

Providing wings to
FMCG
brands globally





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The tube featured on the cover was adjudged "Tube of the Year" for 2013 by European Tube Manufacturers Association for its stunning design reproduction, with colour vibrancy and metallic sheen.

A product of Essel's ELITE technology, this tube is a perfect fit for NEW EVERRICHE – the premium hair care product of L'OREAL.



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Fast Moving Consumer Goods (FMCG) is amongst the biggest industries in the world with some of the most vibrant and visible brands, loved and known by everyone from Beijing to Boston and from Mumbai to Los Angeles.

With over a billion people expected to be added to the global middle class by 2020, FMCG brands are set to soar to greater heights.

FMCG brands need to rapidly innovate and upgrade, both products and packaging, to match the evolving sophistication in consumer demand across diverse categories such as food, skin-care, hair-care and premium oral-care.

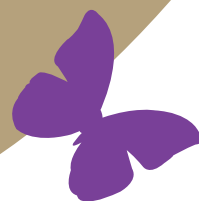
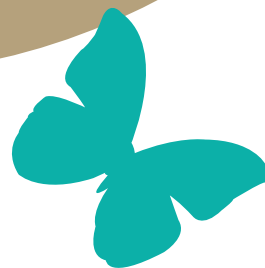
For FMCG brands and consumers alike, packaging is the first moment of truth.

At Essel, with our creativity and innovation, material science and technology, printing and decoration, scale and global spread, we are ahead-of-the curve to partner FMCG brands.

With 24 plants spread over 12 countries and with over 2700 dedicated and committed people, we are

PROVIDING WINGS TO FMCG BRANDS GLOBALLY

CHAIRMAN'S MESSAGE



Dear Shareholders,

It's that time of the year again, to fulfil the cherished duty of sharing with you the details of your Company's performance and the path forward.

I am sure you have observed that Your Company's performance has been improving consistently over the last 7 quarters. During this year, we have crossed important milestones viz. sales of over 6 billion tubes, Revenue surpassing ₹ 20 billion and Net Profit exceeding ₹ 1 billion.

There is a saying "Growth is a spiral process, doubling back on itself, re-assessing and re-grouping". Over the last 6-7 years, Essel has done just that. It has transformed itself to address the market dynamics and also to grow & gain a share in the non-oral care category. Innovations and R&D have always been our strength enabling us to pioneer the paradigm shift in packaging – first from aluminium tubes to laminated tubes and now from bottles and plastic tubes to laminated tubes, redefining the market and unlocking potential for future growth. It is our constant endeavour to be one step ahead of the markets in everything we do.

Benjamin Franklin said "Without continual growth and progress, such words as improvement, achievement and success have no meaning."



THERE IS A SAYING “GROWTH IS A SPIRAL PROCESS, DOUBLING BACK ON ITSELF, RE-ASSESSING AND RE-GROUPING”. OVER THE LAST 6-7 YEARS, ESSEL HAS DONE JUST THAT.

Your Company’s growth story stands testimony to this. From being a supplier of basic tubes catering to the oral care category, it has constantly reinvented itself and transitioned to be a world leader in supply of packaging solutions in highly technical categories like pharma, cosmetics, personal care, food etc. Our policy of always partnering with our Customers and addressing their current and future needs has helped this transition and culminated in several of our Global Customers awarding us contracts for supplies in non-oral care in addition to oral care. Today, we offer a wide range of innovative products by way of various types of laminates that are custom built to suit the integrity of science of specific products filled inside the tubes, as also the decoration on tubes, dispensing systems and caps. We have been termed “Partners to Win”, “Preferred Supplier” etc. by some of our Local as well as Multi-National Customers. Many of our Customers also prefer Your Company for solutions to transition from plastic to laminated tubes. We therefore, can rightfully say that we are “Providing Wings to FMCG Brands Globally”.

It is therefore clear that we have great opportunity to widen our market and increase business atleast three fold. Although our units across the globe have

fared well this year, it is no time to rest on our laurels. We have to fully gear up and avail the business opportunities beckoning us. This will require a huge amount of focus and discipline – from the leadership down to the operators on the shop floor – in all areas and optimum use of all our resources. Achievement of targets set will provide wings to the Company – enabling it rise to a new level in Corporate India which in turn will make investor sentiments soar.

I would like to thank the people of the Company for their unstinted support in all our endeavours. They have always been a source of strength for us. I would also like to thank our Customers, Suppliers, Shareholders, Bankers and all other Stakeholders who have supported us in this growth journey. Last but not the least, I would like to thank the Board of Directors for their valuable contribution and guidance in leading the Company to where it is today. I look forward to their continued support in taking the Company to greater heights.

With best wishes,

Subhash Chandra
Chairman

VICE CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

"...COMPANIES THAT BUILD SCALE FOR THE BENEFIT OF THEIR CUSTOMERS AND SHAREHOLDERS MOST OFTEN SUCCEED OVER TIME" APTLY DESCRIBES ESSEL'S STORY TO DATE.

Dear Shareholders,

The year 2013-14 was one of all round growth in Essel Propack . The initiatives taken by us to achieve our Mission High5 targets helped propel this growth. You will be happy to know that all regions have taken great strides towards implementing the action plan decided to achieve the targets.

Abraham Lincoln once said "If I have nine hours to chop a tree, I'd spend the first six sharpening my axe." This in fact, is exactly what we at Essel Propack did in the last couple of years. During the formative years in 1980's, we struggled to get the transition from aluminium tubes to laminated tubes. The year 2006 saw us reach an all-time high, both in terms of performance as well as achieving 33% in the global market share for oral care tubes. We had two options – to remain in the same area and increase our market share, or, in keeping with the changing market dynamics, examine the prospects of transitioning more business into laminated tubes and expand the market itself.

We decided to implement the latter systematically; we acquired a plastic tubes business and opened green field projects in Plastic Tubes to understand the dynamics of catering to cosmetic customers and their needs.





In the course of this exercise, we understood that we needed to increase our offerings to the market and the way we did business on multiple dimensions; pharma business required smaller size tubes while cosmetic business required big dia tubes. We also understood that unlike in oral care, we needed different front-end and back-end capabilities. In order to stay ahead of the curve and also persuade the Customers to transition to laminated tubes from plastic tubes or bottles, we had to offer features like attractive and distinctive decoration, good dispensing systems including tamper-evident closures etc. Our C&I division and Technology Teams rose to the occasion and we were successful in innovating many such features, all of which have been accepted and appreciated by our Customers globally.

The time has now come when we have started getting the benefit of the systematic efforts we have put in this direction. We are no longer restricting ourselves to oral care. We are now ready to seize the opportunities in the cosmetics and pharma sectors – which by themselves have a market of at least 10 billion tubes each globally thereby tripling the size of the market itself. Therefore, the growth opportunity for your Company has also grown 3 times for coming years. We are now fully geared to take care of newer needs of manufacturing and quality parameters.

I am happy to inform you that all the regions are focussed on developing this market and today, we are increasingly winning contracts in the non-oral care area; India and Egypt in Pharma and Cosmetics; in South East China, where most of the filling for cosmetics happens (new unit being established by us there). Americas and Europe's story is the same with business being won for the non-oral care category as well.

We are now truly catering to the FMCG sector globally. Our C&I teams are constantly working on providing customised solutions. The FMCG sector is conscious of carbon footprints. Our solution to them for transition to laminated tubes, with eco-friendly laminate structures and security features like tamper-evident

and anti-counterfeit features or closures, customer friendly dispensing systems and modern attractive decorations, has attracted the attention of all our Customers. Several of them have now named Essel as "Partners to Win", "Preferred Supplier".

Having equipped ourselves to handle the expanded market for tubes, we have now turned our focus on increasing value to our Stakeholders. Greater attention is now being paid to drive economies of scale. Machines are put to optimum use; they are even shifted around where needed to maximise their use. Investments are being made very carefully after evaluating the return on investment. We have even started a new experiment – whereby investment in machines is made by the Customer – we provide all the material, knowledge, qualified & trained human resources to run the machines and supply the tubes. We call it "Customer Owned-Company Operated facility (COCO model).

To ensure that your Company has profitable growth, we have initiated measures to tightly monitor inventory levels, strengthen best manufacturing practices and quality control, monitor debtors and creditors etc. Innovations are directed towards giving product specific, customised solutions, being constantly engaged with our Customers- in short staying ahead of the curve to beat the markets. We have reinvented our core strength of being Lean, Mean & Fast to ensure speed to market.

The statement of Jamie Dimon, President & CEO of JP Morgan Chase "...companies that build scale for the benefit of their Customers and Shareholders most often succeed over time" aptly describes Essel's story to date. Our policy of partnering with all our Stakeholders is the secret of our success and today, we, Essel Propack, can proudly say that we are "Providing Wings to FMCG Brands Globally".

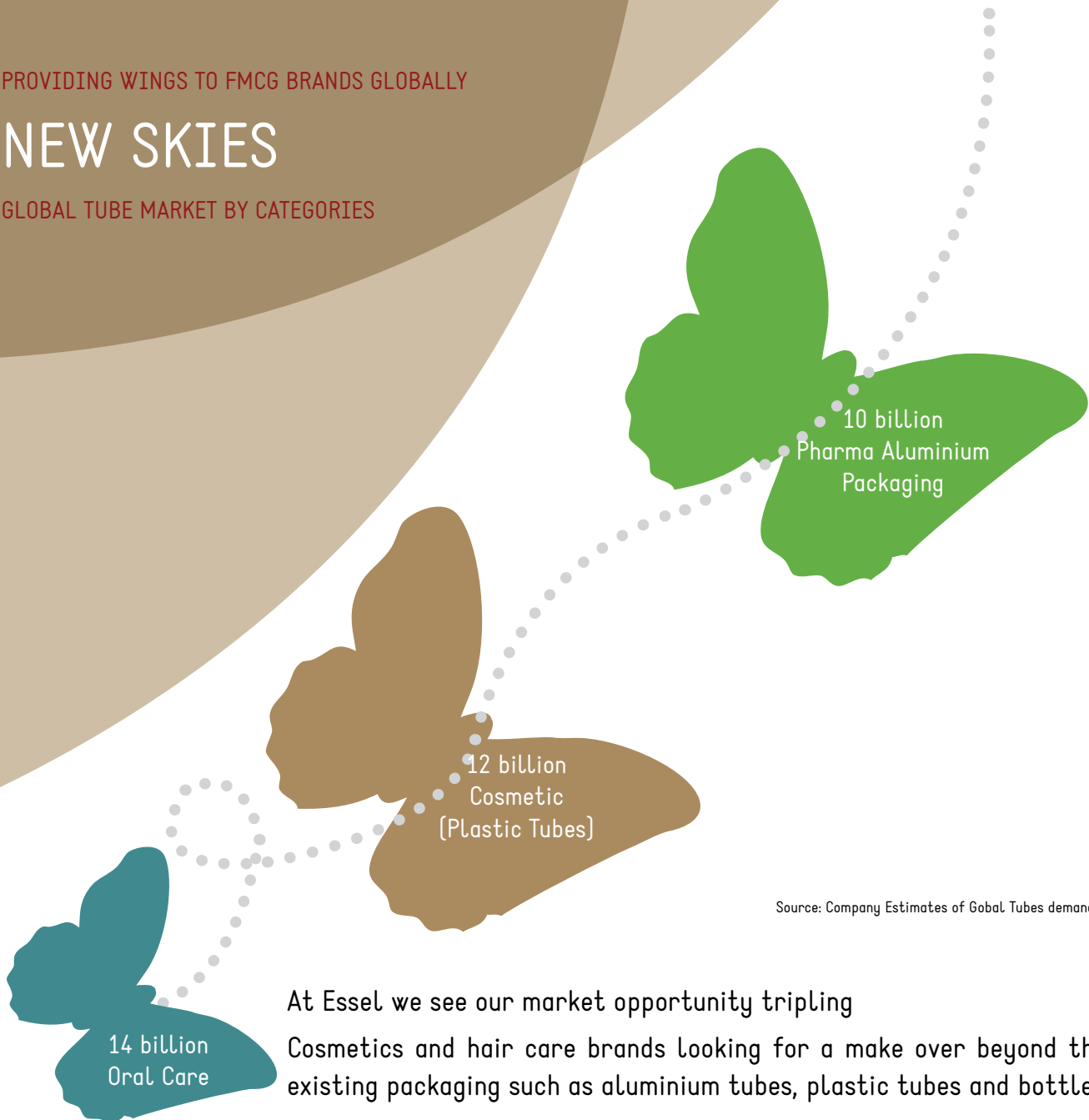
A Big  to all of you.

Ashok Goel
Vice Chairman and Managing Director

PROVIDING WINGS TO FMCG BRANDS GLOBALLY

NEW SKIES

GLOBAL TUBE MARKET BY CATEGORIES



Source: Company Estimates of Global Tubes demand

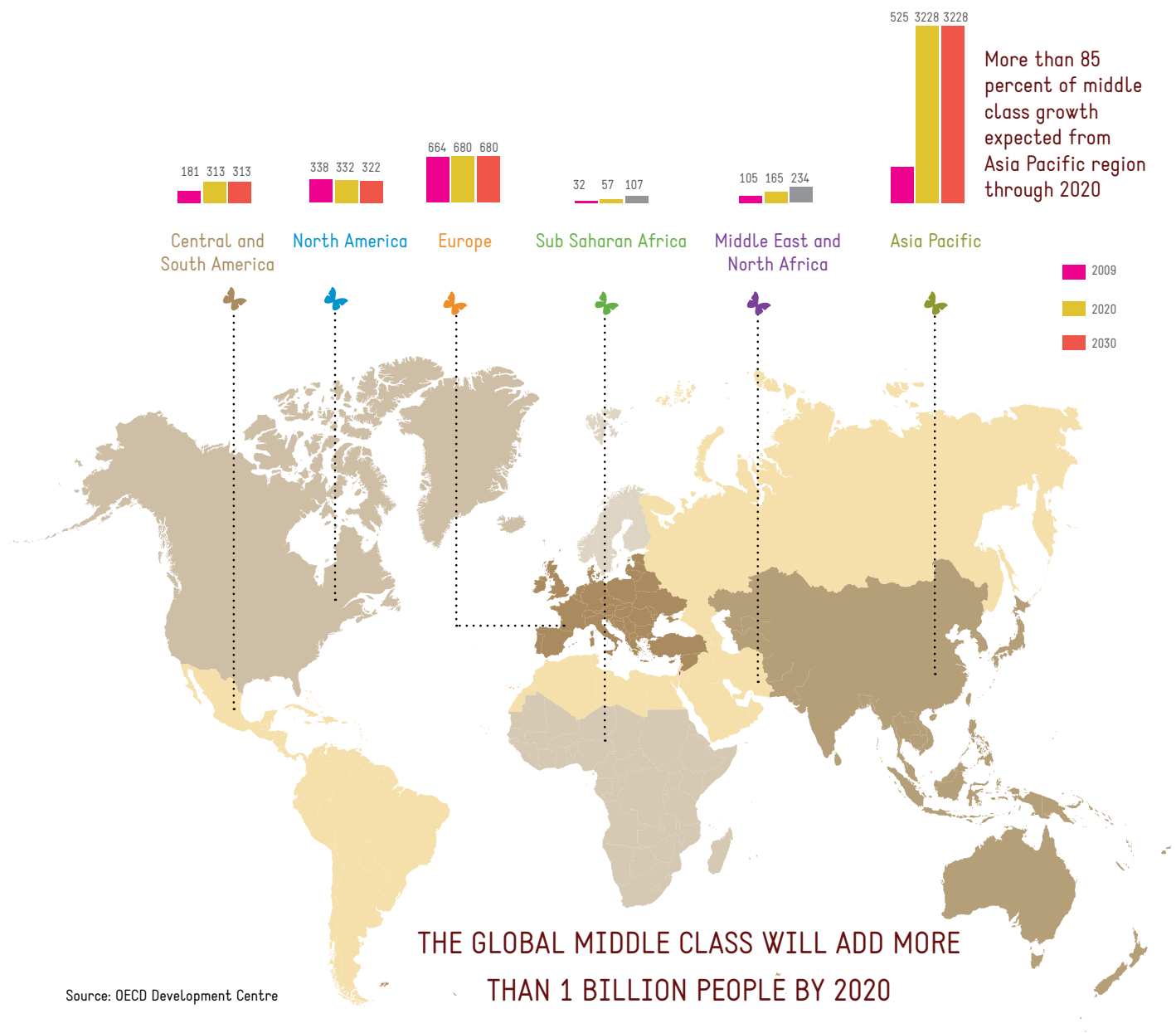
At Essel we see our market opportunity tripling

Cosmetics and hair care brands looking for a make over beyond the existing packaging such as aluminium tubes, plastic tubes and bottles
Pharma brands in need to shift out of aluminium tubes which is on decline in terms of technology and investment, to more consumer friendly Laminated tubes

Food brands present further opportunity for conversion from bottles to tubes on convenience platform where Essel has already made inroads for peanut butter, condensed milk, wasabi paste etc.

Together these categories present the path to growth for Essel which is already dominating the Oral care category

The one billion addition to global middle class will be the added accelerator as explained in the following panel on the next page



Product ideas and trends will be driven by customisation, social media, new logistics capability, on-line marketing, etc.

To meet these myriad consumer preferences and explosion in demand, FMCG companies across the world will seek to create and launch new products, new packs, new variants and new delivery systems. Competitive innovation and speed to market will be the need of the hour. Packaging will be increasingly relied on as a key differentiator on the retail shelf.

AT ESSEL, IT IS EXCITING TIMES TO WORK WITH THE FMCG BRANDS ON INNOVATIVE PACKAGING SOLUTIONS THAT WILL GIVE BRANDS SPECIAL LIFT AND PROPULSION TO DELIGHT CONSUMERS ACROSS THE GLOBE.



PROVIDING WINGS TO FMCG BRANDS GLOBALLY

MAKING OF THE WINGS

NEW PRODUCT OFFERINGS

The defining word in FMCG is 'fast'. FMCG brands change, evolve and emerge at a quicker rate than in any other industry. Packaging plays a critical part providing the first moment of truth to the consumers.

Today, with our specialised laminated tubes, exotic decoration and customised closure & dispensing systems, we are providing powerful wings for FMCG brands.

This provides compelling advantages to the FMCG brands in terms of, scaling up and sustainable packaging solution.



In USA and Europe, categories such as Hair grooming, Cosmetics and Foods are at the tipping point for conversion into laminated tubes using our new customised solutions. In Asia too, our new solutions are being adopted by the nascent and fast growing cosmetics, pharmaceutical creams and ointments categories.

CREATIVITY AND INNOVATION

Our R&D prides itself in being ahead of the curve, providing specific customised innovative solutions to FMCG brands.

We also offer special features such as tamper-evidence, controlled dispensing and anti-counterfeit. Tubes for FMCG brands are a lot about look and feel. We have researched material sciences to create new structures such as metallic finish, 100% recyclable and advanced decorative finishes like 3D, diamond crystal effect etc. making them preferred packing choices for shampoos and hair-styling gels, as well as creating opportunities in premium personal care products.

Some of the new patented innovations include: Egnite, Green, Maple Leaf, Etain, I-shine, Titanium etc.



QUALITY, CONSISTENCY AND SUPPLY RELIABILITY

Our plants are equipped with custom made highly specialised machines. We delivered over 6 billion tubes last year to over 400 clients globally – making us by far the largest player in tube space.