

ESSEL PROPACK LIMITED

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INDIAN SOUL, GLOBAL SPIRIT

Q2 FY12- EsseL Propack quarter Results

EsseL Propack global operations posted a net profit of Rs. 92 Mn. for Q2 FY-12 on sales of Rs. 3963 Mn.. Though the sales have

Results Q2 September 2011 –A snapshot

Consolidated (Global Operations)

₹ in Million

	Quarter ended Sept 2011	Quarter ended Sept 2010
Sales	3963	3687
Operating Profit	358	415
Net Profit	92	135

increased by 7.5%, the Net Profit is lower by 31.8% compared to last year due to raw material price escalation and lower sales in EAP* region.

Sequentially however the sales have grown by 10.1% and operating profit improved by 50 basis points compared to June 2011.

The highlights of this quarter are:

- The business continued to grow 7.5% y-o-y and 10.1% sequentially, key drivers being AMESA* (12.8%), Americas (7.6%) and Europe (8.4%). EAP region however fell short of volumes on account of temporary off-take reduction by one contract customer due to certain brand revamping measures.
- The plastic tube operations in the US and Poland recorded good double digit growth, both y-o-y and sequentially, helped by new customer developments.
- Revenue in Germany and UK have been impacted by economic slowdown dampening Europe profitability.
- Profitability in AMESA and Americas has recorded 14.2% and 593% y-o-y improvements.
- In AMESA more particularly in India, certain expansions are done based on operating lease equipments, resulting 130 basis point impact on EBITDA margin, though it is PAT neutral.
- Continued input price escalation has impacted margins by 180 basis points sequentially given the normal lag in pass through.


The Company has met with good success in gaining new businesses in the Americas and Europe. The plastic tube expansion in India is being fast ramped up and decoration capability further improved. The China unit has significantly grown the export business, however not enough to compensate the reduced volumes from the contracted customer, which is expected to come back by Dec 2011. Projects are underway to improve working capital productivity by reducing inventories of USD 5 million.

Going forward the aforesaid initiatives coupled with the normal pass through of input cost and expected early recovery in the customer off-take in the EAP region should help to lift up the business performance.

EAP* – East Asia Pacific, includes operations in China and Philippines.

AMESA* – Africa, Middle East and South Asia includes operations in India and Egypt.

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.