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Ladies and gentlemen, good day, and welcome to the Essel Propack Q2 FY '19 Results Conference Call hosted by Emkay Global Financial Services. We have with us today from the management, Mr. Ashok Goel, Chairman and Managing Director; Mr. M. Ramasamy, Chief Operating Officer; Mr. Vinay Mokashi, Chief Financial Officer; Mr. Amit Jain, Head, Treasury; Mr. Mr. Deepak Ganjoo, Regional Vice President, AMESA; and Mr. Ashok Vashisht, Finance Controller, AMESA region. (Operator Instructions) Please note that this conference is being recorded.

I now hand the conference over to Mr. Varshit Shah from Emkay Global Financial Services. Thank you, and over to you.

Varshit Shah, Emkay Global Financial Services Ltd., Research Division - Research Analyst [2]

Thank you, Mosit. Good afternoon, everyone. I would like to welcome Mr. Ashok Goel and his entire management team and thank them for giving us the opportunity to host the call. I will now hand over the call to the management for their opening remarks. Over to you, sir.

Thank you, Varshit, and, Emkay, for hosting this call. Ladies and gentlemen, good afternoon. Welcome to Essel Propack's second quarter investors call. I'm sure all of you have already received the info pack that has been sent today. So therefore, I believe that all of you have had the chance to go through them.

The -- specifically, if I were to talk on these numbers for September quarter, India's story on pharma was known, we had spoken in detail about it last quarter. Last quarter, we also talked about the transport strike that was ensuing at that time in India. And we also talked about Assam ramp-up, the cost of Assam which has been there this quarter. And now the ramp-up benefit that we expect to happen. And the new laminator which was -- which is now under commissioning. And we hope by 15th of November that new laminator will be commissioned in India, thereby more than doubling our capacities for laminates. That should also help to sell more laminate, apart from consumption for the increased volume for tubes.

India number has been -- seen negative growth. This, coupled with one specific customer we alluded to even last time, has not yet come back in terms of their demand. Our wallet share hasn't changed. So that has been the main, if I were to report based on exception, then this India was exception.

Going forward, as I see the numbers spanning out for India, and therefore, I can say that India, on an annualized basis for this year, shall grow at about 12% in revenue terms. So it will more than compensate the loss of the first half of this year.

Now that is -- I would limit my comment to the numbers only to this extent. Then of course, I'll be later very happy -- we will all be very happy to answer the questions that you may have.

Last time in the call, we also talked about the new challenges that were there in the market, the volatile world. We talked about e-commerce, we talked about, therefore, forecast becoming more and more volatile, therefore us having to respond to customers and, therefore, we needed to identify the bottleneck processes in our system. And to answer those, we were to identify improved process and also newer technologies. And we -- I also mentioned that we were in the process of developing certain technologies, and some technologies were identified. We also talked about 0 defect and how will that help. And we also talked about availability of human resource in certain geographies, et cetera, et cetera.

So in a nutshell, what we talked about last time was the new set of learnings and new business dynamics that are there, and more so when we embark upon the journey of Non Oral Care growth. So these learnings become even more, shall I say, stark or more pronounced.

And in that line, I'm happy to say that we have taken certain steps. We have moved ahead. We have moved ahead on 2 fundamental points. One is how do we improve on our engagement with the customers, and therefore, we strengthened our business development teams. We have also strengthened our new product development teams. That is on the human resource side.

And then on the technology side, we have worked upon a lot of -- we identified major -- main bottlenecks process that we have. I can't mention that for the competitive reason -- reasons for in this call, and a lot of work has been done in that direction.

Some examples I can give is that for quick turnaround of the business, all the orders, all the change in SKU. There are a lot of process that we do rather than going too much in technicality. But there is a lot that happened in the artwork that comes from the customer than what we had to do. So we had invested in a unified system across the world, that is called artwork processing systems that is now finally U.S. is now being deployed, right? So a lot of regions have been deployed. U.S. is being deployed right now.

And also, 0 defect things, we are now starting to commercially order them. And so a lot of work has gone in and all this has result -- what has actually -- what it -- all of it has actually done is that we have ever stronger business development pipeline. And that gives us even more confidence that our growth for the coming period, specifically for the second half of this year, and also continued in the next financial year, that the stronger pipeline that we see gives us a good amount of confidence. And therefore, we are doing everything that we can to make ourselves ready to deliver those -- those numbers that -- all the business growth that is going to come.

Now sometimes I got the feedback from yourselves when we meet off-line one to one, that it looks like the business has got complex and becoming more and more complex. So to some extent, I agree with that comment. And that made me, actually, honestly, I've been thinking about it, so we have this every 4-month global leadership meet, where we all meet personally at one location. So we have had a lot of discussions around how can we simplify our business. If we cannot simplify the business in terms of front end that means in terms of engaging with the customers, then the rest of the things that we do how can we systematically identify things and processes whereby we can simply try or we can basically we talked about last time, simplify our life for all of us working in the company globally.

So we have also identified some of the things, I'm not saying we have identified everything at this stage, but we have identified certain things. Some things are being done to our IT technology, software intervention. Some are being done in the sense of simplifying some of its processes.

Now let me give you one example, so that I can be more clear what do I mean by that. And again, this is not very technical. So probably it will be easier for you people to understand.

Let's take an example that we have so many inks that we have to cater to various requirements, various print requirements of the business. What we typically have been doing was that every time a new color of ink came, we were identifying the Pantone. Pantone is the shade card, sometimes those were printed in their houses. I would've looked at some shade cards. So those are the kind of shade cards.

And then we have to order that ink, custom order that ink from the ink supplier. Now imagine the amount of churn that happens, particularly in Non Oral Care, more and more colors coming in and, therefore, more and more ink SKUs we were to keep and specifically order. And some inks that are not available to our guys who were mixing certain inks to get the exact right color of the ink, so that they can produce the tubes.

Now what we had started to do is in partnership with the ink suppliers. So in other words, what I'm also saying is that we have not invested money in this, but yet we have this on the guarantee that we will buy certain volumes from those ink suppliers, and therefore, they are -- they have invested in our factories what is called ink pigeons, which means that we get 10 or 12 basic colors of ink. And there are software, there are instruments that if you click on to the shade card into the computer, then the computer will tell you -- will give the instruction, will come up with the recipe. And once you click okay, the machine will automatically draw that many grams of different basic inks. And they will mix and deliver your ink desired color.

So what does it do to us? What it does is for the printers, for the guys in the printing department, they don't have to waste time in mixing the inks themselves and getting the right shade back and forth, back and forth. And it reduces their pain. It reduces my number of SKUs inventory that has been kept. It simplifies the task for the supply chain guys because they have to source those many inks and meet the targeted timeline for the customers. So this is one example.

And then I think as we speak, we have ink pigeons in how many, 6 factories? Six major factories as we speak right now. So this is an example of how, as the business is becoming more complex, we also simultaneously have to find ways to simplify tasks of our people, so that they can continue to do value added jobs.

So with these learnings, I can say all these learnings and all these capabilities that we have built, that's what I alluded to last time. We -- our front-end teams are more confident. One, they are a standard team. Two, they're more confident, they're

more energized. And as a result, we see a much healthier business development pipeline. I had already explained last time that we have 6 stage of customer development which is standardized globally. And therefore, we're just confident that we will continue to grow our business.

So with that, I will turn the table to you for your questions. Thank you.

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Questions and Answers

Operator [1]

(Operator Instructions) We have our first question from the line of (inaudible) from [CAO Capital].

Unidentified Analyst, [2]

Sir, one question. This is like completely -- sir, I just saw a [flash in city], and this is some time back, and they were reporting that the probability to exit the business. Any comment there, sir? Where are they getting this info from? What's your reaction to this?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [3]

Our official -- okay. So let me say what I've already told this to stock exchange in city, all right. So as a company, we always look for opportunities to increase the stakeholders' value. And as a result, we keep engaging at various stages. We have been, as far as I remember I've been in the business, we have been engaged with somebody or the other for potentially acquiring somebody's -- some companies or potential mergers with each other so that we could grow the business. And some people also come with a proposal that would you consider getting in a strategic partner or something. So all these discussions are part of our normal life, I would say. And therefore, I cannot say that we have not engaged with anybody. At any time we may be, if I deny now, I may be engaged by the time -- by Monday. Who knows? So that's what my response to this is.

Unidentified Analyst, [4]

Okay. Sir, on the Non Oral Care business in the Americas, there was a bump up in the share of revenues. Sir, any commentary on that? And finally, sir, you have given certain adjustments across all geographies. The extraordinary items, for example, the impact of the strike and the problems in India. Could you translate that into an adjusted pack number or an adjusted EBITDA number. You've given the revenue impacts, could you somehow, I mean, if it is possible, either qualitatively or quantitatively give the corresponding EBITDA and pack-level impact? And finally, sir, you mentioned qualitatively that the pipeline looks very good. And in the first quarter, you accepted our -- we strive to achieve 15% gathering revenue and 20% other impact. So are we again heading back into that groove of achieving those numbers?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [5]

Okay. The Americas Non Oral Care done 4.8% improvement in the composition. So yes, that's the fact. So I'm not sure what you want to know about it. Can you repeat that, please?

Unidentified Analyst, [6]

Yes. Sir, so obviously, there must be some new business that has come in. So have you reached, for example, the full potential of the business already in this quarter? Or we see more subsequently we'll see bigger rises or we have reached that level? Or -- I mean, just a commentary around that, sir. What exactly happened? And what is expected to happen?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [7]

Okay. Good. So the 4.8 so far is composition change has come, obviously, from the initial start up, start up meaning not start up, start up, but the beginning of the new contract wins. It obviously, therefore, is not fully factored in as the business, more and more business comes in. So this specific comment is about U.S. Now we are doing a similar thing in Mexico. In Colombia, what we did was we have -- we did what is called tail cutting. What does that mean is that any business which was low margin, we'll ask the team to stop taking those business, because -- and update the business, which is better margin. And those better margin typically would have some, in the case of Colombia, from Non Oral Care business. So this, obviously, is not the full potential as far as Americas is concerned in Non Oral Care. And as we keep sampling more and more new product development as we call it new products that are coming in slowly, gradually, we will keep ramping up the commercial supply for the rest of the year. Apart from other more wins that we are still expecting in the U.S. and which may spill over in terms of commercial supply over next year.

Unidentified Analyst, [8]

Okay, okay, sir. And just finally, the EBITDA level impact or pack-level impact if you're comfortable sharing that, after disruptions in India due to pharma and the impact of strike. You have given the revenue impact, what would it have translated at the EBITDA level?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [9]

Amit will answer that.

Amit Jain, Essel Propack Limited - Head of Treasury [10]

Basically if you see in Propack on Page 2, we have given the impact on EBITDA and EBIT book, given the disruptions: Pharma and the strike.

Unidentified Analyst, [11]

I'm sorry, I missed that. Sorry about that, sir, I'll be more than happy to follow up, sir.

Operator [12]

We have the next question from the line of Nihal Jham from Edelweiss.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [13]

Sir, my first question was on the India operation. We think last quarter you did mention about the disruption in pharma and do you still expect growth in the remaining part of the year to be around 10%? Sir, just wanted to understand that this quarter will the impact that we saw lead to a negative growth coming in? And secondly, if I'm right, are you still expecting the whole year in there to do 12%? And if that is the case, what gives us that confidence?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [14]

Yes, Nihal, you are right. So first half, We saw negative growth. So second half, we are not saying second half will grow at 12%. We are saying the full year will grow at 12%. Which means that the second half will be performing far better than first half.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [15]

Sure, sir. So is it that you're expecting the customer to come back? Or there are certain initiatives that will fortify in the second half?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [16]

So a couple of things. One pharma is already beginning to come back, right? And by next month, probably we will see more or less everything getting cleared out. That is, for on both regulatory changes and pharma; one is on the generic change, another one is on the combination drugs. So I think the most customers have come up with their own solution of reformulation and new artworks, which we have been continuously turning out the new artworks. So therefore, pharma business, and that pharma business is not just in the aisle of the existing business that we have. We also have the new business that is coming in on pharma. So that's -- therefore, that's one confidence. Second confidence is Assam ramp-up will happen. Assam, as you know, we started commercial production in July this year. That means so far the revenue from Assam has come from August and September, that do it on their own level. So as we progress, the ramp-up of Assam will happen. And some bit of extra sale from laminate sale will also come from the new laminator.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [17]

Okay. Sure. So we've acquired new customers in the Eastern Region one of the plants in Assam has come up?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [18]

In India, yes. The new plant in Assam has come up, which we started the commercial production in July this year. And this brings in -- it's not necessarily -- it's also some there are some Pharma customers there, but there are some Non Oral Care customers. Now that does not mean they're new customers, they could be all existing customers. But because we were earlier supplying them from plants which are closest to Assam from, let's say, (inaudible), now we have a factory there so as a result we will have a better wallet share from those customers.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [19]

Okay. Sure, sir. So just on the other region in Americas you're seeing that at least in the constant currency this is a trend was pretty good for the last few quarters. In this quarter there has been a bit of a marginal dip in the trend. So any specific reason why this has happened?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [20]

On the Americas region? On the currency you said? Constant currency.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [21]

Constant currency growth.

Vinay Mokashi, Essel Propack Limited - Interim CFO & Financial Controller of Global [22]

Constant currency, 2.8%.

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [23]

Margin is lower than the growth, yes. So U.S., if you see the Propack you mentioned, that primarily, the costs in the U.S. particularly has gone up because the wages have gone up in U.S. And wages have gone up across the level, so right from the floor to the ceiling levels. And this is a general trend in the U.S. it's not just for Propack. And so therefore, that has impacted the margin a little bit. But as we increase more volumes, that would get compensated.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [24]

Right. So growth in America what I was mentioning is the constant currency growth is more closer to 6%, 7% in '18. And I think we did 21% in '19. And you mentioned about all the units in that region, but what is it is that this quarter has come in at 2%, so just trying to understand that comparison.

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [25]

There you see basically the growth mainly has come from U.S. in the Americas region. Mexico has remained where they were. Colombia has stayed more or less where they were. Of course, we expect them to do better in the second half, for Mexico and Colombia as well, while the U.S. ramps up their new business trends.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [26]

Okay. Sir, could we get the one-off income that was there in the European region in last year? Because I remember that in 2017 that we had this one-off income coming from the royalty or the lease payment that you mentioned. So what was that amount last year?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [27]

See this has been coming, I think, for last 2 or 3 years, which is why it doesn't qualify as exceptional income. This was mainly just for everybody to be collected, was coming from a licensing agreement we had of a patent, which we have the right to use to some printing and other manufacturers. So last year, we had got this money which was about \$500,000.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [28]

I think I remember in the Q2 '17 you mentioned that \$35 million you got upfront and INR 30 million was recurring amount that you was getting. So is that figure something we've got this year also in the European region or it stopped accruing this quarter?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [29]

No. So there are 2 parts to this question. One, I don't know that number. But of that I was mentioning but I might have said I'm not denying, I don't remember this rupee number that you are talking about. This year, we have not received this income. Whether we are not going to receive, whether we have stopped getting this income, we can't say because if the machine manufacturer is able to sell more machines, then we get more income. But the agreement is still valid.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [30]

So is the margin correction in the Europe region primarily related to this income, this royalty income aspect?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [31]

So this year, we haven't received this licensing income. And therefore, we have seen a dip in the margin there.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [32]

Sure, sir. Sir, one last question to the participant we mentioned earlier about certain rumors and new [slash rules] which are coming in. I understand that there are always discussions happening. But is it certain from our side that we want to keep management control of the business going forward also?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [33]

Honestly, we outlined this growth speculation, I cannot comment anything more. It's life. It's ever changing lights. Anything can happen.

Operator [34]

(Operator Instructions) We have our next question from the line of (inaudible) from [Beat] Finance.

Unidentified Analyst, [35]

Sir, just a couple of questions. First of all on the Europe part, we've done around INR 150 crores, this is the highest ever since we have acquired EBD. So do you think that this is sustainable going forward? And if we exclude the INR depreciation gain, what is the peak revenue that we can do quarterly?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [36]

Peak Europe, according to me, can only do better from here. So if it is a peak, I think we seem to be picking up, you analyze the data quite well, it looks like the last 4, 5 years, even last time you had a similar question. So is it a peak? I don't think so.

Unidentified Analyst, [37]

No, I'm asking you, sir, what can we do at peak revenue?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [38]

I understand it. So you are saying it's likely the peak for now. But I am saying, looking ahead, whether it's peak, I am saying it is certainly not a peak looking ahead. So we obviously, in other words, I am saying we will do much better even than this.

Unidentified Analyst, [39]

Right. Okay. And so ex of this licensing income, what is the EBITDA margin that we can expect from Europe?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [40]

Europe again, if you look at we have this time highlighted, if you look at Propack, you have looked at EAP, EAP, the last bullet point, we have sequentially 20.1% revenue growth resulting in [2 70 4.3%] EBIT growth, and we have also said is a clear example of operating leverage, right? So this is -- we made sure that we put it this time and this is applicable not just for EAP but also for Europe also. Europe also you have seen a similar thing. So obviously, the -- after certain scale of volume, the entire revenue asked -- I mean the entire [GC] margin tend to flow to the bottom line.

Unidentified Analyst, [41]

Okay. So we can do somewhere in like early teens or something like ...

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [42]

Yes, I think last time also I have answered this question extensively. No geography has a target which is less than 20% EBITDA margin, right? And we will continue to work every geography, we'll keep pushing and we will keep supporting them to achieve those -- to move in that direction. And we believe it can be done. The question is, how quickly can we do that? That we can only say that as the volume grows higher, the EBITDA margin or other margins will keep improving faster.

Unidentified Analyst, [43]

Okay, okay. And sir, we will stick to our guidance of like 12% to 15% for FY '19 and similar for FY '20?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [44]

'19, I assume that the revenue growth will be about 12% annualized on constant currency. And margin -- profit margin number, the similar number.

Operator [45]

(Operator Instructions) We have the next question from the line of Atul Mehra of Motilal Oswal.

Atul Mehra, Motilal Oswal Securities Limited, Research Division - Research Analyst [46]

Sir, just one thing on...

Operator [47]

Your audio is too low, sir, could you please lift the handset maybe?

Is it better now?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [48]

Yes.

Atul Mehra, Motilal Oswal Securities Limited, Research Division - Research Analyst [49]

Sir, just one question on raw material increase in the environment and this passing it on further to a plant. So how is it like? And what is the kind of timeline that we could expect like establish it to come about? Because the concern here is a lot of oil-related (inaudible) we've seen that on the way down a lot of (inaudible) benefited, but on the way up the pricing power is not getting consolidated. So any comment from your side of this?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [50]

Yes, two good points. So let me first answer this on a fundamental basis rather than answering directly. I will come to that also. If you look at Essel Propack, our value addition is 50% or more, right? So that's first fundamental difference that you should see when it comes to raw material prices. Second, the raw material prices, I think, at the cost of repetition let me say, on a longer-term horizon has a direct correlation with the oil prices, but on a shorter time horizon, it is not necessarily linked, which means that from oil to other building blocks like naphtha to ethylene to polyethylene or whatever other polypropylene, whatever. So 2 basic building blocks are naphtha and ethylene. As oil has its own orbit of price and demand and demand cycle, ethylene has its own different orbit of demand and supply cycle. So naphtha and then ethylene. Then it droplets into polymers, let's say. So therefore, it is not directly immediately that the changes happen. But let's assume that the raw material prices have gone up. In our case, it is mostly because of the rupee depreciation. Now if you see rupee depreciation, rupee depreciation has not come to the 73 today or 74.50, whatever -- whenever it -- it didn't go in one go, right? It went into stages. So every stage it went up, we went to our customers for price increase. So the first stage of price increase we have already got. Second stage from INR 69 to [a dollar to 73 or 74], we have already put in a request to some customers. Some we are doing now. So that's the only lag otherwise there is no impact. So to my mind, if your question is, how much of the raw material price pass-through could have impacted my margin, I would say not more than 0.3%.

Operator [51]

We have the next question from the line of (inaudible).

Unidentified Analyst, [52]

So one question on the income from associate this quarter, it has shot up quite nicely. So could you explain that?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [53]

Yes. This in terms from Indonesia. Indonesia is the same period last year had a loss. This year, they have bumped up the profit, so they have 30% shareholder. So that's the shares.

Unidentified Analyst, [54]

So is this from operational profits? I mean no one-offs there?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [55]

It could be. I think they had a fire last year, they had shown a loss. And therefore, we also reported loss. This year, they've got some insurance claim, is it? Yes, insurance claim and therefore that's the shares.

Unidentified Analyst, [56]

And one thing on this gross debt which the investor basis on a constant-currency basis it stands at a certain number. So I mean is that the number which we should look at? Or I mean it's a different number?

Surje Singh, Essel Propack Limited - Senior Manager of Legal & Secretarial and Manager of IR [57]

So [Vikard], actually the published number isn't a trend because you translate at the current rate, 72, 74 on which the balance sheet is getting translated. That number is higher. But for the comparison purposes, September date converted at March exchange-rate the number that is given in the information pack, which is [INR 770 crores]. (inaudible) INR 816 crores.

Unidentified Analyst, [58]

INR 816 crores. Okay.

Operator [59]

We have the next question from the line of Harsh Shah from Emkay Global.

Harsh Shah, [60]

Am I audible now?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [61]

Yes.

Harsh Shah, [62]

Yes. Sir, I have a question on the balance sheet side. The capital employed has got a little bit under in the business. So could you just highlight the working capital stretch on that side? Or inventory?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [63]

Vinay will answer that.

Vinay Mokashi, Essel Propack Limited - Interim CFO & Financial Controller of Global [64]

So particularly working capital has gone into India because of the Assam factory we have put in. And also we have made certain net up, and that's why the working capital has gone up -- capital employed has gone up.

Harsh Shah, [65]

So if I were to understand correctly, so then I think the revenues will then normalize going forward. So then it will not be -- so it has become again in the similar proportionality it used to be?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [66]

As Vinay said, Assam factory ramp-up is on the way so that the renewal will be then bundled in the investment. Then to laminator will get commissioned in this month, so we can expect additional revenue from the (inaudible).

Harsh Shah, [67]

Sure, sure. And sir, could you please give us a summary of the cash flows taken for H1, I mean the headline numbers, if possible?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [68]

Cash flow. Cash flow was -- we can give you offline, if that's okay?

Harsh Shah, [69]

That is absolutely, okay. And sir, overall, any margin outlook on a consolidated basis for the full year? You mentioned you're still maintaining more or less. So that I heard it correctly, right?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [70]

Yes. So this year, every time I've been saying the profit to grow faster than top line. This year, I'm saying we will probably -- our profit line will be same as top line growth, because as I mentioned in my opening remarks that a lot of investments that we'll make on the 0 defect, on simplification of things and other stuff that we are putting in, so there will be a little higher charge on interest and probably depreciation.

Harsh Shah, [71]

And sir, one more last question. So you're -- you mentioned that you already applied -- you're already in talks with customers for a subsequent increase to cover up that depreciation. Assuming that happens, so what's the approximate margin improvement on a world basis that you're expecting because of this?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [72]

As I said, this -- if it has to impact me negatively, it would've impacted me only 0.3.

Operator [73]

(Operator Instructions) We have the next question from the line of Ankit Gor from Systematix.

Ankit Mukesh Gor, Systematix Shares & Stocks (India) Ltd., Research Division - Research Analyst [74]

Thanks for giving the rundown on measures you have taken to improve overall operation. Sir, my first question with regards to -- if you can give us some view on the competitive scenario globally. I understand that we have the largest [call it] 35%, 36% global market share there. And second, with regards to our -- even after becoming so large and huge, we still make all customer engagement activity and all these things. Is it very frequent in our case? Or it's one-off? Or this time was the first time we changed our entire design in our production guide in that case?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [75]

Yes. Ankit, on global competition, we all know that we have 1 global competitor, which is Albia, which is a various headquartered company. Then we have of course regional competitors and local competitors everywhere. The difference being, we still are by and large, are what percent? About 60%, 60-odd percent of our revenue still come from emerging market or Asian market, or from emerging market, it could be even higher because we have Mexico and Colombia also there. Whereas Albia, it's primarily the first-world market company. So that's -- I'll let you have more specific question. That's what I think I can tell you right now on competition. On the customer engagement, I think it's quite deep question in the sense that we engage with the customer at multiple levels. That's bigger customer here, whatever the name that comes to your mind, provided it's a global customer. So we engage with a global customer at their global headquarter levels, at their regional level and then at the country level and at these unit levels. So different people engage with the same customer at their different levels. And we continue to maintain that engagement. Now the engagement in my opening remarks that I mentioned was for the business development. That means that there -- one is the relationship building, other one is specific knowledge exchange, which means that we have now teams which are engaging with the brand owners -- I mean, the brand in charge of winning that customer and this packaging development customers and also the sourcing guides. So this level of engagement helps bring about clear understanding on what are our capabilities, what we can do new and, therefore, what customers can do new, what they have not been doing already. If they were launching a new product, let's say, a year from now, if our guys are engaged with them at this stage, then the chances are we will get that business because we start to engage them, with the customer at that engagement level. So that was the difference that I meant by increased engagement levels.

Ankit Mukesh Gor, Systematix Shares & Stocks (India) Ltd., Research Division - Research Analyst [76]

Okay. And nothing to related -- nothing related with the intense competitive or whatever pressure?

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [77]

Those have always been there, will always be there.

Operator [78]

(Operator Instructions) As there are no further questions, I now hand the floor back to the management for closing comments.

Ashok Kumar Goel, Essel Propack Limited - Chairman & MD [79]

All right. Ladies and gentlemen, I'm pleased to mention 2 more things. One is that with the (inaudible) unit having -- or being shifted to a new improved facility, all our capital globally would be -- would have been upgraded by Class [100,000] clean room. Now, this sounds very technical, so what it means is that basically that the -- all our factories will be equivalent to producing a packaging material for pharmaceutical application. So that means every tube that we make, we make in an environment which is suitable for production for pharmaceutical grades. Now that's one. Second, we had talked about Project Liberty, and I'm happy to say that, that plant, even though Essel Propack has not invested, is under commissioning and by immediately after [the value], that will start to produce commercial production. That will be a step towards -- a big step towards environment sustainability.

So with that, I wish all of you to -- a very happy Diwali and best of the season. And thank you, all, for joining us today.

Operator [80]

Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.