

WHAT WE

WE

ME

BY

WE



ESSEL PROPACK LIMITED
In the company of
KNOWLEDGE

Annual Report 2003

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PHOTO

ACC

WHAT WE CREATE, WE TRY AND
MAKE BETTER.

BY SHARING WHAT WE KNOW. AND
LEARNING WHAT WE DON'T.

YOU CAN BECOME THE WORLD LEADER
WITH THIS BRIEF AGENDA.

WE KNOW.

WE HAVE.

WE WILL.



ESSEL PROPACK LIMITED

Thanks to sustained knowledge creation and retention, Essel Propack is not just the world's largest manufacturer of laminated tubes.

With a presence in India with 17 manufacturing locations across 11 countries, we are also one of India's truly first multinational organisations.

As a result, our products are sold in several countries.

Essel Propack



Africa, Austria, China, Colombia, Germany, India, Mexico, Middle East, Nepal, Netherlands, Philippines, Russia, Slovenia, Spain, Switzerland, UK, USA and Venezuela.

Some of the biggest multinationals like Colgate Palmolive, Nestle, Procter & Gamble and Unilever, among others.

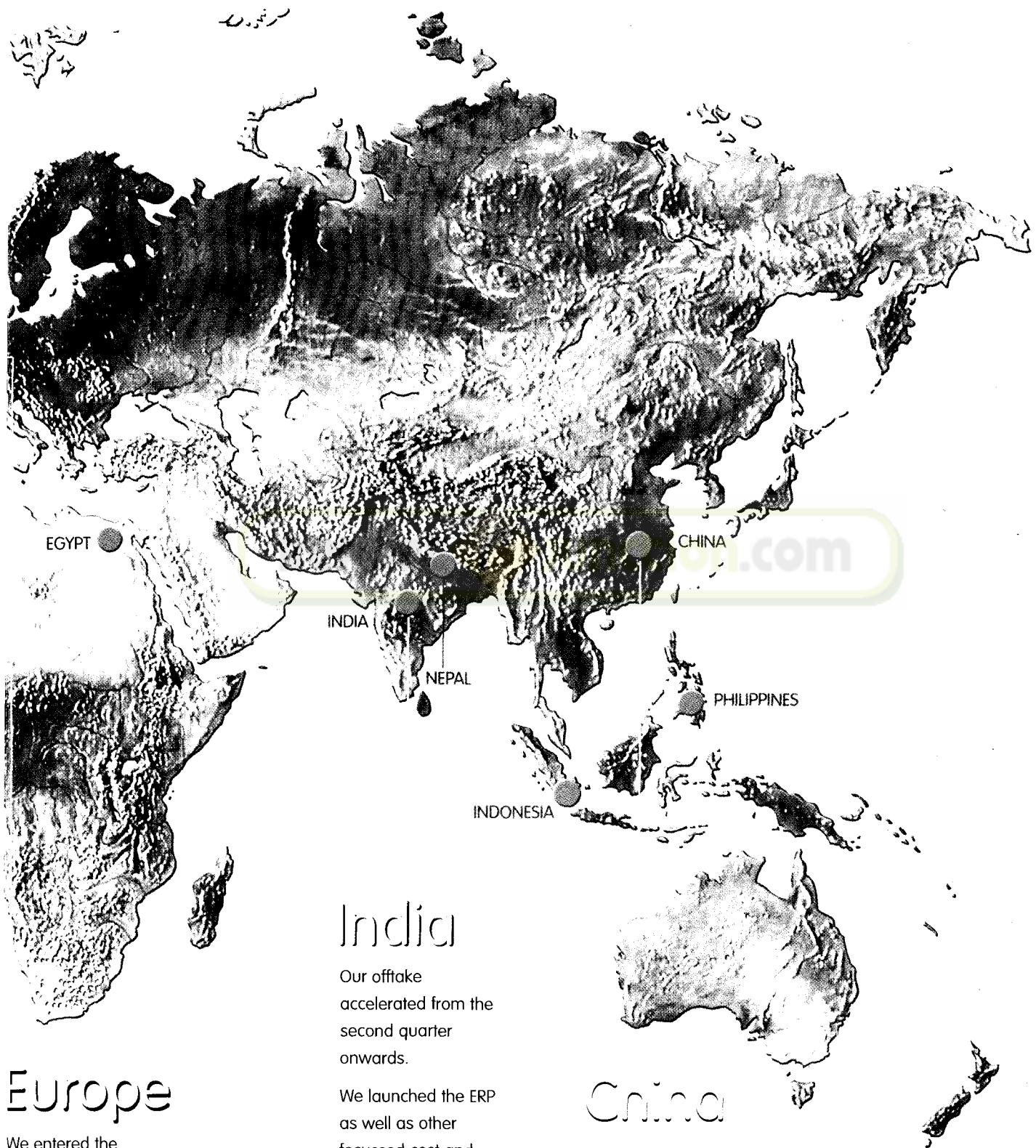
We are the flagship company of Essel Group whose other business interests comprise media programming, broadcasting and distribution, telecommunications, entertainment and gaming, economic convergence and education.

Essel Propack commissioned a laminated tubes facility at Danville.

We began to service customer needs in the hair care industry.

We embarked on the exercise to establish a closures facility.

USA



Europe

We entered the Russian market.
In Germany, we reported a volume growth.

India

Our offtake accelerated from the second quarter onwards.

We launched the ERP as well as other focussed cost and efficiency programmes.

China

Our volumes for Procter & Gamble grew appreciably.

CORPORATE INFORMATION

Board of Directors

Subhash Chandra
Chairman

D. Ahuja
Director

J. M. Fernandes
Director

V. K. Badgamia
Director

Andreas Schwyn
Director

Beat Buehlmann
Director

Tapan Mitra
(Appointed as Director w.e.f. 29th April, 2003)

Ashok Kumar Goel
Vice Chairman and Managing Director

Cyrus Bagwadia
(Ceased to be Managing Director and Director w.e.f. 10th September, 2003)

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Company Secretary
Raju Ananthanarayanan

Auditors

MGB & Co

Bankers

State Bank of India
Standard Chartered Bank
BNP Paribas
Corporation Bank
HDFC Bank Limited
Credit Lyonnais

Registered Office

P. O. Vasind, Taluka Shahapur, District Thane, Maharashtra - 421 604, India.

Corporate Office

135, Continental Building, Dr. Annie Besant Road,
Worli, Mumbai - 400 018, India.
Tel.: +91-22-2493 3280, 5662 7362. Fax: +91-22-2496 3137

Factories - India

Goa, Murbad, Silvassa, Vasind & Wada

Overseas Operations

China, Colombia, Egypt, Germany, Indonesia, Mexico, Nepal, Philippines, USA & Venezuela

Website

www.esselpack.com

GLOBAL LEADERSHIP TEAM

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① R. Ramakrishnan
Vice President - Finance (Global)

④ M. R. Ramasamy
Director - Manufacturing & Technology (Global)

⑦ Rajesh Padmanabhan
Director - Human Capital (Global)

⑩ M. K. Banerjee,
Director - Creativity & Innovation (Global)

② Ben Nejad
Vice President (Caps and Closures)

⑤ Adrian William Spencer
Regional Director (East Asia Pacific)

⑧ Manuel Diez
Regional Director (Americas)

⑪ Nilay Guha
Regional Director (Africa, Middle East & South Asia)

③ Diego Estrada
Regional Director (Europe)

⑥ R. Chandrasekhar
Chief Operating Officer (Global)

⑨ Ashok Kumar Goel
Vice Chairman and Managing Director

R. Ramakrishnan, Vice President - Finance (Global)
is an invitee to GLT meetings.

Our Vision

To be an admired global
speciality packaging company

Our Values

Customer care

Commitment to
excellence

Integrity

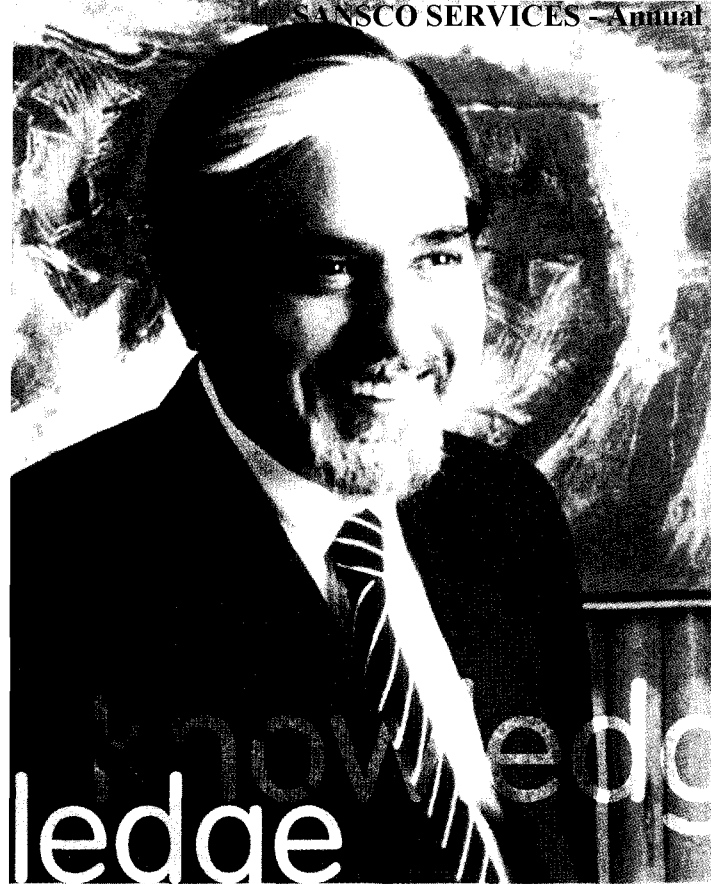
Teamwork and
involvement

Mutual trust
and respect

Safety

Our Mission

To attain 50
per cent of
the global
market
share in
laminated
tubes



In the company of KNOWLEDGE

Chairman, Subhash Chandra, analyses the role of a precious intangible in making Essel Propack the largest laminated tube manufacturer in the world.

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Questions, questions, questions.

"How did Essel Propack become the world's largest in its industry in only 20 years?" is one.

"What is the secret behind selling every third laminated tube in the world?" is another.

There is no magic in the answer: over the years, we have simply managed our knowledge better than most.

The mother of knowledge

Interestingly, knowledge originated in curiosity. When a member of the family observed a laminated tube in Dusseldorf in 1981 and asked, "Why can't we do the same in India?"

At the heart of this premise was a simple substitution theory directed at customer benefit: replace metal with more versatile plastic.

This was easier said than attempted. For instance, even as a techno-economic feasibility study conducted by Tata Economic Consultancy Services estimated that the environment was positive for such a development, it indicated marketing challenges.

Knowledge as capital

Essel Propack responded. It shortlisted that it would map precise client requirements, design customised solutions, raise the quality bar and provide an unbeatable price-value proposition. In short, not focus on mass. But make one shoe to fit one.

Two interesting things transpired as a result. We invested significantly in creating our knowledge capital. But this did not

immediately translate into offtake. In retrospect, this was a blessing. Because we continued to invest in knowledge, refusing to be distracted by the slow rise in turnover.

The result was that over the next few years, as our products became better and better, they emerged as industry benchmarks, which translated into repeat customers, new customers, dedicated capacities, economies of scale, attractive cash flows and a virtuous business cycle that effectively became our sustainable model.

More products, more geographies, wider knowledge

A number of learnings emerged.

- We recognised that in the international markets, quality was not a differentiator, it was a given.
- We refined our service as the critical competitive difference. Customers, for instance, expected to be serviced the way their businesses demanded, which in this case meant that if they entered a particular geography, they expected their vendors to do so as well. Thus, we began to "Go and grow with customers".
- We established India as the implementation platform of our global knowledge, where we refined technologies, their application in our laboratories and scaled these products for implementation in diverse geographies.
- The result extended far beyond product understanding towards a global experience of what it took to service companies in diverse regions and survive in multi-cultural geographies across the world.

Changing the mindset

Thanks to the interplay of knowledge and product development, we didn't just benefit customers. Our products began to impact markets.

Gradually, we succeeded in migrating tubes from a low technology perception to a continuously innovated branding vehicle. This was amply demonstrated in China a few years ago: its government felt that our production did not merit some of the high tech facilities we had requested, but six months later, they had changed their mind and certified us as 'technology rich'.

Knowledge, the basis of optimism

Even as critics and analysts complain about diminishing laminated tube opportunities, our technologists have never been more optimistic.

Simply because there is no limit to how consumers want to be serviced better. No limit to one's imagination. No limit to the interaction between a creator and a customer in the pursuit of excellence.

Over the years, this interplay of knowledge and product creation will help us create more breakthrough products. Help us develop new packaging options for virgin sectors. And make an entire generation of existing products obsolete, proactively raising the bar and creating competition.

It has already begun to happen. Fifty per cent of all the products we marketed in 2003 were developed in that year alone.

As our knowledge investment accelerates, we expect to sell every second tube in the world over the foreseeable future.

I would like to thank the company's customers, vendors, banks and financial institutions, as well as the governments of all the countries where we operate, for their support and co-operation. I would also like to thank our shareholders for the faith they have reposed in the management of the company. I am sure that with their continued support we will be able to transform our collective dream into a singular reality.

Regards,

Mumbai
16th March, 2004

Subhash Chandra
Chairman



AT ESSEL PROPACK, FEW INITIATIVES HAVE BEEN AS KNOWLEDGE-ENHANCING AS MANAGEMENT BY LOOKING AROUND.

For instance, product development at our company is not conducted by research executives locked away in an ivory tower. But is influenced by the marketplace.

So much of our product development commences from a humble study of consumers and their evolving lives.

Over the years, this painstaking discipline has inspired three critical leads: that users put dispensability over all other options, desire products that can be used directly from their packaging and prefer packaging options that can be squeezed to extract the last drop, especially in price-sensitive geographies.

Using these valuable insights, Essel Propack's engineers have designed a diverse range of tubes for diverse customers in diverse industries in response to diverse consumer habits in diverse geographies.

Thanks to this vast body of institutionalised learning, the company enjoys a global market share of 30 per cent.

Making nearly one out of every three laminated tube users in the world an Essel Propack consumer.