

31 May 2019

Corporate Service Department <b>BSE Limited</b> 25 <sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	The Listing Department <b>National Stock Exchange of India Ltd</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051
<b>Scrip:</b> Equity 500135. NCDs 957238	<b>Trading Symbol:</b> ESSELPACK

**Ref.: Essel Propack Limited**

**Sub.: Annual Report for the FY 2018-19**

Dear Sirs,

Please find attached herewith the Annual Report of the Company for the financial year 2018-19 containing audited financial statements, Auditor's reports, Board's report and annexures.

Cash flow statements and details relating to transactions with related parties for the half year / financial year is also part of the above Annual Report.

Annual Report is being sent to members of the Company and also available on the Company's website [www.esselpropack.com](http://www.esselpropack.com).

The above is pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, applicable statutory provisions, laws, information and record.

Kindly take the above on record and acknowledge receipt.

Thanking you

Yours faithfully  
For Essel Propack Limited



Suresh Savaliya  
Head - Legal & Company Secretary



Encl.: A/a

Filed on online

Essel Propack Limited

Annual Report 2018-19



# READY FOR THE FUTURE

e commerce

聚划算  
Juhuasuan.com  
淘宝联盟第一站

HOME  
SHOP 18

snapdeal

Flipkart

ShopClues  
.com

JABONG

paytm

amazon.in

Alibaba.com

一淘  
etao.com

MYNTRA.com



naaptol

infi beam



# CONTENTS

<b>01</b>	Tomorrow begins today	<b>13</b>	Corporate Information
<b>02</b>	Message From The Chairman	<b>14</b>	Board's Report
<b>04</b>	Ready For The Future	<b>22</b>	Management Discussion and Analysis
<b>10</b>	Thriving For Better Communities	<b>31</b>	Corporate Governance Report
<b>11</b>	Awards & Accolades and Financial Strength	<b>77</b>	Financial Statements - Standalone
<b>12</b>	Directors With Leadership Team	<b>143</b>	Financial Statements - Consolidated



Personalisation, Customisation and Individualisation is the future. The future trend of consumers are likely to demand their experiences and engagements with products and services to be hyper-personal every time they buy.

This shift is likely to profoundly impact the packaging pipeline for brands. They are now looking for agile, optimised and sustainable packaging solutions.

Essel Propack foresaw these radical changes in 2017. We realised how innovative thinking leveraging the power of digitisation would be the key to offer cutting-edge packaging solutions to our customers.

We commenced our Digital journey to ensure we are Ready For The Future. Leveraging the power of digital printing in flexible packaging, we have proven again our leadership in pioneering innovation.

Showcased on the cover of this year's Annual Report are three tubes developed by Essel Propack using cutting-edge digital technology. These tubes deliver personalised experiences with customised images on each tube. The variable data using QR codes can be scanned for instant-gratification at check-out. The invisible UV printing provides a never-before security feature.

## Forward-looking statements:

This document contains statements about expected future events and financial and operating results of Essel Propack Limited, which may constitute "forward-looking statements". By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.

## Disclaimer:

Trademarks, names, logos and icons of other entities (third-party trademarks) referred in this report remain the property of their respective owners. Reference of third-party trademarks does not indicate any direct relationship, sponsorship or endorsement between Essel Propack Limited and the owners of these trademarks. Third-party trademarks is being featured or intended to nominative fair use as a creative designing concept and suggestive growth story between ecommerce sector vis-à-vis the packaging industry.

The trademark or brand ESSEL is jointly owned by Mr. Ashok Goel and his brothers. The Company and its subsidiaries are using the same with their permission and mutual arrangement.



# TOMORROW BEGINS TODAY

**At Essel Propack, pioneering innovation today to meet tomorrow's changes and challenges has always been key to our sustained success over the last 3 decades.**

In the recent few years, consumer behaviour has been changing swiftly. Consumers are demanding more personalised, customised and individualised experiences every time they shop. For brands, this is a big packaging challenge. From mock-ups to mass production, from high-inventory to just-in-time stocks – every aspect of packaging needs to change. Speed, customisation and personalisation has to be integrated at every stage – from development to delivery.

As key packaging solutions partners to top global brands, we understood that the answer to this new challenge was in leveraging the power of digitisation. We commenced our Digital journey in 2017 with a view to become future-ready. From machinery to manpower and from technology to talent, we re-calibrated our approach, our strategy and our operations to align with getting **READY FOR THE FUTURE**.

Today, in a short span of 3 months, our Digital initiative has transformed our capabilities and capacities. We offer customised and personalised packaging using variable data and high-security UV printing features, while complying with needs for just-in-time delivery, instant sampling and mock-ups and most importantly, reduced wastage. We are ready with packaging solutions for tomorrow... today.



As the world's largest global speciality packaging company,  
Essel Propack is

**READY FOR  
THE FUTURE**



## MESSAGE FROM THE CHAIRMAN



*Dear Shareowners,*

A year has flown by and it is my pleasure to once again share with you, details of your Company's performance and the way forward for the future.

During FY 19, the Company's consolidated revenue was up 11.7% y-o-y at ₹ 2707 crores (exclusive of duty recovery) and Net Profit at ₹ 192.53 crores. Although capital expenditure was incurred for strategic reasons to equip the units to meet market dynamics, commissioning of the new unit in Assam, shifting of our Russian unit to a larger premises, the Company continues to maintain its growth rate and will perform even better in the coming years.

I would like to brief you on the actions taken on ground to make your Company "future-ready". Last year, I did highlight some important action points; let me share with you the progress we made in them:



A Company that is future-ready will be able to seize the opportunities presented by the challenges in the dynamic market, and also protect itself from challenges posed by dynamic and volatile world.

### The call for sustainability

Our latest offering in sustainable laminates viz. Green Maple Leaf and Etain have been accepted by several customers; our C&I and Business Development teams are working together to fine-tune the laminates to meet specific product requirement of individual Customers and our efforts to offer better innovative solution to Customer requirements will continue.

For the Aluminium Barrier Laminate, I had mentioned about Project Liberty, which is a process and technology that facilitates electrostatic separation of polymer and metal, enabling them to go to their respective recycling processes without any degradation. I am happy to inform you that this project has begun commercial production and is well on its way to become commercially sustainable.

The other point I had spoken about was the challenge e-commerce brands were likely to pose to the established brands, which will put a demand on our business as the forecasts from the established brands would become less reliable. Therefore, your Company took it upon itself as an opportunity. To take advantage of this opportunity we had to look for solutions that would allow us to take smaller MOQs, minimise our turnaround time while at the same time ensuring we maintain our high standards for tube making and quality.

The solution was automation, of the production as far as possible. I am happy to inform you that during the year, your Company has successfully ...

- a) Automated the artwork approval process – involving the Customer, drastically reducing time for the approval process.
- b) Installed zero defect systems on prototype basis, the results of which are quite encouraging.

- c) Use of auto packers and suction system to remove any dust particles before final packing.
- d) Equipped relevant units with high-definition highly efficient click printing facilities.
- e) This coupled with ink kitchens that uses most minimum number of base colours, has ensured that we can quickly service small MOQs.

A Company that is future-ready will be able to seize the opportunities presented by the challenges in the dynamic market, and also protect itself from challenges posed by dynamic and volatile world. Change has become the norm of the day and for us to retain our position as world market leaders, it is essential to have a multi-pronged approach to remain future-ready. Towards this end, we continue to work on:

- a) Taking advantage of innovations and high-end technology
- b) Committing to sustainable and responsible growth and
- c) Building future-ready capabilities

In all the above efforts, we have used the infrastructure available with us including IT and roped in our technology partners to give us the required solutions.

I can now confidently say that Your Company is “future ready” – to provide complete service to the Customers and sustainable solutions that are in conformity of the concept of “Circular Economy”.

There is one more important information to share with all of you – our valued stakeholders. Although you may be aware of this through media reports and information in the public domain, I would like you to hear from me, that my family and I decided to sell 51% of the promoters’ share we hold in Essel Propack to Blackstone. The necessary filings with SEBI and Anti-trust authorities

have been made by Blackstone. I expect it to take another 2-3 months for completion. However, I still remain a shareholder and will be associated with the Company in the capacity of an Adviser, for the next 5 years. Therefore, I look forward to continued association and interaction.

It was a difficult decision to take; but the silver lining is that it has gone into the hands of a Company that upholds the same values as Essel; promises to facilitate implementing every commitment we have made to our Customers, to take care of our employees and to take the Company to greater heights. As Steve Jobs said “Great things in business are never done by one person. They are done by a team of people.” I am confident with the combined expertise of Esselites and Blackstone in their respective areas, the Company will scale great heights. I shall be ever grateful to each one of you for your invaluable support in all our efforts over the years – memories of which I will cherish forever.

I would like to take this opportunity to thank our Valued Customers, Suppliers, Bankers and all our Stakeholders, including the Shareholders for their continued support to Essel. I earnestly request them to extend the same cooperation and support to Blackstone PE.

To all my colleagues, the Esselites I have a special message – I have been saying time and time again – “Change is the only constant”. There is always room for improvement – no matter how long we have been in business. I earnestly request each one of you to embrace change, focus on your deliverables, help one another to meet the targets we set for ourselves together; in short – be worthy ambassadors carrying forward the Essel legacy.

**Ashok Goel**

*Chairman & Managing Director*

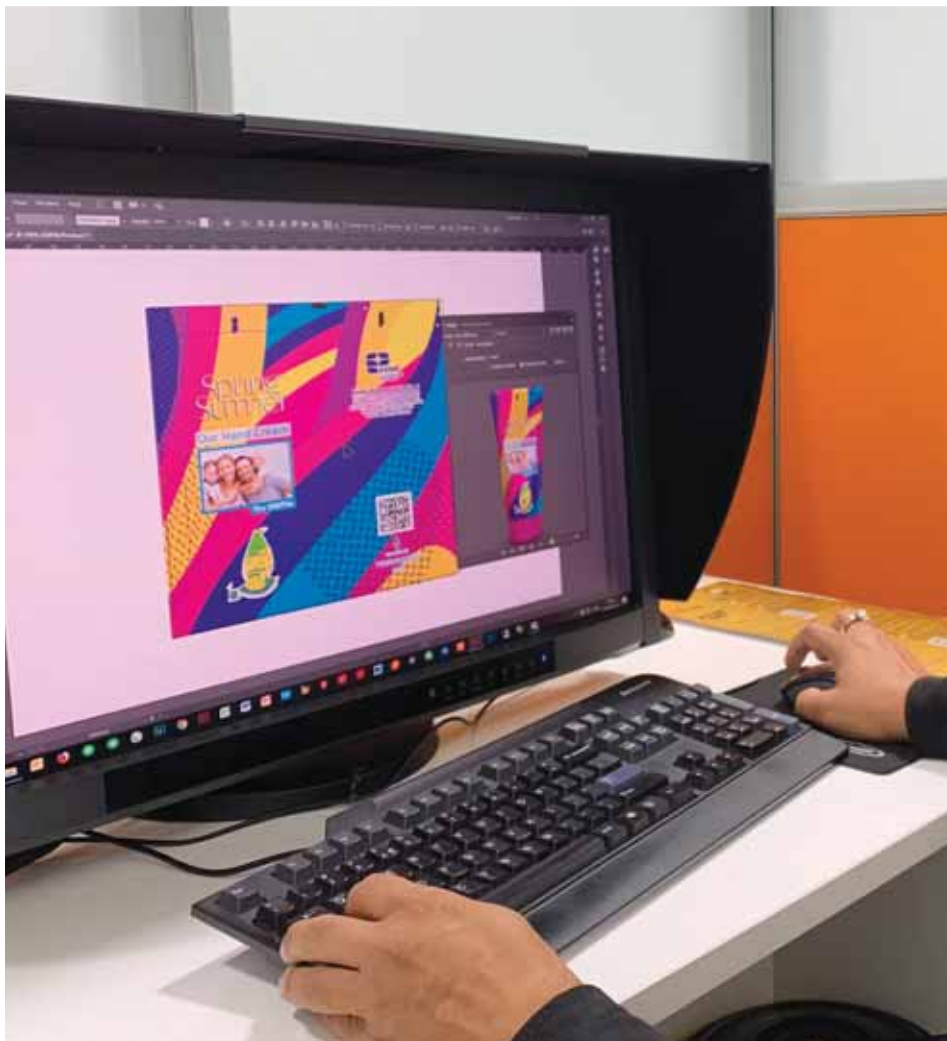




## READY FOR THE FUTURE

As trusted packaging solution partners to leading FMCGs, pharmaceutical and food brands globally, we have a key responsibility - to leverage technology and innovation in packaging. With shortening product life-cycles, lean inventory management and consumers' increasing demand for highly personalised product experiences, our packaging solutions need to evolve and transform.

By going DIGITAL, your Company has created a new meaning for itself in the VUCA (Volatile - Uncertain - Complex - Ambiguous) market dynamics turning situations to its advantage. For us :



**VOLATILE HAS  
BECOME VISION**



Business dynamics changed for your Company from the moment we ventured into non-oral care. Catering to this category required speed, capability to deliver small quantities in a short period of time. Historically the designing process took anywhere from a week to fortnight for the first cut. Any changes (Colour, Elements in design, Size & structure) required equal amount of time or even more. The process involved a lot of documentation with colour reference and mock-ups from the production/shop floor. The Digital way of designing and simulating reduces days and weeks to just hours.

We are now equipped with state-of-the-art / best in business tools and skilled manpower across all regions to interact with customers right at the design stage and offer them different options of look and feel to their product from which they can zero-in on the best. This is standing us in good stead now in the e-commerce era, where even faster deliveries and smaller quantities need to be catered to.

## UNCERTAIN<sup>HAS</sup> BECOME UNDERSTANDING



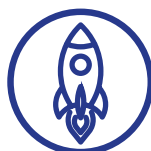
The EP- 3D offering enables customers to visualise the tube on any Laminate structure/finish. Our team of experts have honed their skills to meet the most demanding of briefs from brand owners. We build all tube offerings from the extensive library of structures and caps, adding textures and lighting to the virtual environment to achieve an ultra-realistic final digital render.

Our customers are able to visualise their concept in 3D within a couple of hours as opposed to days with a photographic studio of a product that needs to be first manufactured. This is great when you have a new design and a strict deadline where a photograph does not exist. It cuts down production time & cost and reduces waste.



### Prior Packaging Production

Test your product or packaging designs, print layout and brand look and feel without going to the expense of manufacturing samples.



### Pre-Launch Marketing

Our 3D Visualisations are so good that people will think they are images of the actual items. This means you can start your marketing without waiting for production to catch up.



### Better than Photography

3D Visualisation has many advantages over photography. It represents a consistent image with no imperfections and is often less expensive than photography.



**EP-3D MAKES TUBE PACKAGING VISUALISATION BOTH FASTER AND ECONOMICAL**





# READY FOR THE FUTURE



With digital assets being created quickly, it required a strong medium to collaborate on-line from anywhere in the world, any time. EP is the first to complete implementation of Artwork and Graphic Management

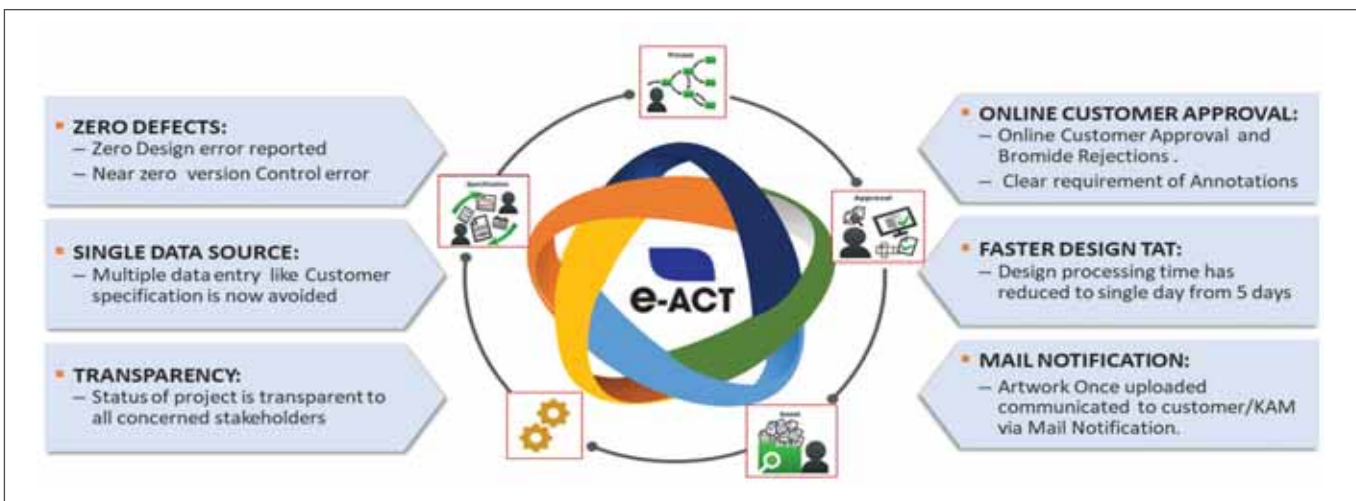
tool across all four geographies. This tool helps in digitising the entire process of capturing customers' requirement and getting their approval online, thereby reducing cycle time and errors.

With increasing no. of artwork/SKU Y-O-Y, the key challenges like Artwork mix-up, clarity on status of projects, ownership of tasks, are arrested with e-ACT at Essel Propack.

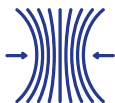
The screenshot shows the e-ACT login interface with fields for Username and Password, and a 'Log In' button. Below the login fields is the e-ACT logo and a list of system features:

- Customer Experiences From Upload of Design to Approval of Bromide.
- Speed: Faster Delivery and response time reduced thru e-ACT system.
- Benefits : 3D Mock, Fully secured system, Duplication activity removed, on-line approval with strong workflow management.
- Version Control & History for all the activities.

The banner below the login page features an image of a team working around a table with laptops and documents. Text on the banner includes 'COME BE PART OF OUR GLOBAL FAMILY', '#WorkWithUs', and the Essel Propack logo.



## AMBIGUOUS HAS BECOME ADAPTABILITY

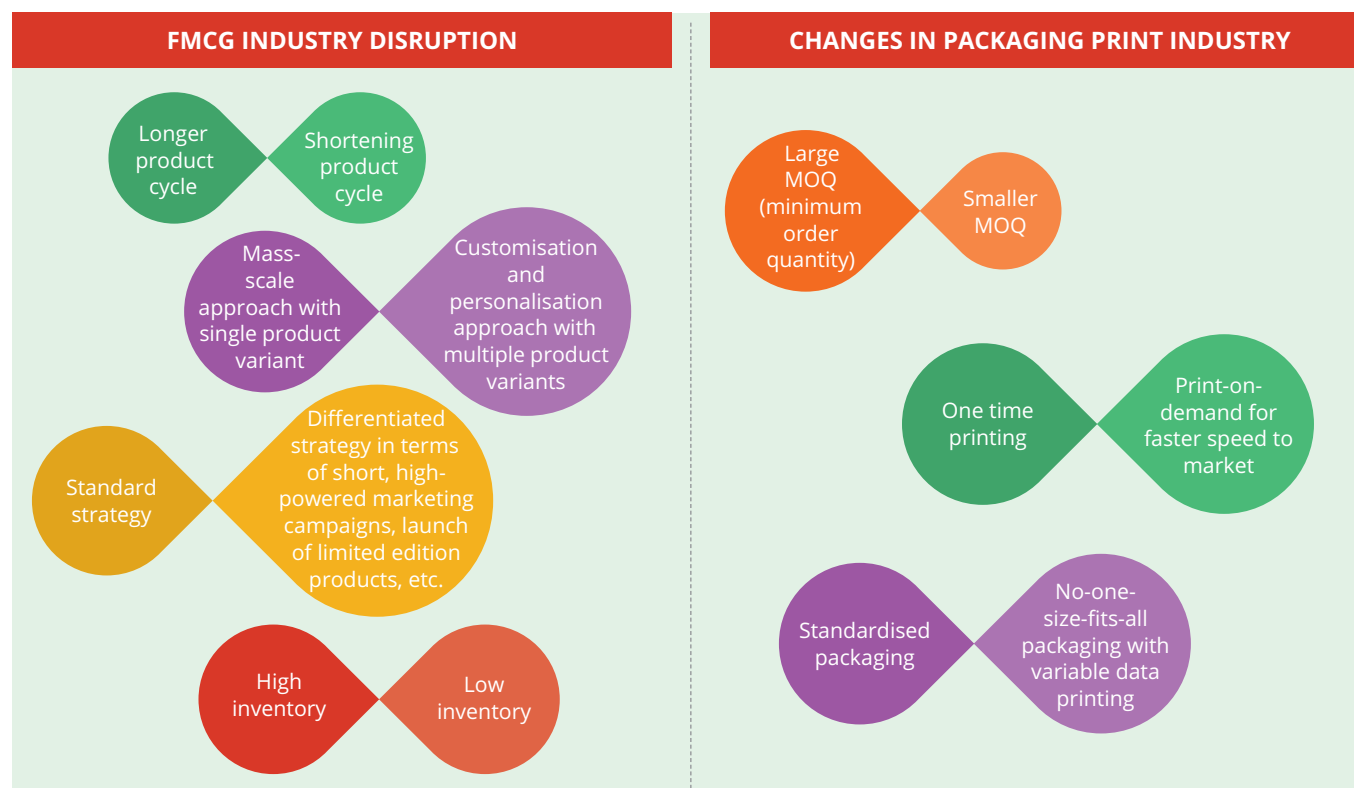


By going Digital, we have successfully bridged today & tomorrow. We are ready with technology required to meet future innovation in packaging,

ensuring our customers can adapt, adopt and avail the advantages – from faster ‘speed to market’ to personalised experiences – from lower

inventory to lesser wastage and never-before security features, aesthetics and quality.

### CHANGES IN PRINT PACKAGING INDUSTRY LED BY FMCG DISRUPTION



### AUTOMATING TO REMOVE BOTTLENECKS

While digital strategy makes short runs possible, we have put in place appropriate automation tools to maximise operational efficiency & costs to make operations viable. This facilitates speed to market.

