of ₹ 319 lacs (net of tax of ₹ 164 lacs) representing assets beyond their useful life as of 1 April 2014 has been charged to retained earnings and in respect of the remaining assets, the effect on depreciation for the current quarter is not material.
- Exceptional items for the quarter ended 31 March 2014 is gain of ₹ 206 lacs on sale of investment to its step down subsidiary.
- The Company has realised entire overdue interest of ₹ 2579 lacs from a Company covered in the register maintained u/s 301 of the Companies Act, 1956.
- Figures for the quarter ended 31 March 2014 are the balancing figures between the audited figures in respect of full financial year and the published year to date figures upto third quarter of relevant financial year.
- Figures of the previous period have been regrouped / reclassified/ rearranged wherever considered necessary.

Place : Mumbai
Date : 30 July 2014

For EsseL Propack Limited
Ashok Goel
Vice Chairman and Managing Director

GLOBAL OPERATIONS

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR QUARTER ENDED 30 JUNE 2014

(₹ in Lacs)

Particulars	Quarter ended			Year ended
	30-Jun 2014	31-Mar 2014	30-Jun 2013	31-Mar 2014
	Unaudited	Audited	Unaudited	Audited
1 Income from operations				
a. Net Sales / Income from Operations (Net of Excise Duty)	54412	57428	47590	210440
b. Other Operating Income	457	950	411	2223
Total Income from operations (net)	54869	58378	48001	212663
2 Expenses				
a. Cost of materials consumed	25034	36730	22153	104266
b. Changes in inventories of finished goods, and goods-in-process	2177	(7231)	771	(312)
c. Employee benefits expense	8770	8438	7809	33605
d. Depreciation and amortisation expense	3302	3164	3158	12576
e. Other expenses	10029	11562	8904	39653
Total expenses	49312	52663	42795	189788
3 Profit from Operations before other income, finance costs and exceptional items (1-2)	5557	5715	5206	22875
4 Other income	523	721	507	2238
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	6080	6436	5713	25113
6 Gain/(Loss) on Foreign Exchange Fluctuations (Net)	(107)	52	61	(39)
7 Finance costs	1933	2030	2082	8137
8 Profit from ordinary activities after finance costs but before exceptional items (5+6-7)	4040	4458	3692	16937
9 Exceptional (income) / expense	-	-	-	77
10 Profit from ordinary activities before tax (8-9)	4040	4458	3692	16860
11 Tax expense (Current tax, Deferred tax, MAT credit entitlement, excess provisions)	1288	1589	1278	5691
12 Net Profit from ordinary activities after tax (10-11)	2752	2869	2414	11169
13 Extraordinary Item	-	-	-	-
14 Net Profit after tax before minority interest and share of profit / (loss) of associate (12-13)	2752	2869	2414	11169
15 Add : Share of Profit of associates	(12)	(18)	36	0
16 Less : Minority interest	(103)	(117)	(101)	(386)
17 Net Profit for the period (14+15+16)	2637	2734	2349	10783
18 Paid-up Equity Share Capital (Face Value ₹ 2/-each)	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)	1.68	1.74	1.50	6.87

NOTES:

1. 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 July 2014.
2. The useful life of fixed assets have been revised in accordance with the Schedule II to the Companies Act 2013, which is applicable from accounting periods commencing on or after 1 April 2014. Consequently, an amount of ₹ 429 lacs (net of tax) representing assets beyond their useful life as of 1 April 2014 has been charged to retained earnings and in respect of the remaining assets, the effect on depreciation for the current quarter is not material.
3. Figures for the quarter ended 31 March 2014 are the balancing figures between the audited figures in respect of full financial year and the published year to date figures upto third quarter of relevant financial year.
4. 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.

Consolidated Segment Information	Quarter ended			Year ended
	30-Jun 2014	31-Mar 2014	30-Jun 2013	31-Mar 2014
	Unaudited	Audited (Refer Note 3)	Unaudited	Audited
Segment Revenue				
A AMESA	26830	26508	22899	98067
B EAP	11471	12734	10672	49836
C AMERICAS	11707	12186	11590	45686
D EUROPE	7788	9636	6475	31078
E Unallocated	15	14	8	42
Inter Segmental elimination	(2942)	(2700)	(3643)	(12046)
Net Sales / Income from operations	54869	58378	48001	212663
Segment Result				
Profit / (Loss) before other income, finance costs and exceptional items from each segment				
A AMESA	3261	3373	2914	12923
B EAP	1165	1759	1712	8079
C AMERICAS	1068	998	1004	3180
D EUROPE	157	(378)	(272)	(879)
E Unallocated	(94)	(39)	(152)	(413)
Inter Segmental elimination	-	2	-	(15)
Total	5557	5715	5206	22875
Add: Other income	523	721	507	2238
Add: Gain/(Loss) on Foreign Exchange Fluctuations (Net)	(107)	52	61	(39)
Segment Result	5973	6488	5774	25074
Less: Financial costs	1933	2030	2082	8137
Less: Exceptional (income) / expense	-	-	-	77
Profit from ordinary activities before tax	4040	4458	3692	16860
Capital Employed				
(Segment Assets - Segment Liabilities)				
A AMESA	61396	59595	60803	59595
B EAP	40462	39417	35010	39417
C AMERICAS	23460	22836	21641	22836
D EUROPE	27032	27029	17402	27029
E Unallocated	(76937)	(76362)	(35049)	(76362)
Inter Segmental elimination	(2047)	(1930)	(2992)	(1930)
Total	73366	70585	96815	70585

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

For Essel Propack Limited

Place : Mumbai
Date : 30 July 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,
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Off Andheri - Kurla Road, Sakinaka, Mumbai – 400 072.
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E-mail: sharepro@shareproservices.com
Company designated email id: investor.grievance@ep.esselgroup.com

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