



Investors Meet

Third Quarter 2009 Result

29th October 2009



October 29, 2009

Safe Harbor

Certain statements in this presentation concerning our future growth prospects are forward-looking statements. The Company cautions that, by their nature, forward-looking statements involve 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 fluctuations in earnings, our ability to manage growth, intense competition in packaging industry including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, industry segment concentration, our ability to manage our operations, reduced demand for packaging products in our key focus areas, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Esse Propack has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

Results Review

September Quarter 2009 (SQ' 09)

Quarter Highlights- Consolidated

- **Significant improvement over last year, building on the turnaround achieved during Q2' 09**
 - Quarter Profit Rs 940 lacs as against Loss Rs 2140 lacs last year
 - EBITDA margin up by 11.3%
- **Strong improvement in performance over the previous quarter**
 - Revenue +5.2%
 - EBITDA +6.4%
 - Profit +79%

Quarter Highlights- India

- **Significant improvement over last year**
 - Quarter Profit Rs 1,090 Lacs grows 117% over last year
 - EBITDA margin up by 2.4 pp
- **Strong improvement in performance over the previous quarter**
 - Revenue +9.8%
 - Profit +15.8%

The Turnaround Story

- **A Plan implemented with Focus, Speed, Courage and Conviction, in order to**
 - Arrest Operating losses in European units
 - Ramp up volumes at other units
 - Drive USD 5 mn. Operating Cost saving programme
 - Recover Gross margins impacted by polymer price increases
 - Address Balance Sheet leverage

Poland Unit

- Plant and processes de-bottlenecked to improve customer servicing, material & operating efficiencies and reduce costs
- Unit leadership team changed and challenged
- Manpower and operations restructured to lower the Break even volume by 20%
- New customer development pursued aggressively to offset loss of some of existing customer accounts
- Unit recapitalized to sustain operations and build base for growth

The unit losses reduced by 40%, and closer to cash break-even

Europe Laminated Tubes

UK

- The unit was downsized reducing operating costs
- New customer development pursued aggressively to improve utilization
- Exit low margin customers

Russia

- Operating costs was optimized
- Unit leadership team changed and challenged
- New customer acquired
- Improve plant utilization by 100% over last year
- Currently EBITDA breakeven

Ramping up Volume

- **New customer development drives capacity utilization in**
 - Plastic tube unit
 - US
 - Specialty packaging unit
 - Uttarakhand
 - Lamitube units
 - Mexico
 - Columbia
 - India

Gross Margin

- **Gross margin gains 7.9 pp to 56.7%, driven by**
 - Improved material efficiencies
 - Improved product mix
 - Global buying efficiencies
 - Stabilization of polymer prices

Cost Saving Programme

- **A saving of USD 7.8 million achieved across the packaging business against the target USD 5 million, thru several measures such as**
 - Operation downsizing
 - Productivity bench-marking
 - Austerity drive across the company
- **Operating cost for the quarter lower by 300 basis point of sales**

Leverage

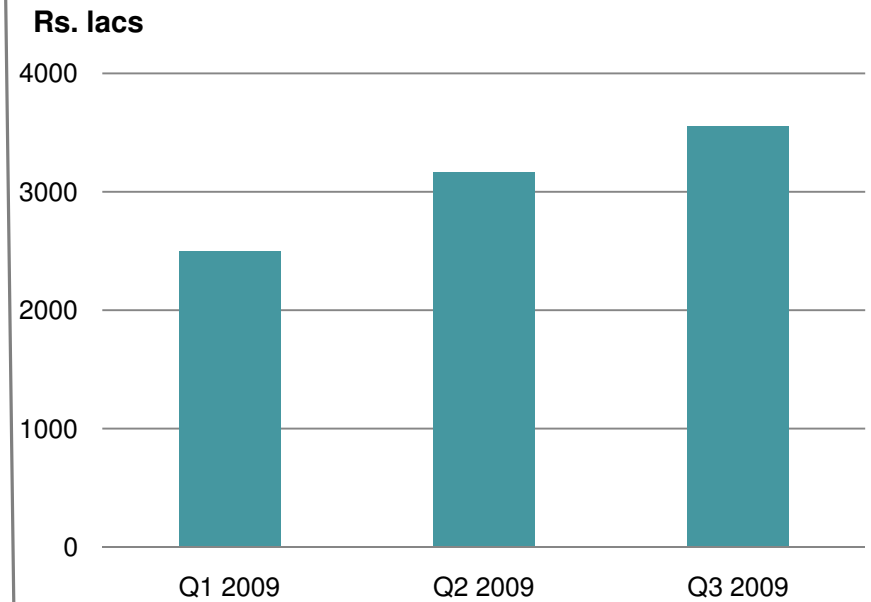
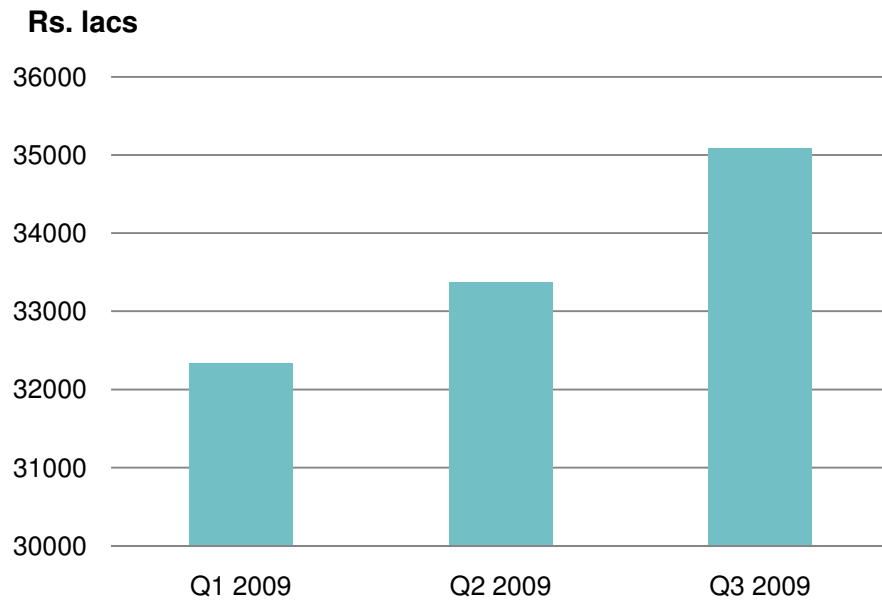
- **Need for further debt obviated, by conserving cash**
 - Capex spend frozen at USD 5 mn (against usual USD 20-25 mn)
 - Reduction in inventory levels by USD 5 mn
- **Debt profile reconstituted**
 - Fresh term debt infused, and short term debt paid off to strengthen balance sheet
 - Effective interest rate reduced by 100 bps
- **Sale of non-core business being pursued**

Q3-09 Financial Highlights: Consolidated

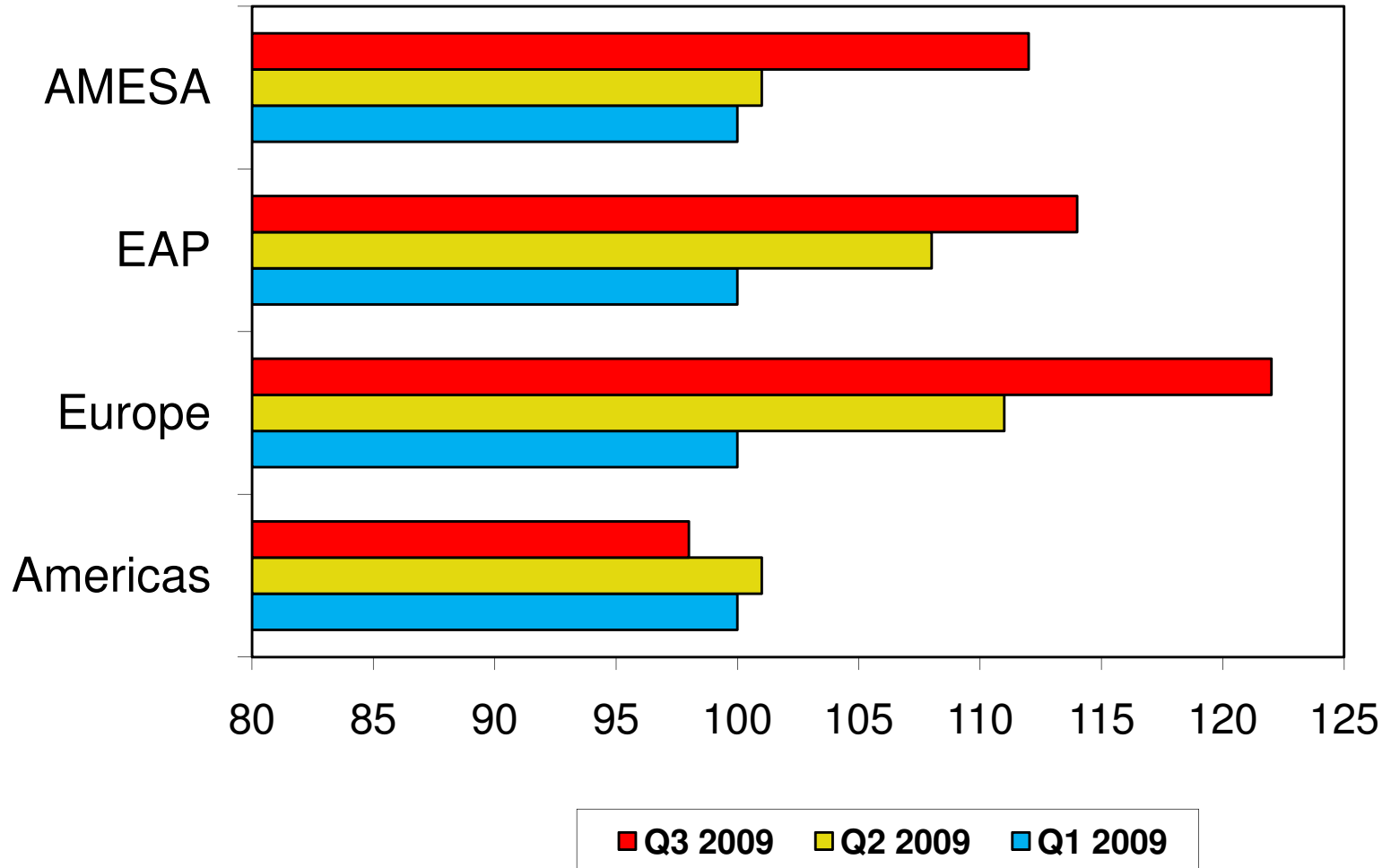
Rs. In Lacs

Q2-09	<u>Particulars</u>	<u>Q3-09</u>	Q3-08
33369	Sales	35089	33652
5973	EBITDA	6353	2275
17.9%	EBITDA % to Sales	18.1%	6.8%
524	PAT	938	(2137)

Revenue & EBIT

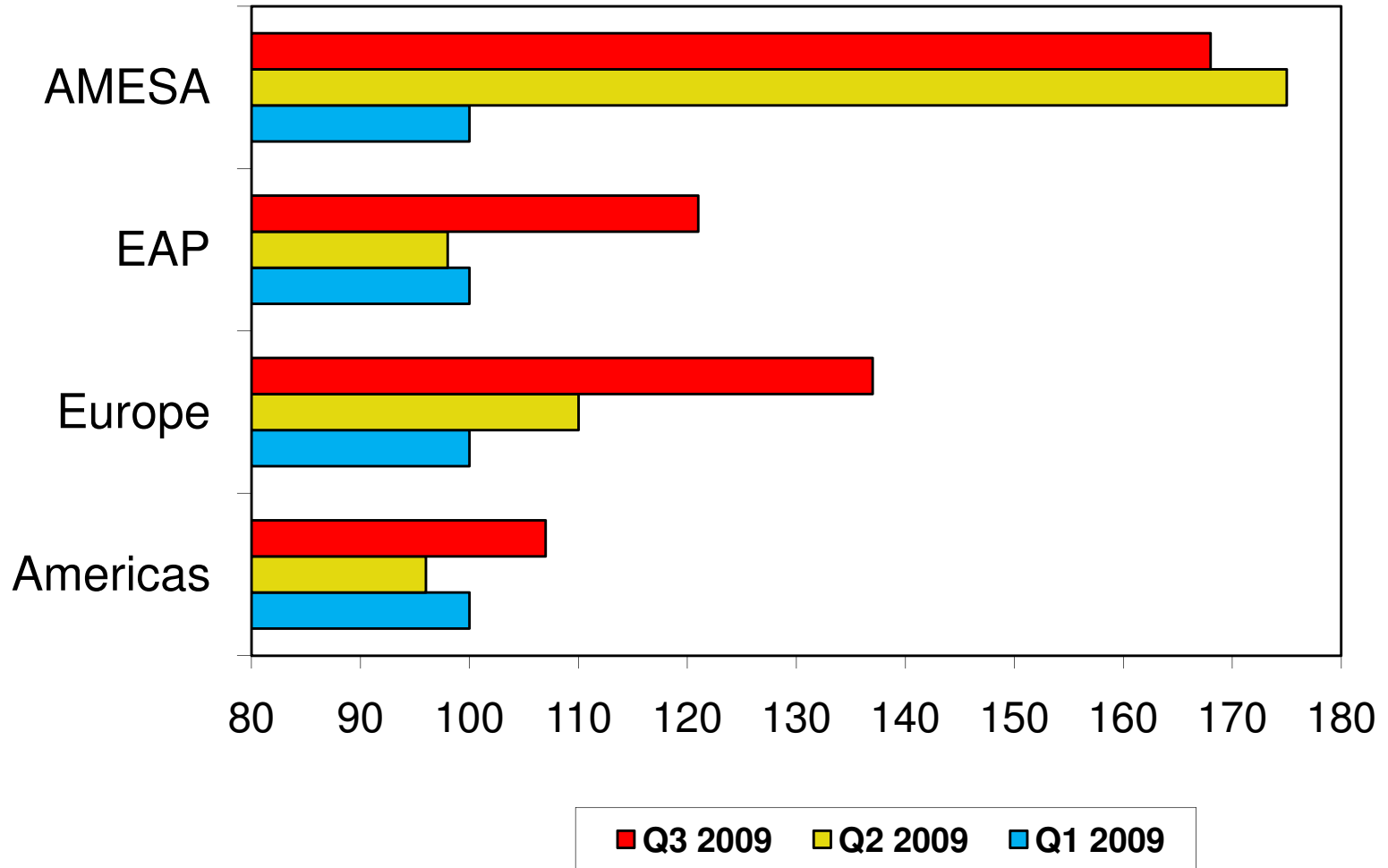


Region Wise - Revenue



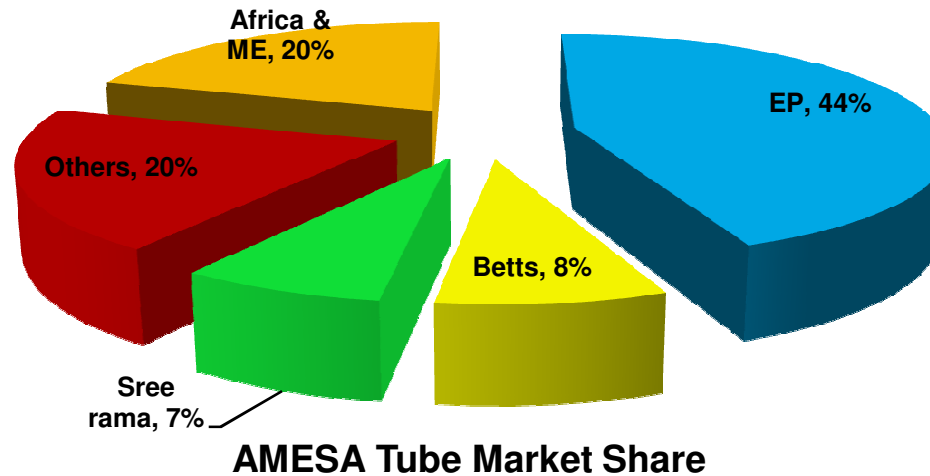
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Region Wise - EBIT



Business Performance

AMESA- Business Review



Company Estimates

Market

5 billion tubes
Fragmented competition

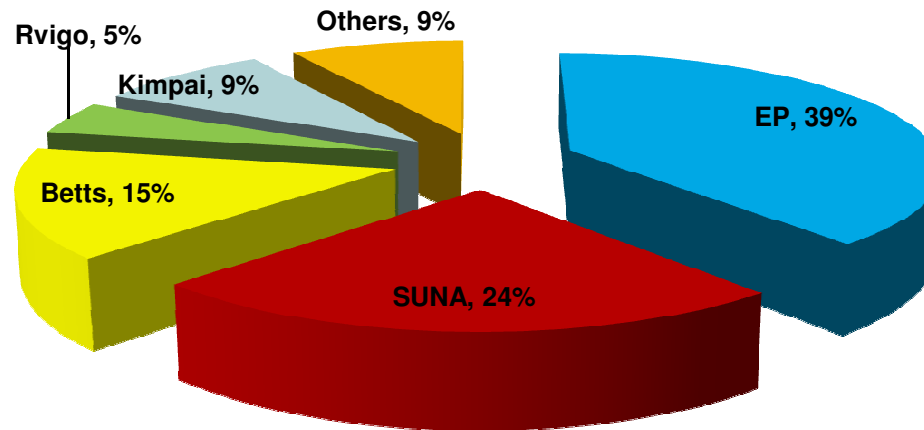
Strategy

Renewal of major contracts with long term security
Improved market share with existing customer with new innovative products
Increase in customer base primarily Pharma
Grow & gain share in plastic tubes
Reduction of operating cost

AMESA

Rs in lacs	Q3 2009	Q3 2008
Revenue	14160	13529
EBIT	2707	1368

- Focus on cosmetic & Pharma segment- Higher margin
- Higher operational control on cost & material
- Strong volume growth in mini tube markets specifically in pharma



EAP Tube Market Share

Company Estimates

Market

3.8 billion tubes

Market consolidation in process

Strategy

Renewal and winning of major contracts, period ranging from 2- 10 years

Proximity to North China & Korean customers: New factory in North China operational

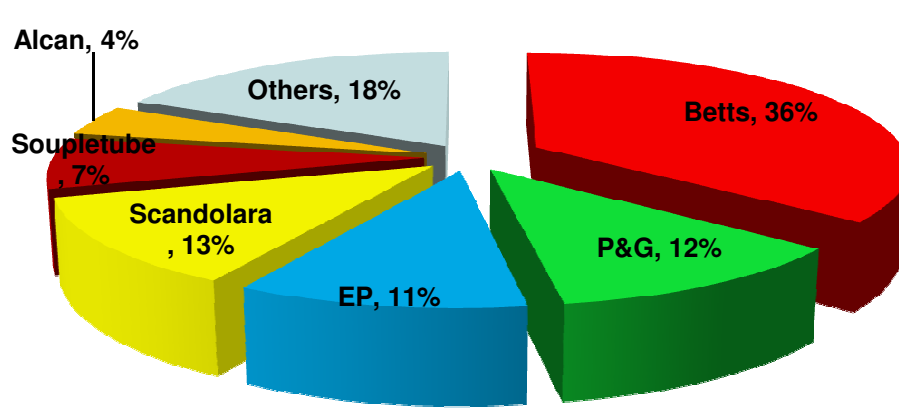
Increase in customer base primarily Pharma & Cosmetic : Conversion into Laminated tubes

Reduction of operating cost

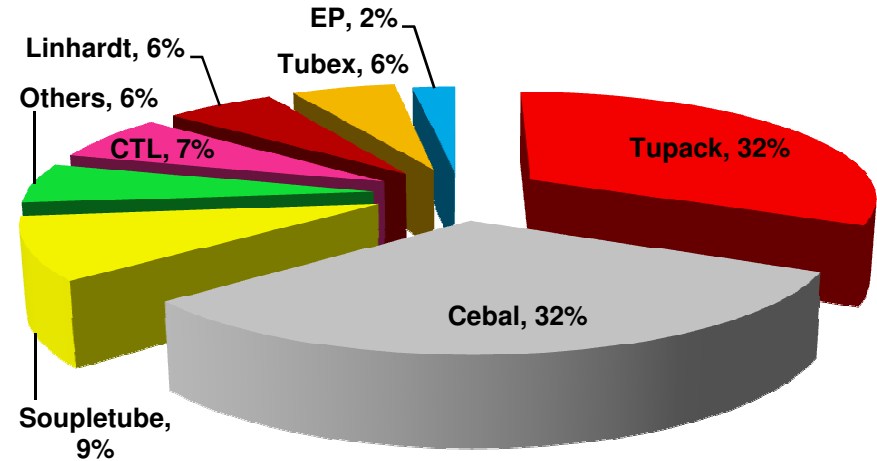
EAP

Rs in lacs	Q3 2009	Q3 2008
Revenue	11893	10206
EBIT	2391	1932

- New customer added with increased Revenue & margin
- Tighter control on operational cost and material consumption
- Improved export revenues



Europe Laminated Tube Market Share



Europe Plastic Tube Market Share

Company Estimates

Market

3 billion tubes
 Customer moving filling to Eastern Europe
 Impact of meltdown: decline of tubes vol.
 Reduction of pack size

Strategy

Increase in customer base
 Focus on big customer in dentifrice market
 Reduction of operating cost
 Sourcing smaller dia from other continent

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Market

2.7 billion tubes
 Impact of meltdown: decline of tubes vol.
 Reduction of pack size

Strategy

Increase in customer base
 Reduction of operating cost

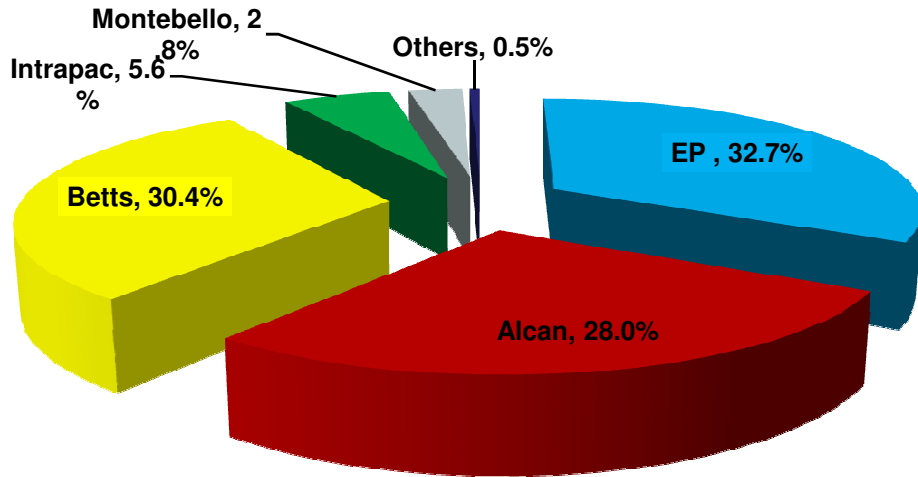
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EUROPE

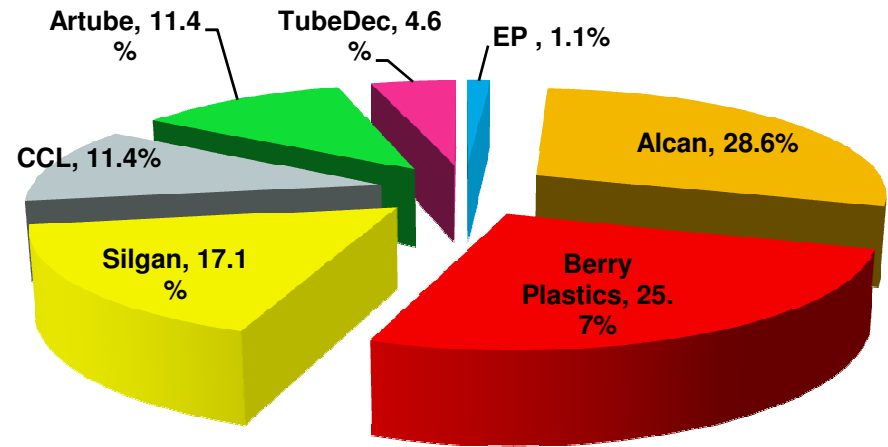
Rs in lacs	Q3 2009	Q3 2008
Revenue	2991	3019
EBIT	(827)	(3484)

- The sales portfolio has been rejigged and loss making business have been dropped and new customers have been added
- The operations both in Russia & UK are at close breakeven levels
- There has been substantial reduction in operating costs by rationalizing manpower and operating cost
- The Poland operations has been recapitalized in Q3 2009
- The operations have been on the upswing in Sept 09 and will be scaled up to exit 2009 at break even level

Americas- Business Review



US Laminated Tube Market Share



US Plastic Tube Market Share

Company Estimates

Market

2.2 billion tubes
 Impact of meltdown: decline of tubes vol.
 Reduction of pack size

Strategy

Increase customer base
 Increase offerings to cosmetic and hair segment
 Reduction of operating costs
 Improve supply chain effectiveness & step up customer services
 Use the lower cost operation in Mexico: To flank the US markets

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Market

1.8 billion tubes
 Impact of meltdown: decline of tubes vol.
 Reduction of pack size
 No new capital investment

Strategy

Increase customer base
 Increase offerings : Higher dia & smaller dia tubes & new printing technology introduced
 Reduction of operating costs
 Investment in warehouse management system:
 Reduction of inventory & speed to market

Americas

Rs in lacs	Q3 2009	Q3 2008
Revenue	6045	6898
EBIT	484	106

- Strengthen supply chain process to gain more business from existing customers in lamitube
- Strong performance in Mexico at both Revenue and EBITDA level
- US plastic tube business has increased volumes and lower losses compared to last year

- **Overview**

- **Fourth largest player in specialty packaging business**
- **Diversified blue chip customer base – Food & FMCG**
- **State-of-the-art technology, unmatched product development expertise**

- **Strategy**

- **Leverage global footprint: export to Africa, Europe & Middle East**
- **Build on Plastics Processing competency**
- **Retail boom in the Foods industry to generate demand for convenience packaging**
- **Indian Pharma going up the value chain – bulk to generic to formulations**
- **Capitalize on opportunity for India as an outsourcing hub**

To Sum Up

- **Operations are firmly back on track**
- **Balance Sheet to emerge stronger with the conclusion of non core business sale**
- **Company has emerged leaner and stronger thru last years adversity**
- **EP, an intrinsically strong business model well regarded by global customers**
- **New opportunities emerging in the post Global Financial Meltdown Era**
- **EP is on move seizing opportunities for Longer term growth**



Thank You