

ANNUAL REPORT 2008



**ESSEL PROPACK LIMITED**

They say adversity strikes when you least expect it. The fiscal that has just gone by has proved it ruthlessly. It has shaken the weak and dented the confidence of the strongest.

After 26 years of modest to spectacular growth, we have faced the challenging times.

But adversity is the biggest test of character. Dwell on misfortune and things will get worse. Assess the situation and take quick and immediate corrective measures, and you'll catch the wind as soon as it blows your way again.

In business, nothing works like focusing on customers and their needs. It's a strategy that's driven our fortunes in good times; it will help us turnaround quickly in these difficult times as well. Our focus is on building stronger capabilities and enhancing production values to meet the highest demands of customer satisfaction.

It means scaling up internal efficiency, reducing costs, maximizing utilization of capital and engaging our customers, employees and stakeholders in constant and meaningful communication.

Even the darkest night must be followed by the dawn.

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# Corporate Information

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## BOARD OF DIRECTORS

**Subhash Chandra**

Chairman

**D. Ahuja**

**Tapan Mitra**

**K. V. Krishnamurthy**

**Boman Moradian**

**Mukund M. Chitale**

(appointed w.e.f. March 24, 2009)

**Ashok Kumar Goel**

Vice Chairman and Managing Director

**A. S. Khandwala**

Vice President - Legal & Company Secretary

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### Auditors

MGB & Co.

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### Bankers

State Bank of India

Standard Chartered Bank

IDBI Bank

BNP Paribas

DBS Bank Limited

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### Advocates & Solicitors

ANS Law Associates

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### Registered Office

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

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### Corporate Office

10th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, India.

Tel.: +91-22-2481 9000. Fax: +91-22-2496 3137

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### Factories - India

Goa, Murbad, Nalagarh, Puducherry, Silvassa, Uttarakhand, Vasind & Wada

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### Factories - Overseas

China, Columbia, Egypt, Germany, Indonesia, Mexico, Philippines, Poland, Russia, Singapore,

UK & USA

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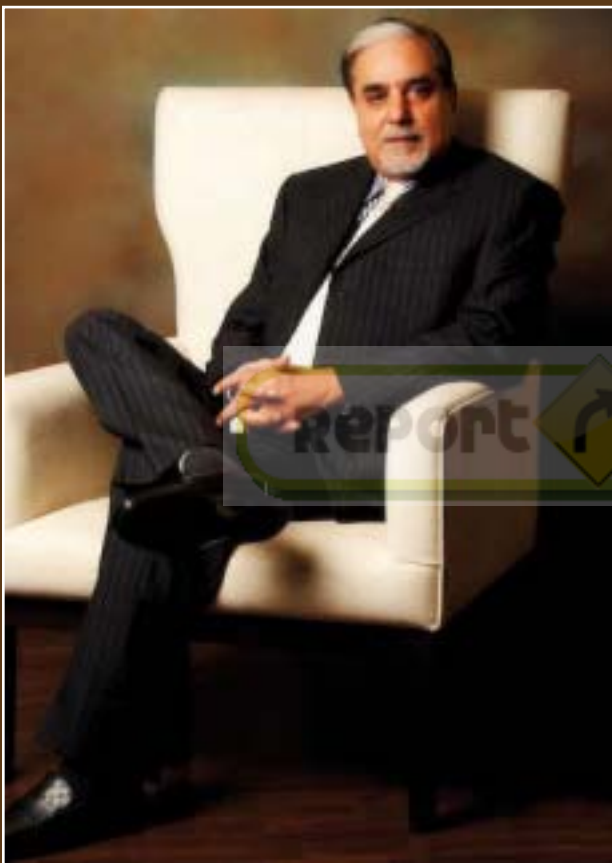
### Website

www.esselpack.com



## Chairman's Message

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*"We understand the need to remain committed to our core strengths and focus on growing and fortifying our business."*

It gives me great pleasure to communicate again to all stakeholders of Essel Propack.

Last few years, we have had a great growth, both in turnover and geographically, worldwide, securing and strengthening our number One position worldwide in flexible tube business.

We achieved all these, based on our core competencies of superior technology, knowledge of product and markets, intimacy with our Global Client base, and above all, the dedicated set of employees at all levels, from the shop-floor workers to various levels of managers. My sincere thanks to all of them.

It is this set of people who are putting in their best now to help Essel Propack overcome the present difficult situation it is facing.

The present business environment is entirely different from anything else that we have faced, in even the worst of times in the past. We have global financial crisis, culminating in global markets tumbling since May 2008 bringing down business confidence all over the world. Continued banking and liquidity crisis impacted all businesses. Coupled with that is the weakness in Rupee and European currencies vis-à-vis US Dollar. At present, the business scenario is further complicated due to lower consumer consumption, lower growth rate, no expansion / closure of businesses, slowing down of all businesses, including ours.

I can assure all of you that the Essel Propack team is putting in their very best efforts in making the company profitable by following the action plan:

1. Cost control all around, hence bringing efficiency in each area of operation.
2. Exiting from non-core businesses.
3. Consolidating & bringing efficiencies in capital invested / borrowed.

No efforts are being spared, to get the company back to winning ways. Meanwhile, your company continues to hold its number One leadership position worldwide, sharpening its technological leadership and preparing to make the most of the market when the economy turns tide, as it has always done in the past.

Essel Propack has sailed through some testing times earlier. The financial results reflect the pain and the need to reshape the direction of our company. We understand the need to remain committed to our core strengths and focus on growing and fortifying our business.

With support from all stakeholders, we shall overcome.

We look forward to your continued support and thank all our shareholders, our customers, all employees and Bankers and Financial Institutions, for standing by us and for the continuing faith on Essel Propack family.

Wishing you all the best

**Subhash Chandra**  
Chairman

## *Board of Directors*

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Mr. Subhash Chandra  
*Chairman*

Mr. D. Ahuja

Mr. Tapan Mitra



Mr. K. V. Krishnamurthy

Mr. Boman Moradian

Mr. Mukund M. Chitale

Mr. Ashok Kumar Goel  
*Vice Chairman & Managing  
Director*



## *Technology at its best*



Laminate Tube Making Facility



Plastic Tube Making Facility



Speciality Packaging Facility



Medical Devices Facility

## *Vice Chairman & Managing Director's Message*

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*“We continue to focus on customers and their needs which we believe to be our only ingredient to success.”*

Our company has witnessed quiet a few redefining moments this year. Essel Propack's journey so far has been charted with a combination of grit, hard work and sharp minds – of a unified talent force that spreads across the globe. Having experienced commanding growth with scant setbacks; we have recorded 26 years of uninterrupted growth. However for the first time we saw a denting curb in the year 2008. We observe the inward struggle and external chaos as catalysts to this situation.

Significant turnarounds in time are thrust on us with surprise and circumstances present themselves without warning – leaving us with task of refining and shaping them to move ahead; into a new world which they demand. Such events deeply engrave a phase; far from a logical tail end or an episode that is a result of human intervention – at present we are experiencing this phase which will redefine our future identity.



We are determined and continue taking swift actions equipped with an expert leadership to guide and simplify the kinks observed in our business. The focus for the company rests on the bringing back what it lost in previous year. Our steps to resurrect will be tuned to four businesses that Essel Propack comprises – Laminate Tubes, Plastic Tubes, Medical Devices and Speciality Packaging Materials.

Business for Laminate Tubes has maintained its momentum, continues to grow and has displayed sound progress. The performance of Medical Devices based in USA and Singapore has displayed results beyond expectations and presented a positive curve. The Speciality Packaging Materials Business continues to be in the investment phase with marked investments for building capabilities, flexibilities and new products.

However, expansion of facilities for Plastic Tubes located in Virginia, USA and Miedzyrzecz, Poland have taken longer for stabilising than expected. The graph dipped for Plastic Tubes business with both the facilities in USA and Poland unable to ramp up the production in a cost efficient manner.

Relatively the facilities in USA have faster resuscitation. In spite of a tumultuous year, the Plastic Units here managed a positive shift towards achieving break even by early 2009. However, the operations in Poland continue to face issues resulting from the transition of the facility from the UK plant to its existing location in Poland. The learning curve for Poland has been longest as a result of unexpected snags caused due to delay in stabilising people and resources and the outcome of economic turmoil.

While all efforts, till September 2008 were implemented towards reducing damage and reclaim the hold on Plastic Tubes facilities in both USA and Poland, all the work done was neutralised by the global slowdown, bringing a crashing impact on the growth prospects for the last quarter. The shift in world economy since October 2008 has left foot prints of disaster across industries, markets and geographies of the world. What ensued thereafter with the collapse of financial and banking system, liquidity and confidence crisis and of course the impact on curbed cash flow.

No individual, organization or any government expected the fall out that left little hope and faith business communities today. Yet, amidst the mayhem, the only manner to bring a sense or order is by pooling efforts to create openness, promote transparency and take strong confidence building steps. For both people and systems, there will be surge of new thoughts and ideas which will provide new opportunities for us to regain the lost ground.

We continue to focus on customers and their needs which we believe to be our only ingredient to success. The marketing resources have been drawn closer to the sales. Rather than spending on new capital assets or major spends for building future capabilities, we now concentrate on developing and spending on grass root efforts toward building strong capabilities and enhance production. Aim towards production that is closest to customer satisfaction and higher On Time In Full (OTIF). We continue efforts towards building confidence amongst all work groups – customers, investors, and employees.

Efforts will be focused on building metrics to measure product upgrades in and service to customers and scaling up internal efficiency, reduction of costs and making effective utilization of capital. Opening and maintaining constant communication with the customers, investors, employees and management team towards sharing ideas more closely and building confidence. Alongwith communication, we shall continue with efforts towards conservation and devise means to utilise resources in an efficient manner to weather the current business and economic environment.

I think our success so far has been a result of the diligent effort with which we focused towards value-added, innovative, laser-focused entrepreneurial initiatives. We will continue same effort with a hope to rise up, gain market share and lead to success way beyond sustenance!

Warm Regards

**Ashok Kumar Goel**

Vice Chairman & Managing Director

## Leadership Team



### Sitting Left to Right

Parag Chaturvedi  
*Head Manufacturing Initiatives (Global)*

R. Chandrasekhar  
*President – Americas & Europe*

Edward Luo Zhiyong  
*Vice President – Tubes & Laminates Business (EAP)*

Ashok Kumar Goel  
*Vice Chairman & Managing Director*

Evelyn Tweedlie  
*Vice President – Tubes & Laminates Business (Europe)*

Puneet Gandhi  
*Vice President – Tubes & Laminates Business (AMESA)*

A.V. Ganapathy  
*Chief Financial Officer (Global)*

### Standing Left to Right

M.R. Ramasamy  
*President – AMESA & EAP*

Cherian K. Thomas  
*Whole-time Director & Chief Executive Officer – PIPL*

Zoeb Adenwala  
*Chief Information Officer (Global)*

P.V. Ravi Shankar  
*Head – Quality & Processes (Global)*

Ernest Louis  
*Director – Human Capital (Global)*

M.K. Banerjee  
*Director – Creativity & Innovation (Global)*

Ted Sojourner  
*Vice President – Tubes & Laminates Business (Americas)*

Shyam Kumar  
*Head Purchase & Logistics (Global)*

Vinay Mokashi  
*Financial Controller (Global)*