

# Investor Meet

## April 2008

*“Indian company .....Global Footprint”*

# Safe Harbor



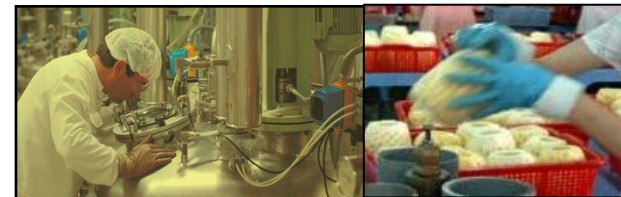
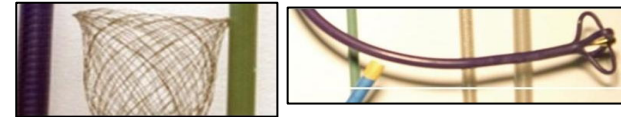
Certain statements in this presentation concerning our future growth prospects are forward-looking statements. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding 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 EsseL 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.



# EsSEL Propack today.....



- USD 295 million company-doubled over last 4 years
- Global leader in laminate tubes – estimated 32% market share,
- Presence in all continents-trade blocs
- Top global MNCs among key customers
- Acknowledged Technical capability in the field
- Diversified Business-Tubes, Specialty Packaging & Medical Devices
- An eventful 25 years' journey to global leadership position



# The Weaving Fabric



- Knowledge of Polymers and Polymer Processing, Lamination Technology, Barrier Properties
- OEM model
- Quality Processes and Innovation
- Capability to Scale up Business
- Leveraging Relationships
- Global Customer Base

*Combining the synergies and moving up the value chain*



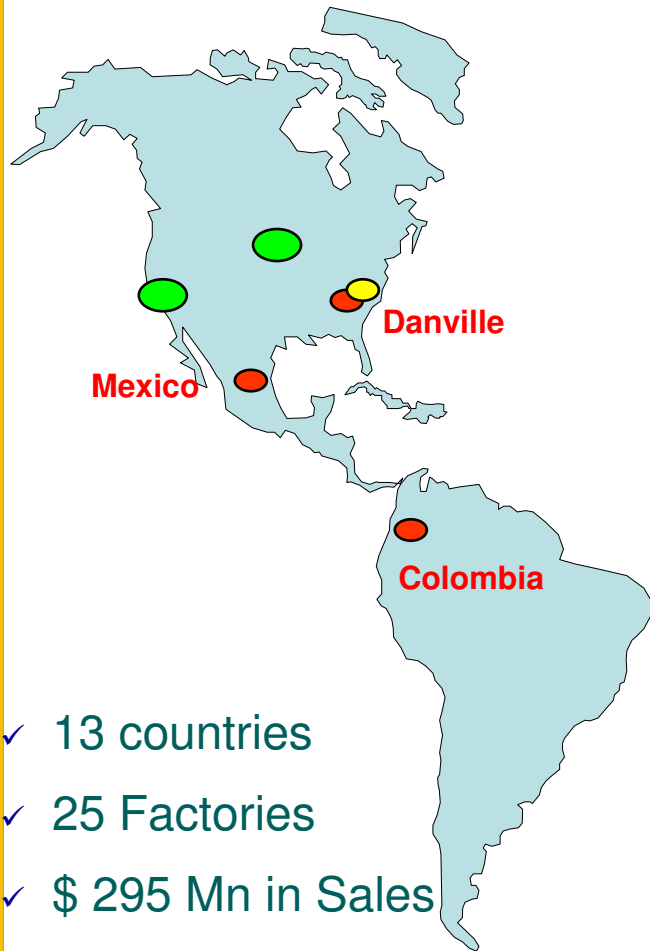
Arista Tubes



AVALON  
MEDICAL SERVICES



# Global Footprint



- ✓ 13 countries
- ✓ 25 Factories
- ✓ \$ 295 Mn in Sales
- ✓ 2700 employees

Laminate Tubes	Medical Devices
Plastic tubes	Specialty. Packaging

*Presence across the Globe*



# Our Core Values



- The building blocks of our organisation culture:
  - Customer Care
  - Commitment to Excellence
  - Integrity
  - Team work and Involvement
  - Mutual Trust and Respect
  - Safety

*Close to Our Heart*

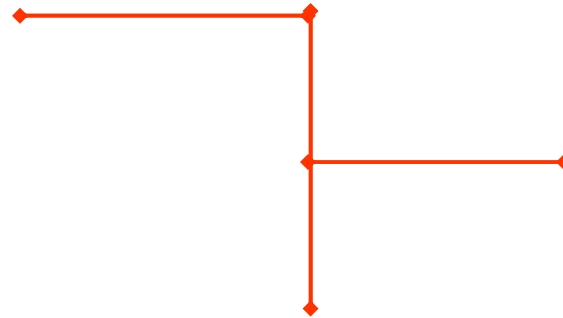




# EP ... Three Revenue Streams



**Tubes**



**Specialty Packaging**



**Medical Devices**



# Tubes



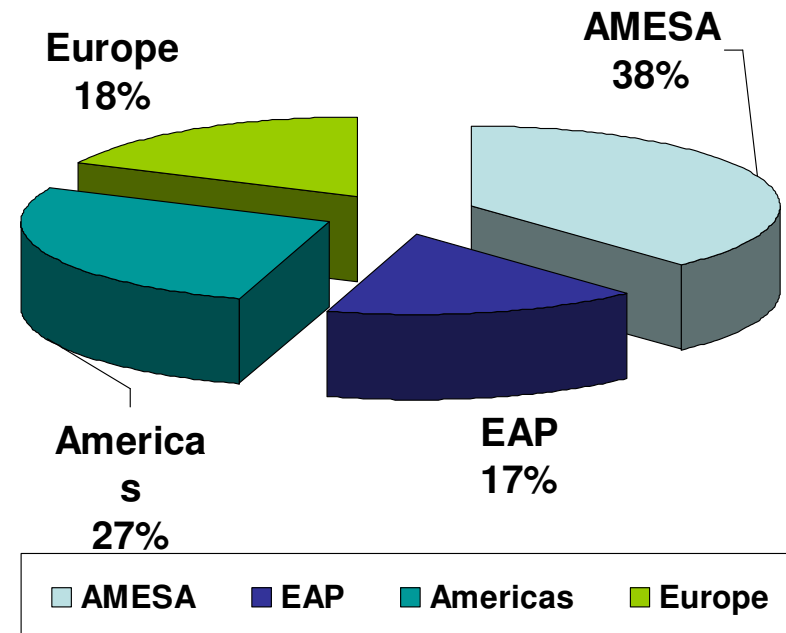
# Products & Regional Presence



## Laminated & Seamless tubes

- Foil based and Foil-less barriers
- Diameter range – 16mm to 50mm
- Orifice range 1.5mm – 8.5mm
- Caps range – Flower Pot, Stand-up, Flip Top & custom designed
- Printing capabilities – up to 6 color plus a varnish overcoat

## Geographic Presence



# Our Customers – Who's Who



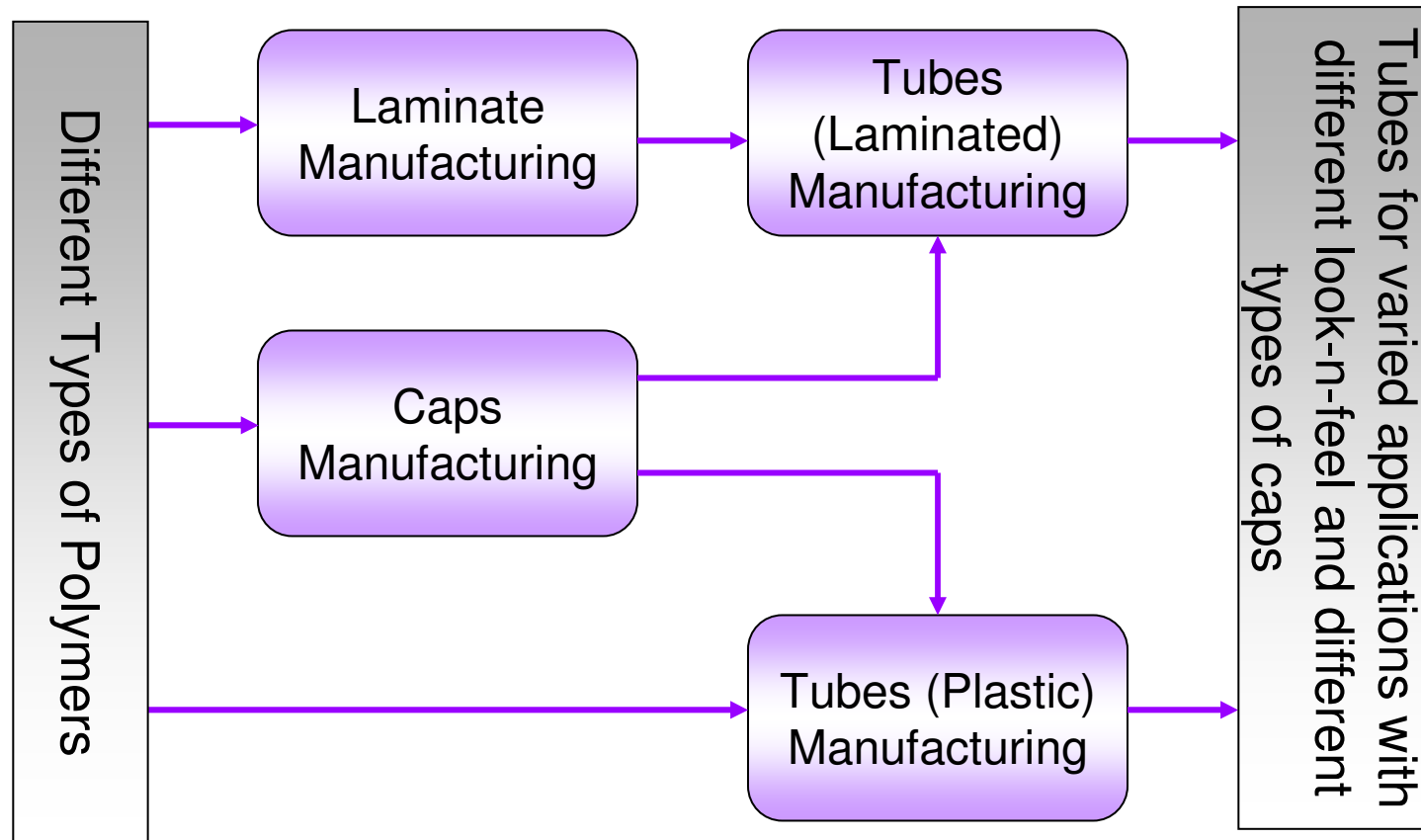
# Growth Drivers



- Economic growth and retail boom in India and China
- Continued need/trend for Brands to differentiate through innovative packaging
  - Tube is seen as a very consumer friendly package by most brand owners
- Intense market activity in FMCG sectors everywhere
  - Introduction of new differentiated products all the time
  - Need for better decoration capabilities for packages
- Overall movement and awareness towards sustainability and the role of packaging in that
  - Reduce, Reuse, Recycle



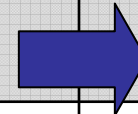
# EsseL Propack Mfg Model



# Strategic Direction



Characteristic	Oral Care	Non-Oral Care
Production Run Size	High	Low
Annual Volume per SKU	High	Low
Decorations and aesthetics	Medium	High, V. High
Buyer Industry Consolidation Level (impact on margin)	High	Low
Business margin for EsseL Propack	Medium	High
Market consolidation in buyer base	High	Low





# SWOT Analysis



## Opportunities

- Underlying economic growth in key markets (including India) and target segments (cosmetics)
- Market demand for sustainable packaging

## Weakness

- Dependence on oral care business
- Strong customer buying power

## Strengths

- Global presence and relationships with large MNC customers
- Market leadership in Laminated Tubes
- Process and technology know-how
- High level of vertical integration

## Threats

- Rising raw material prices
- Economic environment in America and Western Europe
- Uncertain future of key competitors



# Achievements in 2007



- Sustained long-term business relationship with all major customers
  - Significant new business wins
  - #1 with 32% market share in laminated tubes
- Growing portfolio of smaller local customers in various markets
- New product developments
  - Large diameter tubes with high decoration capabilities
  - Oval tubes
- Improvement in European operations cost structure. Closure of UK plastic tubes facility. Opening of mega facility in Poland.
- Successful ramp-up of largest plant in India at Nallagarh (HP)
- Increased presence in the US market



## Key Targets in 2008

- Exploit newly established capabilities/investments
  - Cosmetics segment in US and Europe
  - Pharma in China
  - Differentiated product offering in India
- Grow presence in non-oral care segments
  - Leverage existing relationships with large customers
  - New customers in new market segments
- Innovative and differentiated product offering
  - Etain (Post Consumer Recycle)
  - New laminate structures
- Building superior internal systems and processes
- Reduce time lag in raw material costs pass-thru

# Challenges in the US & Poland



- US Update
  - Stabilization of Unit #2 in the US continues
  - We have won a prestigious and key customer already
  - Learning new product qualification criteria
- Poland Update
  - Moved production assets from UK to Poland. Added significant more capacity for Europe market
  - Same customers, same pricing at better cost structure
  - Due to country specific ramp-up issues, we have had delays there
  - Significant corporate resources have been mobilized to get that up and running as soon as possible



**Etain**  
Join the cycle

## Etain – Join The Cycle

- Manufactured using minimum 40% Post Consumer Recycled plastic
- Offered currently in Plastic tubes starting from USA
- Qualified for use in personal care products
- PCR is used in outer and middle layers with virgin inner layer.



**ESSEL PROPACK**



# Going Forward...



- EsseL Propack has had an eventful 25 years journey.
  - It is a global leader in laminated tubes
  - It has a high quality and enviable customer base
  - It has built strong brand equity among its customer base and chosen markets
- EsseL Propack is expanding its target market to cosmetics, pharma, food segments in 2008 and beyond
- It is poised to exploit new investments that have been made in US and Poland within Q2 '08
- India and China markets continue to offer strong and steady stream of business opportunities during 2008 and beyond





# Medical Devices

# Medical Device Market- Snap shot



- Largest and fastest growing segments of the medical device industry- **cardiology and minimally invasive surgery**
  - World market size – USD 25.1 billion \*
  - OEM size of the market - USD 2.4 billion \*
  - Growth rate 11.6% annually \*
- Growth Drivers
  - Ageing population
  - Increase in minimally invasive technology
  - Advance in medical device technology
  - Growth in outsourced manufacturing services
  - Desire to accelerate “Time to Market”
  - Increasing complexity in medical device manufacturing process
  - Product development cost pressure

\* Source – Industry estimates

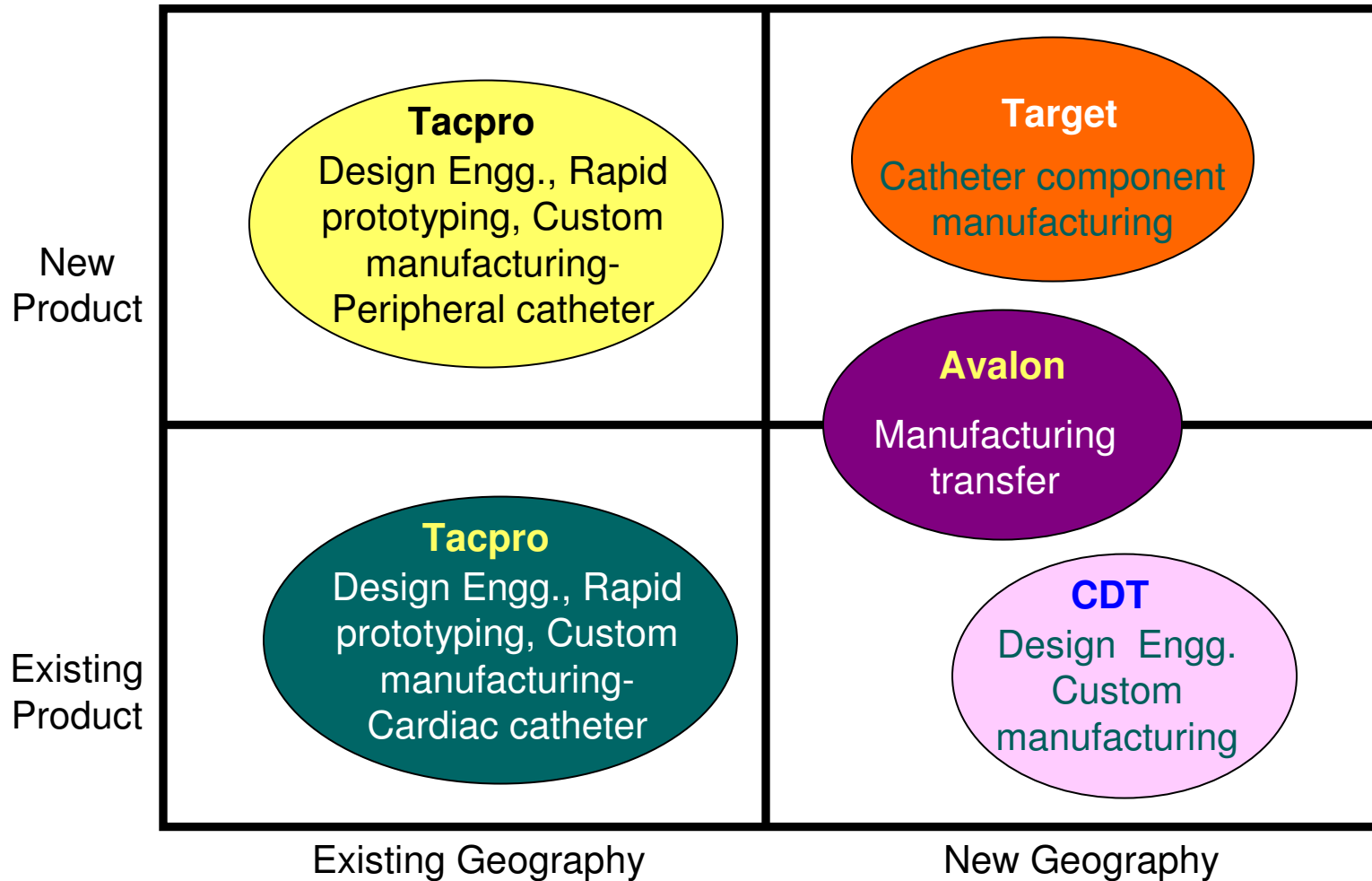
***A new growing opportunity ...***



FROM IDEA TO REALITY



# Medical Device- Strategy Roadmap



FROM IDEA TO REALITY



# Company Overview



- **Tacpro Inc.** Located in heart of Silicon Valley is the first full-service provider of catheters and delivery systems
- **CDT**-located in Minneapolis, focuses on cardiac and peripherals segments
- Trained Staff with expertise to convert ideas into medical device solutions.
- U.S. operations' focused on design, engineering services and rapid prototyping.
- High-volume manufacturing operations (**Avalon**) established in Singapore to ensure competitive production costs.

*Serving a worldwide marketplace*



FROM IDEA TO REALITY



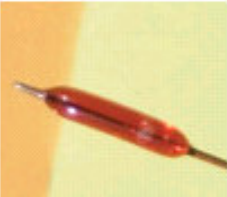


# Product Portfolio



WELCOME TO TACTX MEDICAL /PRODUXX INC.

### BALLOON



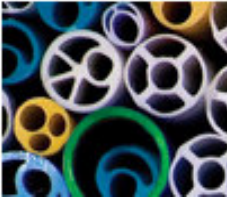
The demand for new, highly functional balloons and catheters continues to grow at a rapid pace.

### OEM ASSEMBLY



Pilot Manufacturing facilities include three ISO and FDA certified clean room areas.

### EXTRUSION



We are very adept at complex custom extrusion design and manufacturing using a variety of thermoplastic materials and

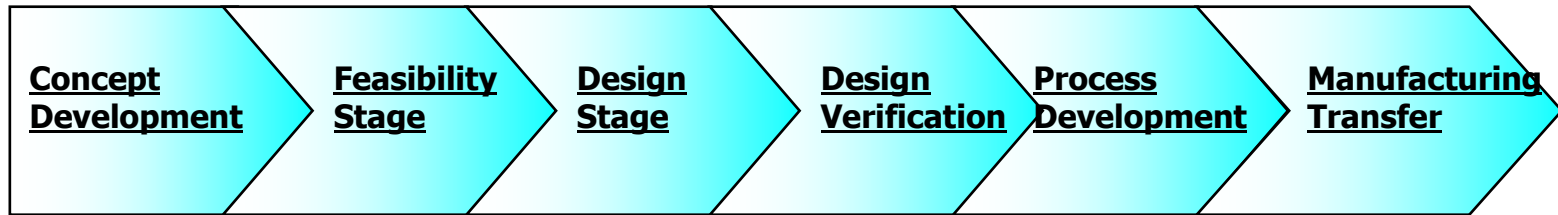
*From components to finished product...*



FROM IDEA TO REALITY



# Services & Capabilities



- Specialize in all areas of catheter-based devices and components
- One-Stop-Shop from concept to high volume manufacturing
- Custom design and develop product applications that cater to a customers specific needs
- In-house design engineering and product development services
- Quickest transfer phase from development to manufacturing
- Pre-clinical and Rapid Prototyping
- Manufacturing transfers – from U.S. to Singapore
- World leader in OEM Catheter balloon

*From Idea to Reality ...*



FROM IDEA TO REALITY



# KEY BUSINESS DRIVERS



- Strong Customer Relationship- Supplier embedded in FDA approval process
- Grow Sales Organically- New Product Introduction, speed to market
- Diversification of Customer and Product base-with increased geographical reach
- Leverage on existing Technical and Labor base
- Ramp up production at Singapore facility to drive the EBITDA improvement - 3 product lines transferred from USA as on date
- Inorganic growth strategy – Key to Growth



FROM IDEA TO REALITY



# Major Achievements-2007



- Continued with effective reduction of dependence on Top 5 customers : (2006 - 74%; 2007 - 65%)
- Got Tacpro facility as ISO-13485 certified for design control in catheters
- Completion of Singapore facility in 2007.
- Shifting of Product line from USA to Singapore
- Long term supply agreements negotiated with few major customers - first time for the business
- Established Tacpro as the developer of next generation catheter for one of the largest and leading medical device company



FROM IDEA TO REALITY



# CHALLENGES - 2008



- Turn current development projects into manufacturing contracts in 2008-there are several customers with whom the Tacpro is in advanced stage of the development cycle
- Continue efforts to diversify customer and product base
- Singapore facility provides a flag-ship site for current/transfer and new business-Potential manufacturing transfers
- Inorganic Growth Strategy- Identifying the **right target**, in the **right phase** and at **right value**



FROM IDEA TO REALITY





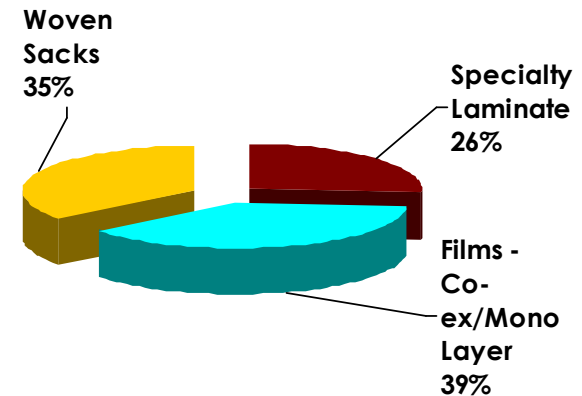


# Specialty Packaging

# Indian Flexible Laminate Market

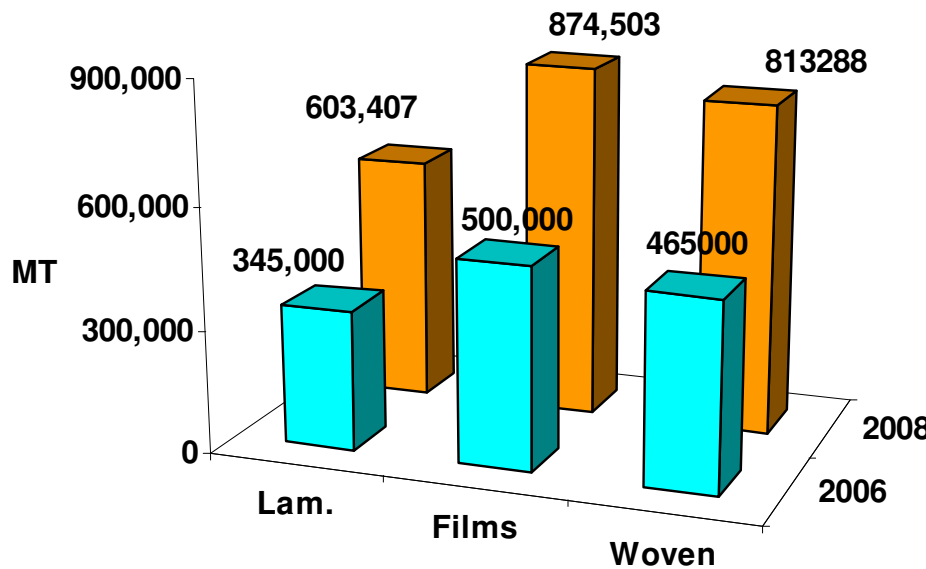


- Total Flexible Packaging Market ~ 2,300,000 MT
- Comprising 3 broad packaging types
- 200 flexible packaging converters in India
- Flexible laminate organized Sector India market (600,000 Tons )
  - Organized National ~ 150000 MT
  - Organized Regional ~ 200000 MT
  - Un Organized ~ 250000 MT
- Estimated addition in capacity in 2007 ~ 30000 MT.



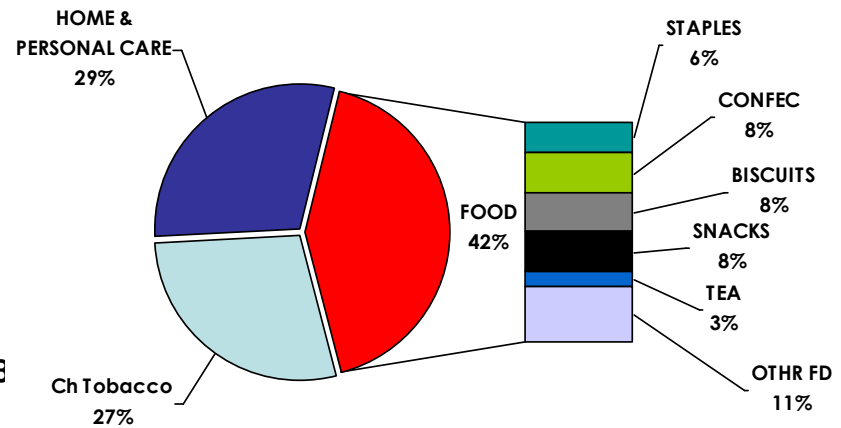
The figs. are industry estimates

# Indian Flexible Laminate Market- Statistic



**Breakup of Indian Flexible packaging over the years**

Sources :Indian Institute of Packaging



**Key Segment in Laminated Flexible Packaging**

***Flexible Laminate- Fastest growing segment***

# Company Overview



- Fourth largest player in specialty packaging business
- Diversified blue chip customer base – Food & FMCG
- State-of-the-art technology, unmatched product development expertise
- Process
  - Blown Film
  - Printing
  - Lamination
  - Slitting / Rewinding
  - Pouching

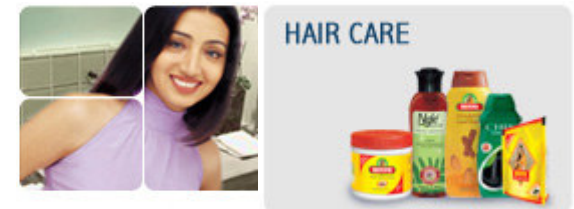


***Presence in Key Domestic Market***

# Specialty Packaging-Strategy Roadmap



- Leverage global footprint
- 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



***Near term objective .....Build a Volume and Critical Mass***

# Major Achievements-2007



- Retained major supplier status with key customers
- Got entry in Hygiene & Personal care business of leading MNC
- Capacity added with greater geographic reach - Uttarakhand Plant commercialized Sept 07
- Backward integration started with in-house Cylinder plant Project kicked off Nov '07 for completion by May end 2008

# CHALLENGES - 2008



- Introduce products in the higher value segment
- Tap into the organized retail sector
- Retain Key Customers
- Start focusing on the Export Market
- Leverage on EPL's relationship for acquiring new customers
- Improve Operating Margins
- Stabilize Utrakhand plant and achieve prescribed GMP standards
- Get ISO 15378 & DMF certification for the Pondichery
- Integration of Cylinder Plant with the existing plant





# Financial

## Year 2007 in retrospect



# Key Financials



*Rs. in Million*

	Act 07	Act 06	Inc / (Dec)
<b>Sales</b>	11938	10092	18.3%
<b>EBITDA</b>	2113	2401	-12.0%
<b>PAT (after exceptionals)</b>	608	985	-38.0%
<b>EPS (Rs) bef exceptionals</b>	4.27	6.29	
<b><u>% Sales</u></b>			
<b>EBITDA</b>	17.7%	23.8%	
<b>PAT</b>	5.1%	9.8%	



# Sales Growth Analysis



*Rs. in Million*

Regions	Act 07	Growth
AMESA	4547	33.6%
EAP	1980	-3.6%
AMERICAS	3249	19.2%
EUROPE	2162	13.3%
TOTAL	11938	18.3%

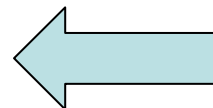
- Strong double digit growth sustained in three regions
- EAP made up the lapse of a long term contract and grew on underlying basis



# Sales Growth Analysis

	Act 2007
<b>Tubes</b>	<b>15.0 %</b>
<b>Specialty laminates **</b>	<b>10.4 %</b>
<b>Medical devices **</b>	<b>5.7%</b>

- The flagship Tube business continues to grow strongly
- The newly acquired Specialty laminates and the Medical devices performed to expectation in line with EP's long term strategy
- \*\* annualised growth rate



# EBITDA Variance



	Act 07	Act 06	Inc / (Dec)
<b>EBITDA % Sales</b>	<b>17.7%</b>	<b>23.8%</b>	<b>-6.1%</b>
<b>Gross margin % sales</b>	<b>55.4%</b>	<b>59.9%</b>	<b>-4.5%</b>
<b>Operating costs % sales</b>	<b>37.7%</b>	<b>36.1%</b>	<b>-1.6%</b>



# Gross Margin



- Impacted by
  - One-off product development costs/ process stabilisation costs in US and Poland
  - Frequent change overs to meet the demands of CRS introduced by customers in the US
  - Lag in passing through of raw material price escalations



# Operating Costs



- Impacted by
  - Interim measures to step up OTIF in the US, involving higher spend in plant fine-tuning, job work, increased personnel cost
  - Double establishment for part of the year to transition plastic tube manufacture from UK to Poland
  - Increases in power costs
  - Capacity costs, specially Plastic tubes in the US





# Interest Cost



*Rupees in Mn*

	Act 07	Act 06
Gross interest	674	357
Borrowings (y/e)	7077	5223
Capital expenditure	2503	977

- Interest cost increase Rs 317 mn over last year on account of
  - Increased borrowing Rs 1854 Mn as part of financing capex, mainly Poland, Uttarkhand and creating tubing/printing capability for the cosmetics segment in US
  - Increase in the global interest rates by 1-1.5 pp



## To Sum Up

- Performance during 2007 was impacted by
  - Ramping up issues with plastic tubes in the new facilities in US/ Poland
  - New capability development in laminate tubes in US
  - Cost of Interim response to sustaining OTIF in the US
  - One-off restructuring cost in Europe – Rs 71 mn
  - High capital expenditure, with a view to sustaining growth momentum of the past four years
  - Lag in the passing thru of costs in the context of sharp escalation in the raw material price, specially around the middle of the year

***Underlying business model continues to be robust  
The factors which impacted US and Europe have been essentially one-off in  
nature, and are being adequately addressed in the year 2008 plans***



## Results: March Quarter 2008



# Results: March Quarter(2008)



*Rupees in Mn*

	MQ 2008	MQ 2007
Net sales	2829	2825
Other income		36
Total income	2829	2861
Raw material cost	1271	1265
Employee cost	569	500
Depreciation	233	234
Other expenses	520	515
Interest	129	88
Exceptional items		
PBT	107	259
PAT	45	195
<b>Gross margin %</b>	<b>55.1%</b>	<b>55.2%</b>
<b>EBITDA</b>	<b>469</b>	<b>545</b>
<b>EBITDA %</b>	<b>16.6%</b>	<b>19.0%</b>

# Results Analysis



- Sales:
  - Sales growth appears flat on account of Rupee appreciation during this period
  - Plastic tube capacity ramping up in US and Poland did not happen to the extent planned
- EBITDA
  - Lower by 2.4 pp vs last year due to higher personnel cost
  - Shows an improving trend over DQ 07 - Higher by 24% or +3.3 pp
- PAT
  - Impacted by higher interest cost



## Next Few Months.....



- Get Poland up and running
- Reduce time lag in raw material costs pass-thru
- Sweat the assets – leverage on the investment made during 2007 in USA, Europe & India
- New product offerings – continued innovation
- Pursue the inorganic growth strategy for customer and product acquisition in Medical device business
- Building superior internal systems and processes





**Thank you  
Your Questions are  
Welcome**

