

## Essel Propack Limited

Annual Report 2016-17



Hair Colorant Tubes

# Mystik<sup>™</sup>

...a technology disruptor

**Mystik™** is a breakthrough innovation that culminated out of Essel's R&D efforts for years. With creative play of different new-generation polymer layers combined with special alloys, Mystik provides complete protection to all known hair colorant formulations and other aggressive product formulations like Rx Pharma products and high atmosphere sensitive products like ketchups for foods.

**Mystik™** tubes have been created with unique inner barrier multilayer membrane covering tube shoulder, neck and orifice, and an innovative closure with integrated wedge which helps consumer pierce the tube orifice membrane before use. Mystik tubes can be decorated with innovative graphics incorporating touch and feel sensory.

**Mystik™** tubes have gone through Essel's stringent accelerated product stability tests and are now under customer validation and commercialization.

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# Technology as a disruptor

Technology today is the disruptive force much sought after by world-class businesses to sustain and strengthen their market leadership, win customers and open up new opportunities.

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New technology is about challenging norms and conventions, paving way for newer habits and preferences and delighting customers and consumers.



As an FMCG business and a leader in laminated tubes, Essel Propack is proud of its track record of Technology-led disruption ever since it swept the Indian tube landscape replacing the aluminium tubes and growing into a global business. **Mystik** is our latest and one of the most satisfying accomplishment in this exciting journey that launched stellar innovations such as Egnite®, Etain®, Green Maple Leaf™ etc. For Essel, Innovation is holistic. Much as we drive technology to create disruptive packaging solutions for applications in categories ranging Beauty, Pharma, Foods, Oral and Home, we are heavily into creating disruptive changes also in the way we operate and service our customers and delight our consumers.

From its structure to its inner barrier to its unique innovative closure, **Mystik** is poised to revolutionize packaging in diverse FMCG categories such as Hair Colorants, Foods and Pharma with solution that is more smart, stable and safe.

# Message from Chairman & Managing Director



That brings me to the huge potential of technology which we can harness for creating innovative products for our customers, to change the whole way we manufacture and service our customers and the way they experience us as Supply partners. They should see us as the Supplier of Choice.

## Dear Shareholders

It is my pleasure to appraise you of your Company's performance during FY17 and the broad contours of the future we are creating.

Mission 20-20-20 continues to be the driving force, across the business and functions. I am aware that the Sales for the year ₹ 2388 crores and the Net profit ₹ 190 crores, healthy as they are, may not be exactly reflecting our growth ambition. The reasons already have been articulated elsewhere in this Annual Report. These are mostly minor road bumps and do not detract the business from achieving the Mission. New business development is progressing well in EAP. India long-term story is intact; the softness in sales off

take could continue until GST implementation, but thereafter, the economy and business will only emerge stronger. New business development process in Europe and Americas has been revamped with focus on building enough fall-back projects in order to secure the Company's volume plans. Acquisition of the German Joint venture, has created opportunity for synergies in European operations, and a team is working to secure these at the soonest. Consolidation of manufacturing in India and stabilization of the new facility in Colombia have been completed by March, and the benefits should begin to flow in the new financial year, instead of the one off costs entailed in the year under report. All this gives me confidence that we are well on track to realize our Mission.

Our future as I see will be even more exciting. You will recall that in my address last year, I talked about Delighting Customers and Unveiling horizons. It has been a revelation to me what all we can do to take the business to new heights. Mystik is a classic example, where we brought together a number of technologies to create a truly disruptive packaging solution using laminated tubes. This opens up an entirely new category of Hair Colorants which today are fast growing lifestyle products consumed across the world. Between the organized and other brands, and including the developers that go along with the colorants, it offers a 4 billion tube new market opportunity. Similar aggressive products in the Pharma and Food categories now can be targeted for replacing their traditional packaging formats with Mystik tubes, again a new opportunity.

That brings me to the huge potential of technology which we can harness for creating innovative products for our customers, to change the whole way we manufacture and service our customers and the way they experience us as Supply partners. They should see us as the Supplier of Choice. It is said that “it is wiser to help the Customer buy from us instead of we trying to sell to them.” Therein lies the key to sustained, profitable and competitive growth. At Essel, we are quietly driving this dream.

We do not see Technology as limited to the traditional ways of making a laminate or tube, but as a body of scientific knowledge in any area, which we can adopt, adapt or replicate to solve our problems and make a big impact. That is what has helped us to create besides Mystik, some powerful packaging solutions branded as Aeir, Prizm, Clarion, Green Maple Leaf which are in various stages of trials with our customers. We are leveraging high speed digital image processing technology to track our products through the entire manufacturing process – the result, we are implementing a capability to spot defects on line at speed of light, and consequently are able to promise the customer that our products can be moved to their production line direct from trucks without need for inspection or quarantine. We expect the pilot of this to start very soon. We are already piloting a technology which digitally handles customer artwork, so as to assure a high integrity image on the tube in our production lines, thereby crashing the lead-time for the customer to market a new launch/relaunch and to assure a First time Right production. We see these as not mere incremental but as step

changes, disruptive developments which will go to strengthen our credentials as industry leader among customers.

There are a number of similar initiatives unleashed in the manufacturing process across our global operation, aimed to bring in standardization and automation. Data analytics at machine level to improve process stability, study for deploying robotics etc are some of these which should change our manufacturing landscape in the near future. Customers much understand that an innovation-driven, technically and financially strong supplier brings more value to their brands long term, and it is value and not the cost or price that makes for long term business success.

To this end, we have identified and staffed key Technology functions, established their linkages with business, and implemented ways of team working that will tap and leverage the knowledge and perspectives, whether external or internal to Essel, and help forge superior solutions to delight our customers. There is a lot of excitement today in our teams. Ultimately, it is the people who make the difference. And we continue to invest in their development, present them opportunities to create a great future for the business and to themselves. Continuously improving employee engagement scores, with some of our units already at the country/industry best in these scores, bears an ample testimony to this. Surely, we are out there to deploy Technology that will make a difference with the disruptive solutions it will provide.

I take this opportunity to thank our valued Customers, our bankers, and all our stakeholders for their consistent support, the Board of Directors for their guidance and encouragement at all times, Esselites across the globe for their effusive energy, commitment and great efforts, all of which have contributed to your Company's growth.

**Ashok Goel**  
Chairman & Managing Director

# Leveraging Technology

## Innovative Products

Innovation and R&D has always been the engine of growth and expansion at Essel Propack. With FMCG industry rapidly extending its horizon to embrace new categories, we are working closely with major FMCG brands to deploy packaging solutions that are convenient, smart and sustainable.



At Essel Propack, we are always pushing the limits to meet the growing expectations of consumers. With innovation and R&D, we are creating product driven disruption: from material science to tube structure to printing to closure and dispenser. All this, keeping sustainability in mind.

We have developed completely recyclable structures. Our Green Maple Leaf™ technology is gaining traction. We have also innovated super-light structures which reduce the use of plastics without compromising on strength or quality of the tubes. For our customers, this aligns with their resource reduction and sustainability initiatives.

**Clarion**  
HIGH CLARITY UV TUBES

Innovative structure that allows the consumer to see contents inside with glass like clarity.

**Prizm**  
HOLOGRAPHIC TUBES

Provide anti-counterfeit features on the tube, in addition to being aesthetically appealing. Suitable for pharma products and cosmetics.

**GREEN MAPLE LEAF**

Fully recyclable, made from organic polymers.

**Aeir**  
LIGHT WEIGHT TUBES

A lightweight laminate created by using special technology, helping resource reduction.

**Velvetie**  
SOFT AND VELVET FEEL TUBES

Special sensory effect of baby skin, suitable for premium Beauty & Cosmetics products.

# Leveraging Technology

## Opening New Categories

The past decade has seen the FMCG consumer evolve significantly. Even five years ago, there was nothing called Lifestyle products in the FMCG space, but today, Lifestyle products is one of the fastest growing categories within FMCG, for example, hair colorants and hair styling.

New categories are also emerging in the Do-It-Yourself (DIY) space involving products such as adhesives, crayons, paints and lubricants.

Consumers' preference for packaged food is increasingly being driven by convenience and ease of use. This is creating a demand for packaging that can replace traditional rigid and glass containers.

At Essel, we are leveraging innovative technology to develop packaging solutions for these new emerging categories and products which are aggressive and highly sensitive to atmosphere.



# Leveraging Technology

## Delighting Customers

Our customers comprise some of the largest FMCG companies in the world. We work as long-term partners, collaborating with them in the true spirit of partnership. We leverage technology going beyond products to servicing and enhancing their experience.

Essel Propack is about to pilot a very innovative process capability that will automatically filter defective products before despatch to customers. This will obviate any need for inspection and quarantine at customer end, and allow the product to be used directly in their production lines.

We have also jointly innovated with equipment supplier a very high speed tubing line capable of forming upto 600 tubes per minute, driving up productivity and reducing power & space requirement, and with an ability to mesh with customers' production lines.

We are in the process of developing digital technology to seamlessly integrate the customers' artwork with our production lines. This will reduce the lead time for new product launch. In future, the same technology can be extended in providing full visibility, quality validation by customers and first time right capability.



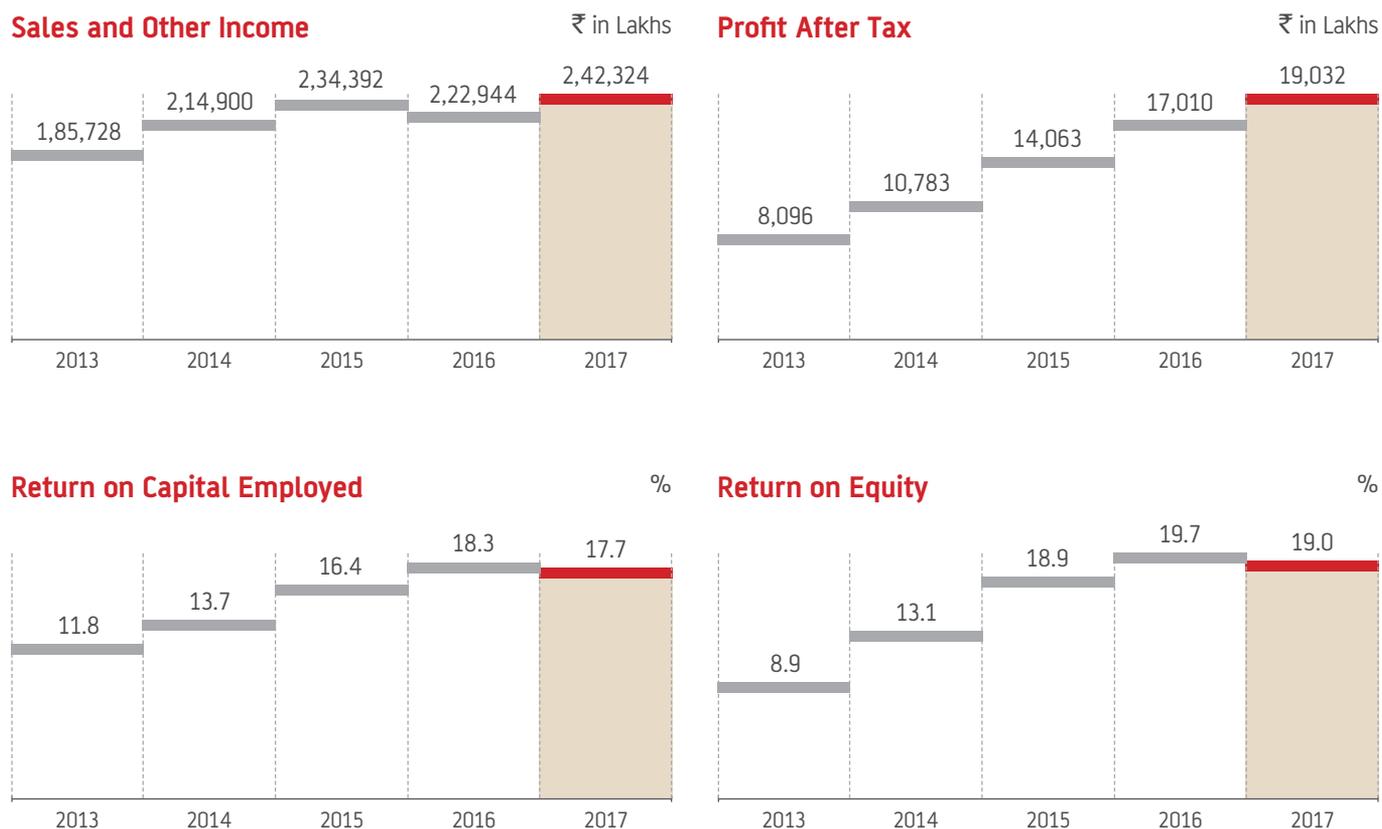
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Today, as we look ahead, we see great potential. Driven by innovation and technology, we continue to grow offering smart packaging solutions to replace traditional packaging forms like bottles, metal and plastic tubes both in existing categories and in newly emerging categories and applications from food to pharmaceuticals to lifestyle.

# Awards & Accolades



# Financial Highlights



# Directors with Leadership Team



## Standing Left to Right:

**Rajiv Verma** - Technical Head - Corporate  
**Vinay Mokashi** - Financial Controller - Corporate  
**Kelvin Wang** - Regional Vice President - EAP  
**Alan Conner** - Regional Vice President - Europe  
**Dileep Joshi** - Director - Human Capital  
**Prakash Dharmani** - Chief Information Officer  
**Parag Chaturvedi** - Head - Global Quality & Process Improvement  
**Ted Sojourner** - Regional Vice President - AMERICAS  
**Roy Joseph** - Regional Vice President - AMESA  
**M. K. Banerjee** - Director - Creativity & Innovation  
**Suresh Savaliya** - Head Legal & Company Secretary

## Sitting Left to Right:

**M. R. Ramasamy** - Chief Operating Officer  
**Atul Goel** - Director  
**Ashok Goel** - Chairman & Managing Director  
**Radhika Pereira** - Independent Director  
**Mukund Chitale** - Independent Director  
**Boman Moradian** - Independent Director  
**A. V. Ganapathy** - Chief Financial Officer