

TRANSFORNATION



Transforming for the Nation

KANPUR PLASTIPACK LTD

ANNUAL REPORT 2016-17

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Visit our corporate website www.kanplas.com

There's the change that benefits only you. And then
there's the change that betters an entire nation.



We believe
in the latter.



For years, we have made the necessary tweaks, grown
in skill and efficiencies, ramped up our capacities
and evolved for the betterment of not just our
company but our country. With the majority of our
revenues arising out of exports, we have done our
best in keeping to the 'Make in India' philosophy and
strived further to expand our capabilities beyond our
familiar borders and across the world.



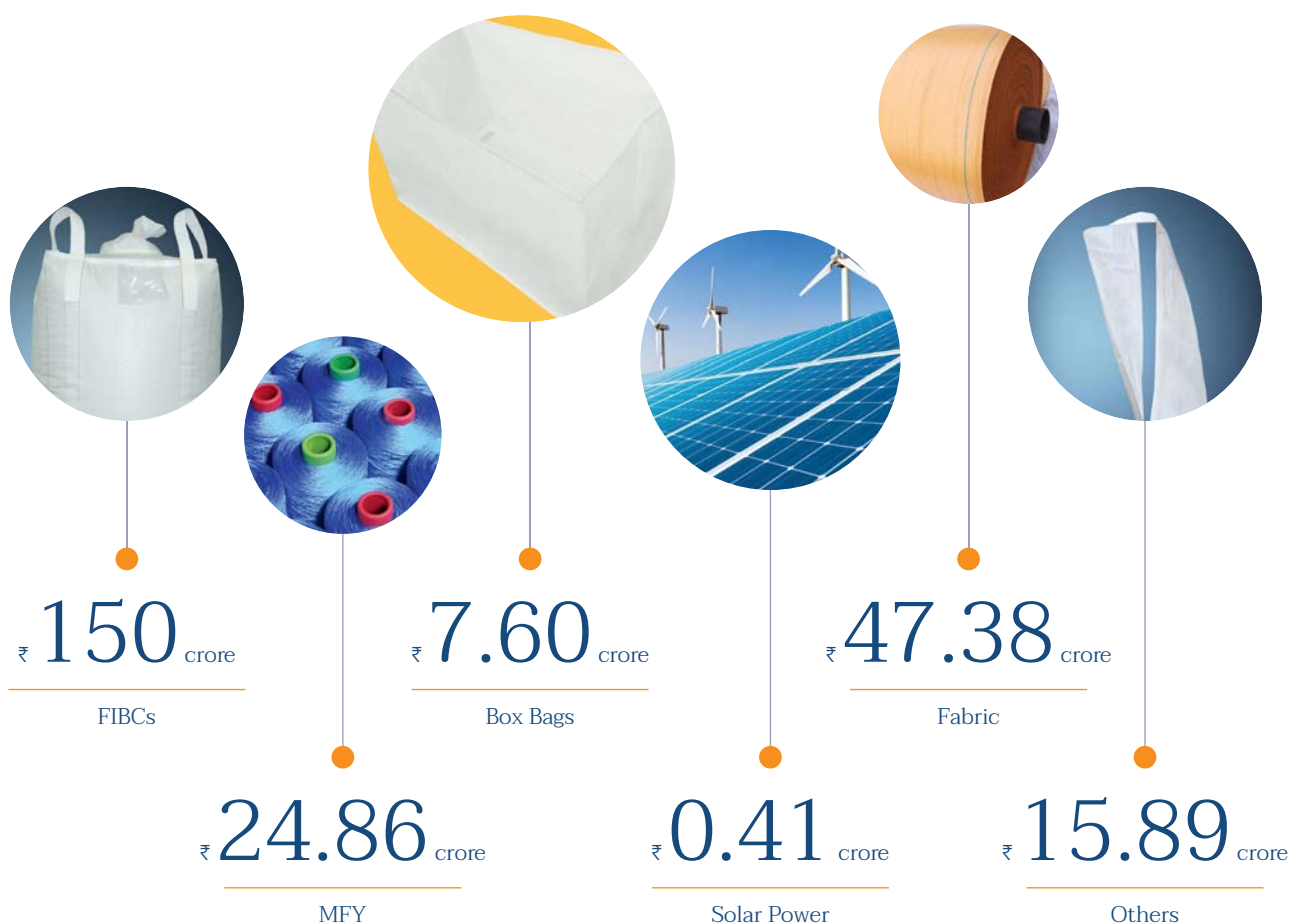
Because for us, true
transformation is the one
that truly transforms a
nation!



We offer range of bulk packaging products and solutions

Over five decades of existence, we have gradually evolved among the world's leading manufacturer of FIBCs and bulk bags. With our large production capacity and wide product basket, we provide quality products to our recognized global and national clients.

Our business mix, 2016-17

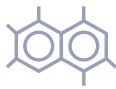


customised for several industries

Our R&D team works tirelessly to innovate and create new products for several downstream industries. Our global clients belong to a diverse set of industries, some of them being:



Fertilisers



Polymer & Resin



Animal Feed



Flour



Seeds



Chemicals



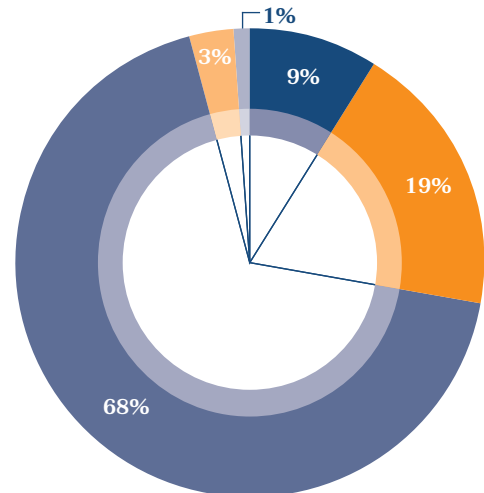
Minerals



Sugar

to clients across the globe

We are present in global markets where our products are highly appreciated. Over the past few years we have expanded our presence in several international markets with currently being present in over 40 countries, generating 80% of our total revenue.



North America



South America



Europe



Asia



Others

☆ MESSAGE FROM THE MANAGEMENT ☆



Manoj Agarwal
Managing Director

Shashank Agarwal
Deputy Managing Director

We continue to be among the largest exporters in our segment, boost direct and indirect employment and promote 'Make in India' concept.



Dear Shareholders,

It gives us immense pleasure to write to you once again. Three years ago, we started a story. That of creating significant value for our shareholders. It began with our decision to enter into the value-added segment of the business and offer innovative products and solutions to our customers, which changed our business dynamics for good. We invested in improving our processes, hiring a more experienced team and reorienting our organisation to align with our goals. We moved away from being a generalized prototype selling company to pursuing

an active interest in customized and value-added products that add merit to the business of our clients. Over the last two years, we have invested in improving much of this. It required us to rebuild ourselves as a company of global stature with highly skilled personnel, make meaningful capital investments, set-up the best of technologies and machineries and optimize cost to the minimum.

We believe that our core values of commitment to our people and adherence to the highest principles of

customer satisfaction would help us in this transformation. It is a process which will be rewarding in the long run to all our stakeholders. The key to this change was to identify within ourselves the opportunities for self improvement, and in the process strengthen the organization. We have discussed elsewhere the idea of "transformation". It is the mindset of Transforming the individual by contributing to Nation building. We have remained conscious of our role in the 'Make in India' philosophy.

The year gone by

An assessment of the fiscal year that went by cannot be made without taking a stock of the economic challenges that grappled most of the developing and emerging economies in 2016.

Despite the odds, we registered a stable financial performance. We are proud of our results for the year under review; it isn't easy to emerge out stronger in a testing scenario. Our sustainable profit generation is a validation of our business model, backed by cutting-edge technology, efficient operations and prudent financial management. Many of the new initiatives that we took have started showing results, although the environment continues to be challenging.

How did we achieve these returns?

This year's return and financial performance should be seen in the context of long-term returns. During the year under review, we continued to scale our operations, develop our talent pool and invest in streamlining our systems and processes. An exercise to restructure the organisation was concluded and changes in HR policies were brought in. Several key positions at the senior level that were identified as a part of that process were filled up. Adopting improved operational practices and introducing lean manufacturing across our departments aided the exercise. This has helped us reduce our material wastages, avoid rework and improve our quality of products.

Employee development and engagement continues to be our priority. We conducted several talent development programmes to boost our team morale and engage better with our employees. An inclusive environment that promotes positivity is encouraging and crucial to business sustainability; and we tirelessly work towards it.

Everything we do is backed by our commitment towards adding value to

our customers. Our teams worked closely with our end-users, helping launch some innovative customized products. Our product basket now comprises garden bag covers and water-proof products, apart from the existing range. The in-house R and D team strives to continuously improve our fabric quality and focuses on new product development to address a wider customer base.

Over the years, we have nurtured our customer relationships with proactive services and timely delivery. We have also setup a dedicated customer support team to immediately address any problems and grievances of our customers. The result: we have been successful in adding new customers and retain our existing customers.

What makes us different?

Being in the business of B2B industry with major revenue being derived through exports, we value our deep-rooted association with our distributors. From serving customers in 6 countries in 2006, today we are present in more than 38 countries, catering to over 88 customers. Quality is the cornerstone of our business growth, ensuring our products are benchmarked to global standards. Regular internal and external audits also ensure consistency and higher throughput in productivity.

We have successfully divided our business profile into three main verticals: FIBC's, Fabric and Multi Filament Yarn. Each one of these products caters to a different market segment and reaches out to different geographical regions. Not only has this helped us in diversifying our portfolio, but it has also helped us in mitigating risks associated with geopolitical developments. Going forward, we hope to continue with this strategy.

What is the road ahead?

Packaging industry continues to gain prominence, as manufacturing

companies continue to get traction buoyed by positive growth sentiments. Being among the leading bulk packaging companies in the world, we are excited with our future prospects. Keeping to our goals, the construction of a new unit has started at a new greenfield site in Kanpur Dehat. The idea is to consolidate operations and bring in the best practices in lay out and methods, which have affected us due to legacy issues in the past. This expansion and technological up gradation will align with our strategy of emerging as a stronger and better entity. Your company is on a threshold of a growth curve, which will not only be aided by this new facility but will also establish us in the top bracket of the business globally.

It is a certainty that many of the recent government initiatives and more particularly the historical roll out of GST will be a big positive for the Industry in the long run. India is marching towards a change in the way businesses operate. A change that we believe will make the world look upto us. I am glad that your company is well placed to take advantage of that change.

We remain committed towards our transformation, and thereby transforming the nation's pride. We continue to be among the largest exporters in our segment, boosting direct and indirect employment and promoting the 'Make in India' concept.

We would like to thank our Board for their unwavering support to drive the Company ahead and look forward to another exciting year of creating further value for our stakeholders.

Regards

Manoj Agarwal
Managing Director

Shashank Agarwal
Deputy Managing Director

☆ A BUSINESS MODEL DESIGNED TO DELIVER VALUE ☆



We have structured our business to ensure long-term sustainability. Founded by Mr. M.S Agarwal, Chairman Emeritus in 1971, now run ably by Mr. Manoj Agarwal, Managing Director and his son Mr. Shashank Agarwal, Deputy Managing Director, Kanpur Plastipack is today among the recognised companies for bulk packaging in the world.

Our business model is designed to understand needs of our clients and deliver products that enhance their business efficiency. We are able to achieve this through a motivated workforce and through usage of state-of-the-art technology that help us produce effective products.

Delivering products that meet client expectations transcends into long-term financial sustainability and generate value for our stakeholders. We have grown our business with right products for right markets, ensuring we deliver sustainable returns for our shareholders.

We also actively engage ourselves with the community within our area of operations, supporting them to the best of our abilities.

Value-creation beneficiaries





Our value-creation drivers



Experience

Our industry experience in providing solutions to industrial bulk packaging today goes over four decades. Our knowledge and expertise is valued and appreciated by our esteemed clients, helping us strengthen our market share.

30₊

Years of exports

3000₊

Years of accumulated
person experience



Infrastructure

Our two manufacturing facilities spread across 6 acres at Kanpur, India comprise of the best technologies to produce qualitative products. Our upcoming manufacturing facility located within 12 kms of Kanpur, shall take our total capacity to over 23,000 MT by December 2018.

₹ 50_{crore}

Capex invested in last
five years



Quality

Our broad client base across the globe makes it imperative for us to deliver products that are globally benchmarked. Our facilities are accredited with certifications at domestic and international level, creating a mark of differentiation for our products.

BRC



ISO 9001:2008



ISO 22000



HACCP



AIB



SA 8000





Customisation

We introduce products that are customized to our diverse client profile and needs. Our ability to address client requirements across the globe in a cost effective manner makes us their preferred bulk-packaging partner.

12₊

Products in portfolio with
different specifications



Global presence

The demand for our products are primarily driven in international countries, where industrial bulk packaging products enhance our clients automated operations. Today, we are present in more than 40 countries serving some of the renowned global multinationals.

40₊

Countries of market
presence

85₊

Clients across the
world



Financial strength

Our business sustainability is derived from our effective financial control and prudent cost management. Our stable and debt-equity ratio of 1.44 as on March 31, 2017 validates our financial stability and long-term business sustainability.

₹ 82 crore

Net worth as on
March 31, 2017