



ESSEL PROPACK LIMITED

Annual Report 2007

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*we've come a long way,
we have a long way to go...*

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we have a long way to go...*

Twenty five years ago, we embarked on a journey. The road ahead was fraught with challenges, promises and endless possibilities. The rewards lay not at the end, but along every step of the journey.

Every new day in this journey presents an opportunity to leave an impression in the sands of time. Our journey so far has happily been punctuated with milestones that have elevated us to global leadership in our areas of competence.

25 state-of-the-art facilities in thirteen countries; 2700 employees representing 20 different nationalities; a customer list that reads right out of Fortune 500; selling 4.5 billion tubes and growing every year, cumulating to a 32% global market share in laminate tubes and a #1 ranking; a turnover in excess of US\$ 300 million... like they say, when you have the numbers, who needs the words!

Our success has been a function of the 3 Cs of growth – Customer, Commitment and Capabilities. Over 25 years, we've built-up a solid customer base. The commitment has always been there – and always will. The moment has now come when our capabilities, carefully honed and enhanced over the years, will propel our growth to newer orbits.

Every day we remind ourselves that the journey has just begun. Because every new day is another opportunity to reinvent ourselves, revitalize our customers' faith and reinforce our equity on the global stage.

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Chairman's Message



"It is this relentless attitude that has ensured that, as we cross this glorious milestone of 25 years, we have become a player of global repute in our sphere of business."

Dear Shareholders,

25 years of charting our own destiny.

It's the drops that make the ocean. While that is as trite a cliché as one can ever get, it still embodies the first principles of growth. If Essel Propack has today reached its pre-eminent position as the world leader in laminate tubes, it is because success has been built on a series of everyday actions – both big and small. Actions that have been contributed not just by the top management, but even those seemingly inconsequential tasks carried out by the lowest rung of workers on the plant floor.

It is 25 years since we first began to pursue our dreams. Dreams that were ambitious yet tempered with reality. Back then in the early eighties, the world – and India – was a different place. Few could have envisaged the rate of change the next two and a half decades would unfold.

We are where we are today because we adapted ourselves to the changing dynamics and boldly rode the crest of this change. Yet, things did not happen overnight. They had to be built brick by brick, through collective efforts. The past, however, shouldn't be consigned to the archives. Instead, it should be appreciated as a good

teacher. The past becomes our roadmap for the future. We must look back critically and impassionately to chart our future course.

It isn't as contradictory as it sounds. The mistakes of the past must be appreciated for what they are – warning signposts that keep us from repeating such errors. Likewise, we must also dwell on the positives of the past – use them as case studies if necessary – in our quest for future success.

Success is a continuous, 24 x 7 x 365 task. You have to work hard at it, every moment of the day, every day of the year. You cannot take your foot off the pedal to admire the scenery. It is this relentless attitude that has ensured that, as we cross this glorious milestone of 25 years, we have become a player of global repute in our sphere of business.

Global repute indeed. A quarter of a century ago, when we ventured into the packaging business, we were certain our commitment and enthusiasm would take us places. But even the most optimistic amongst us would not have predicted global leadership status well before our silver jubilee. But we made it happen and in our 25th year, dominating the laminate tubes landscape worldwide, with a phenomenal 32% market share.

I must add, that this success has come on the back of a two-pronged effort. One at the hands and legs level; the other at the mind level. Hands and legs is nothing but consistently working hard at success on the ground, everyday, by every employee at every level. That is the bedrock upon which any corporate success rests. And for 25 years, we at Essel Propack have been blessed by an abundance of that. My deepest gratitude to all our employees.

But the other side of the coin is just as vital – effort at the mind level. It is the thinking and strategy that results out of board-level meetings. Strategies that include geographical, capacity and product expansion, as well as mergers and acquisitions, amongst other things.

We have turned every setback into an opportunity.

In late 80's we innovated tube laminate in a 5 layer structure since we could not get good quality paper in India for making laminate. When we did not get quality blown film, we integrated backward, learnt the technology and improved margins. In mid 90's, when we did not find a suitable joint venture partner in China, we took the risk of going on our own. We started "a plant with in plant" for two large customers in China. We purchased moth balled assets in South Africa and Romania and re-located them to Nepal and Egypt.

The list is endless.

I reiterate my point; our first 25 years have been phenomenal because of an all-round, consistent and innovative effort by everyone at Essel Propack. The hands and legs have to be complemented by the mind. One without the other is futile. As we continue to push towards another 25 years of glory, both aspects must work again in tandem.

What does that mean for the future? Resting on our laurels is the last thing we can afford. It is precisely because we saw each day as a new challenge that we could grow and progress and reach where we are.

Where do we go from here? Anywhere we want to. It's really about making your own destiny. Rest on your laurels and you stay where you are. Use them as a springboard to further conquests and you'll reach greater heights.

Finally, further conquests shouldn't just be spurred on by personal ambitions. We carry the weight of the expectations of everyone whose destinies are also linked with us in whatever way – customers, employees, suppliers and very importantly shareholders. People who have not just invested money but faith as well in our success. We owe it to them, and to ourselves, to keep the momentum going.

Thanking you!

Subhash Chandra

Chairman

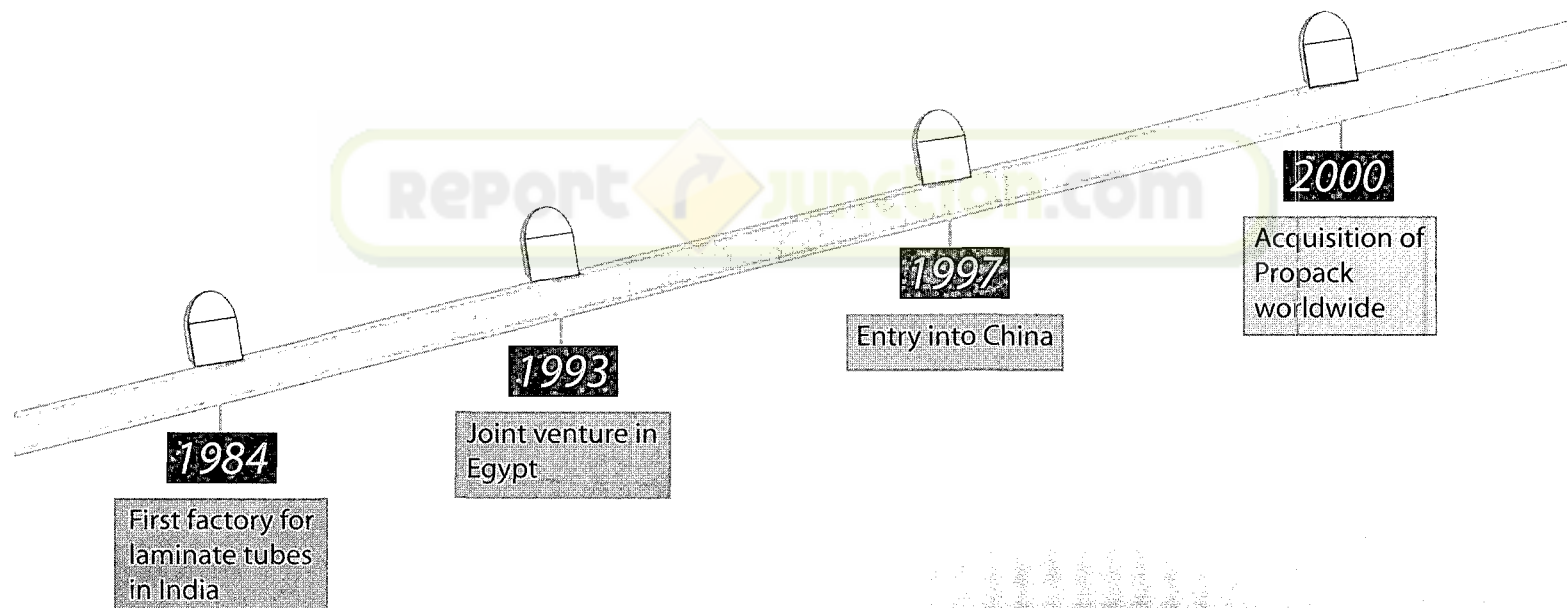


Our Road To Success

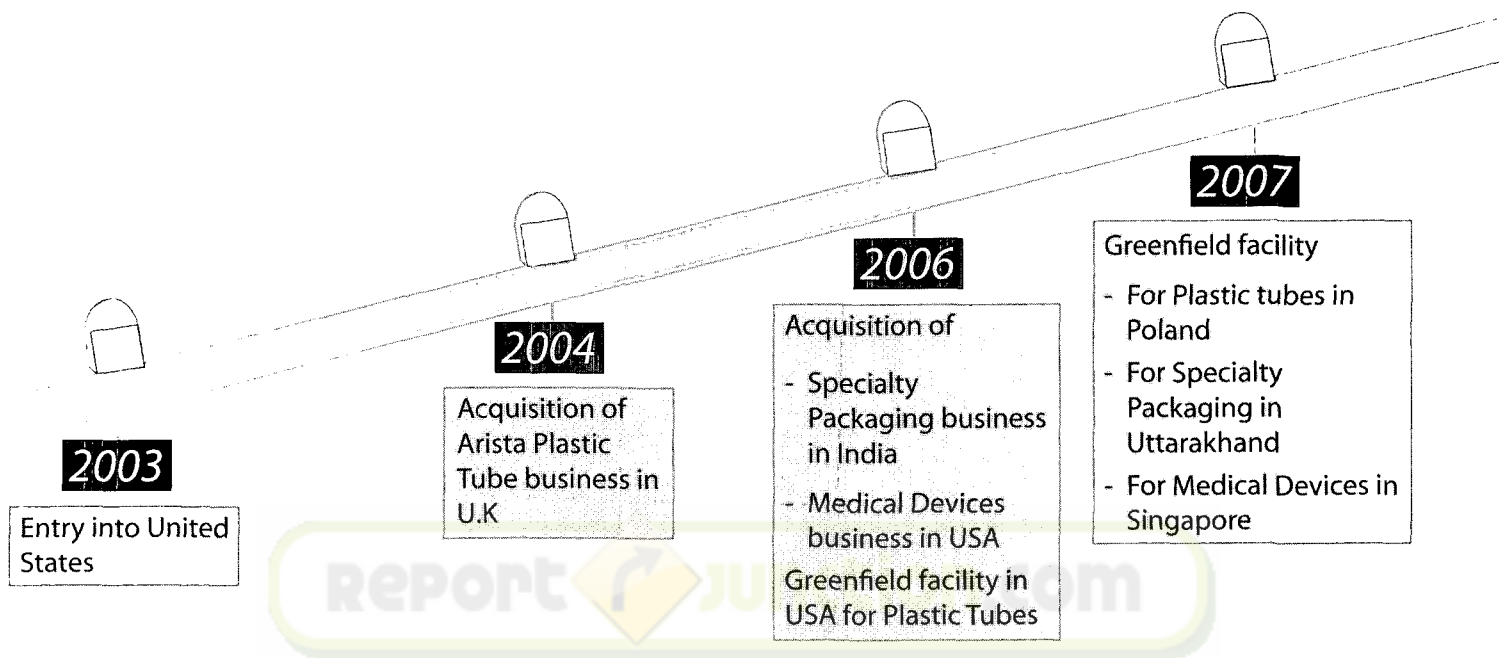
*Success isn't a single step. It is about repeating those steps over and over...
a journey that never ends.*

*Indeed, success does not happen overnight. Almost always, it is a result of
continuous achievements over a period of time. In 25 years, we've slowly but surely emerged
as a global leader in laminate tubes. The race is far from run.*

Every milestone is a reminder of greater things that lie ahead.



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Reaching Beyond National Frontiers To Straddle The Globe

*It's a **global economy** today. To dominate parochial geography is no longer an achievement. True corporate greatness is reserved only for those who have left their footprint on the global stage.*

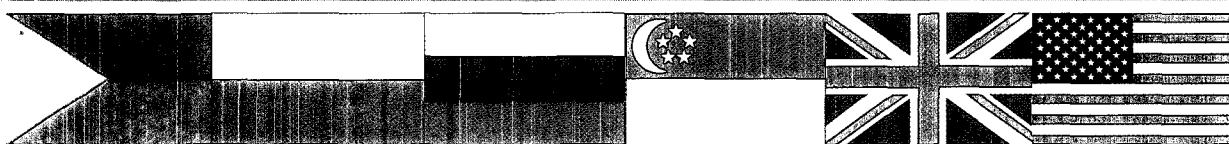
*At Essel Propack, global leadership is a concerted result of exploring new horizons. Having established a solid base in India, we **ventured overseas in 1993**, scripting our own bit of history in historic Egypt.*

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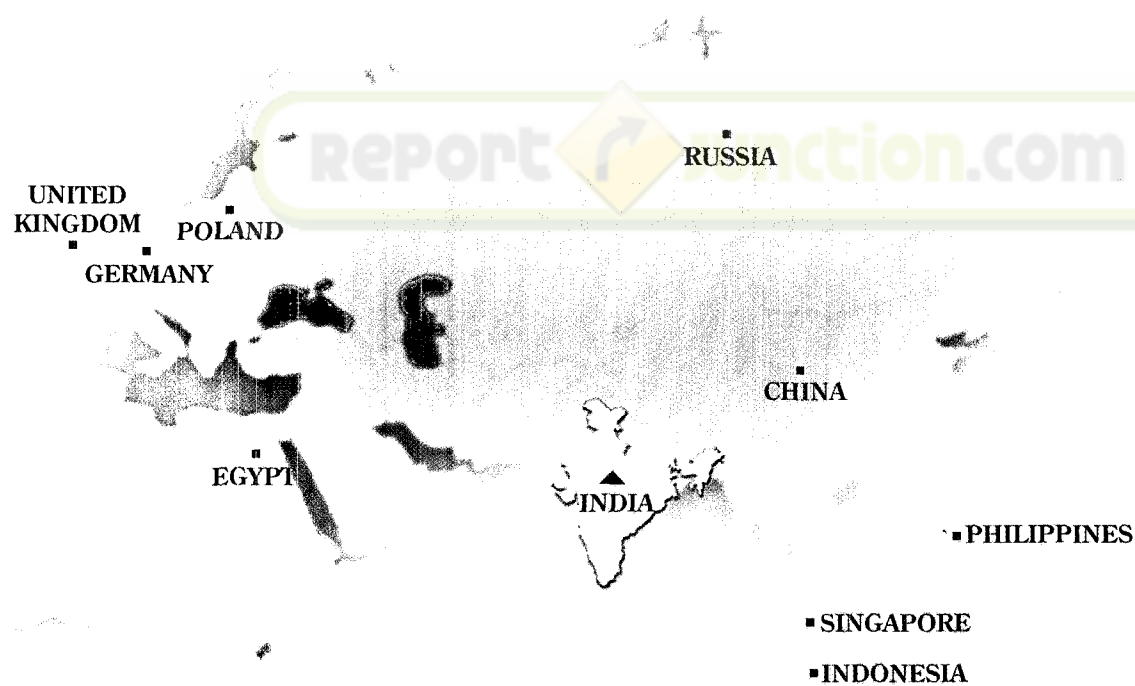
USA

MEXICO

COLOMBIA



Today, we are a *true Indian multinational*, with presence in China, Columbia, Egypt, Germany, Indonesia, Mexico, Philippines, Poland, Russia, Singapore, UK and USA as well. In 25 years, we've covered a lot of ground. But, the conquest has only just begun.



△ Head Quarters in India
 ○ Countries we operate

Indicative Map, not to scale

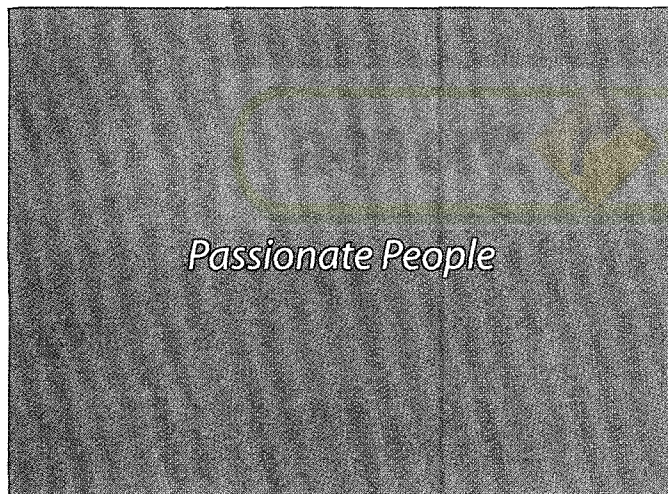


Powered By...

Everything we've achieved today is a function of that **potent formula** of driving change. We introduced laminate tubes in India and converted a whole market based on superior offering. **Constantly upgrading**, we've kept pace with the phenomenal rate of change the world has seen over the past 25 years.

But the best of technology still needs people to keep it ticking. We've invested liberally in this half of the growth story as well. Because both halves – **people and technology** – are inseparably dependant on each other. And because together, they make possible that vital ingredient of growth... **Innovation!**

Miles to go and promises to keep... people and technology are making the journey infinitely easier.



A training session in an Indian Unit



Quality inspection at Polish Unit



Operators in the USA Unit