

Essel Propack Limited



Renewed Energy Expanded Playfield


Annual Report 2014-15







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Please refer Back Cover for our social media addresses



Energy is behind all Growth and Sustenance. The primordial energy unleashed by the Big Bang has been keeping this Universe in spiralling expansion over billions of years. The cover of our Annual Report is inspired by the potential of this unleashed energy.



25

UNITS

The huge tube market beyond the oral care category, 22 billion a year in volume, has almost *tripled Essel Propack's Playfield* in volume terms and *multiplied it manifold* in value terms.

The Innovative spirit of the Company that so successfully changed an entire market for oral care packaging from aluminium to laminated tubes, is at play again introducing to the market an entire New Generation of laminated tubes.

12

COUNTRIES

This is the Renewed Energy that is unleashed by Essel Propack from its 25 units spread over 12 countries, which is:

- driving Value growth across categories of **Beauty & Cosmetics**, **Pharma & Health**, **Food**, **Home** and **Oral**
- charming customers with **Extraordinary Packaging** solutions
- aligning its 2800 people behind an exciting Vision and Mission of

2800

PEOPLE

Extraordinary *Value creation* for its shareholders

- exploding dynamically for securing leadership in newer playfields...

...captured in the
NEW LOGO
ESSEL PROPACK
has given itself



About Our New Logo

At Essel Propack we have always strived to deliver the extraordinary. Over the last three decades we have grown from being an Indian manufacturer to becoming a global leader; with a global outreach, international relationships and technological resources that make us number one. It is important that we express our unique position in the marketplace, verbally and visually.

Also, this image should be aligned with our global positioning, and is a key building block of a comprehensive, long-term business strategy. We, therefore, believe that the time is right to signal our extraordinary potential in the world of packaging through a revitalisation of our identity to the world – our logo.

All our 2800 employees actively participated in creating this new logo.

The new logo forms the letter 'e' using five petals representing each of the categories that we serve viz. Beauty & Cosmetics, Pharma & Health, Food, Home and Oral. We have given each of them a vibrant colour which are reproduced below.



This design is a revolutionary new approach and represents the renewed energy, commitment and aspirations for our Company. The space in between creates a 'star like halo' to represent the idea of 'extraordinary'.

Blue being the brand color of Essel Propack historically, is carried forward here. The typeface in this logo has been designed exclusively in lowercase to make us look modern, fresh and approachable.

IT BETTER EXPRESSES WHAT WE STAND FOR

Our new identity better expresses what we stand for as a Company dedicated to bring to life extraordinary packaging in a more dynamic and relevant fashion than ever before.

IT HAS A CONTEMPORARY LOOK FEEL

Fonts, shapes and colours need to be refreshed in order to keep with changing times and to provide a more contemporary and modern feel. Our new logo does just that.

IT SIGNALS TRANSFORMATION

Since our inception, we have evolved to become world leaders with global facilities and an international workforce, spanning verticals. Our new identity projects our transformation and pre-eminent position in the world of laminated plastic tubes.

IT TAKES CARE OF TECHNICAL CONSIDERATIONS

Complex logo designs often do not scale down well. Our new logo is technically superior, designed to work well across a wider range of applications with respect to print and digital media.

All in all, we have a new extraordinary logo, because we are just that.



A LOGO THAT **REMINDS** US
WE ARE EXTRAORDINARY EVERY
TIME WE SEE IT.



A LOGO THAT **EXPRESSES**
WE ARE AHEAD OF TIME AND
BETTER THAN EVER.



A LOGO THAT **INSPIRES** US
TO GO THAT EXTRA-MILE, EACH
AND EVERY TIME.



A LOGO THAT **SIGNIFIES** ESSEL
PROPACK'S SAME VALUES
AND SAME SPIRIT, WITH NEW
POSSIBILITIES AND NEW
THINKING !

Chairman's Message



Success is contagious. For us at Essel Propack, it is renewed energy, renewed commitment and renewed effort to surpass the high standards we have

set for ourselves. The positive business scenario for us as a Company, in an economy where performance is currently sub-par, has only enthused our teams.

Dear Shareholders,

A year has flown by and it is my pleasure to once again share with you details of your Company's performance and the path we have carved going forward.

As most of you are aware, your Company has been delivering consistent returns over the last 4 years and is firmly on the growth path. For the financial year ended 31st March 2015, we have sold about 6.5 billion tubes; our Revenues are at ₹ 23.23 billion - a growth of 9.2 % over the last year and Net Profit is ₹ 1.4 billion, a growth of 30% over the last year.

As noted Russian-American writer Ayn Alissa Rand wrote "The ladder of success is best climbed by stepping on the rungs of opportunity."

At Essel Propack, we have tried and availed of every opportunity to retain our position as one of the top global players in the laminated tube space. Over the last 3 years, the Company's focus on "Multiplying the Products and Markets", the "Determination to Deliver" value to our Customers and stakeholders has led to the Company "Providing wings to FMCG brands globally." Yes, the

Company's evolution from an oral care packaging Company to an innovative packaging solutions provider to the high value non-oral care category is getting globally recognised.

Innovation is the key to your Company's growth. As Steve Jobs said "Innovation distinguishes between a leader and a follower." We have always tried to be one step ahead of the market in terms of our product range, constantly defining and evolving to meet the ever-changing market requirements – be it the quality of our products & processes, presenting of the "first moment of truth" to the consumer by way of attractive decoration, convenient dispensing systems and anti-counterfeit, eco friendly structures and processes that reduce carbon footprint. Your Company has applied for patents for over 100 products and processes globally and quite a few of them have been granted.

Our innovation has extended to working with our machinery supplier, to enhance machines, both in terms of speed as well as capabilities. Our latest achievement is the "SHOT" line, which is capable of actually producing 500 tubes per minute. Hitherto, we had machines which could produce maximum of 240 tubes per minute.

The other key to your Company's growth is fast decision making and timely implementation of decisions by business leaders. As Warren Bennis said "Leadership

is the capacity to translate vision into reality." Rightly so. When leadership is closely aligned with the organisation's vision, where Leaders and teams are aligned and work closely with complete understanding of the goals and relevant guidance and motivation is constantly provided, the organisation is bound to succeed. Leadership is also about being approachable to people down the line; about helping them remove road-blocks and resolve issues without delay. This would result in two good things happening in the organisation – (i) the leadership behaviour of being proactive will percolate down the line and (ii) the organisation will be strong, positive and motivated.

Peter F. Drucker said "Leadership is lifting a person's vision to high sights; the raising of a person's performance to a higher standard; the building of a personality beyond its normal limitations."

If we succeed in achieving this with our Human Capital, we will have people of 25 different nationalities with varied cultural backgrounds, rallying around and working towards one single Corporate Vision. There will then be nothing to stop us on our growth path and delivering on our promises.

Success is contagious. For us at Essel Propack, it is renewed energy, renewed commitment and renewed effort to surpass the high standards we have set for ourselves. The positive business scenario for us as

a Company, in an economy where performance is currently sub-par, has only enthused our teams. We are therefore, eager and committed to take full advantage of the EXPANDED PLAYFIELD available to us in the non-oral care space, with RENEWED ENERGY and zest.

I am reminded of a comment by Tony Gwynn – a Hall of Fame baseball player "The minute you're satisfied with where you are, you aren't there anymore."

There are opportunities out there available to us for the asking; it might mean more work and untiring effort for us as a Company. I am sure that we can do it and together with all our stakeholders strive to reach greater heights.

I would like to thank our valued Customers for their continued faith and trust in us; our Suppliers, Shareholders, Bankers and all other stakeholders for their invaluable support in all our endeavours; the Board of Directors for their unstinted support and conscientious guidance to enhance the Company's performance in every aspect; last but not least, to the Leadership Team, Esselites who are the backbone of the Company; their enthusiasm and efforts have contributed to the growth of the Company.

With best wishes,

Subhash Chandra
Chairman

Vice-Chairman & Managing Director's Message



The Renewed Energy within us as a Company and the Expanded Playfield (market opportunity) that is available to us, will provide us with the momentum to sustain the growth.

Dear Shareholders,

The Financial Year 2015 for your Company was one of all round growth. During the year, we sold about 6.5 billion tubes. Our Sales Revenues grew 9.2% to ₹ 2323 Crore. Our Profit After Tax grew 30% to an all-time high of ₹ 140 Crore.

As has been shared before, the Beauty & Cosmetics sector offers an additional 12 billion tube opportunity globally. I am happy to inform you that on the back of continuous and new innovations, we have made good progress in getting business in Beauty & Cosmetics from local as well as MNC Customers in all regions. Americas, Egypt and Europe have made good progress in this area.

East Asia Pacific (EAP) has also made progress, although on a smaller base. We have built additional capacity and new capabilities in these regions and they are now fully equipped to handle requirements of the Customers in respective Regions. In China, your Company has made a strategic investment in a new site in South East China, where most Cosmetic Customers are located. The unit was inaugurated on 4th December, 2014 and is now fully commissioned.

The Pharma & Health sector offers an additional opportunity of 10 billion tubes globally. India has succeeded in Pharma business. Our efforts to equip one more of our facility with a clean room, in addition to the one we

already had, has helped in servicing the Pharma Customers. While we have made good progress, we are confident that we shall continue to push for more growth in the Pharma category going forward.

In Americas and Europe, the strategy to expand our presence in non-oral care offerings has taken off well and the impact is increasingly visible in the financial performance of these two vital regions over the last 2 years. The Poland unit is now a profitable operation and is a flag-bearer for expansion in Europe. India & China continue to present immense potential, albeit a slowdown in the short term due to macro-economic conditions. Your Company is addressing this by opening new market niches, both in non-oral care and oral care categories, including replacing other packaging forms with laminated tubes.

We continue to focus on geographical expansion of our markets whereby each of our units in every country is actively pursuing export of our products to the neighbouring countries. For example, Egypt has commenced servicing neighbouring countries in Gulf and Africa. America is servicing Brazil and so on.

In step with our strategy to expand in Beauty & Cosmetics and Pharma & Health in new geographies, we have positioned ourselves as a complete packaging solutions provider, engaging with the Customer from the concept stage to global rollout.

Your Company has undertaken training of its Human Capital, to enable them to contribute meaningfully to the new strategic thrust. Our efforts in this direction

have begun in right earnest and we are beginning to see the fruits of this effort in all geographies across the globe.

On the Human Capital front, conscious efforts have been made in engaging more and more with our people across the globe. The engagement levels are measured every year by an independent professional agency. Another motivational scheme "All Ideas Matter" was launched as a measure to involve employees to come up with ideas which challenges the status quo. We received tremendous response to this scheme from all our plants. We have also strengthened Functional Excellence in vital areas like Supply Chain and Quality & Process Improvement by deploying global lead positions.

With all this, we envision your Company to grow Net Profit @ 20% CAGR over the next 5 years and achieve ROE & ROCE of 20%+ in the next couple of years. We have also targeted 50% of our revenues to come from non-oral care.

In keeping with the new image of the Company as a one-stop provider of packaging solutions, we undertook a complete re-branding exercise, covering every area that comes into public arena, including our website and logo. Your Company is now present in social media - Twitter, Facebook etc. You may have read the write-up on the same, published in this report.

The noted American Motivational speaker, author and consultant Denis Waitley has said "Success is almost totally dependent on drive and persistence. The extra energy

required to make another effort or another approach is the secret of winning."

It is evident that our strategy to enter the non-oral care space is yielding the desired results. The Renewed Energy within us as a Company and the Expanded Playfield (market opportunity) that is available to us, will provide us with the momentum to sustain the growth.

With best wishes,

Ashok Goel

Vice-Chairman & Managing Director



PACKAGING, APART FROM MAINTAINING PRODUCT INTEGRITY, OFFERS THE “FIRST MOMENT OF TRUTH” FOR CONSUMERS OF FMCG BRANDS



FROM COSMETICS TO PHARMA TO FOOD,
LAMINATED TUBES ARE INCREASINGLY EMERGING AS
THE PREFERRED CHOICE OF PACKAGING, REPLACING
BOTTLES, JARS AND ALUMINIUM TUBES.

