Sustainable delight

Huhtamaki - PPL

Annual Report 2018

Huhtamaki - PPL Limited

Sustainable delight

When a consumer shows a preference for a brand, it is the packaging that catches his/her attention first. Astonishingly, once the product is unwrapped there is little, or no time spent, in wondering about the science and art behind packaging.

We believe packaging is so much more than what goes around a product. It's about strengthening brands, safeguarding reputation and unveiling unexplored opportunities in new markets. In short, it is about creating sustainable delight for our customers, consumers and the wider stakeholder community. That's why we passionately collaborate with customers as their long-term partners, as they develop and grow.

For over eight decades, we at Huhtamaki PPL Limited (HPPL), have been working to develop innovative packaging solutions that help our customers provide safe and secure products to consumers. We deliver meaningful brand experiences to end consumers and play a huge role in the growth of consumer products. Backed by R&D investments and a culture of innovation, we consult and advise clients on a diverse range of flexible packaging solutions that are both unique and sustainable. HPPL is driven by the purpose to grow a safer, cleaner and healthier future for everyone, every day. Sustainability as a core focus is incorporated in the very DNA of the organisation. We apply our best-in-class technology to craft solutions that make a real difference to the society at large.

We use our expertise and industry insight to deliver innovative and cost-effective solutions that ensure sustainable delight for all.

Key highlights of 2018

₹ 2,369.07 cr
Revenue

16.89%
5-year CAGR

Contents

About Huhtamaki PPL Limited (HPPL)

Building stronger brands with innovation and sustainability

We, at Huhtamaki PPL Limited (HPPL), are India's leading manufacturer of primary consumer flexible packaging and labelling materials.

A member of Huhtamaki Packaging Worldwide, we offer a wide portfolio of packaging solutions that include flexible packaging in a variety of pouching solutions, labelling technologies, shrink sleeve solutions, tube laminates, promotional, holographic and security solutions, cylinders and specialised films for high-barrier packaging.

With 17 best-in-class fully integrated manufacturing facilities and a highly skilled team, we deliver innovative and sustainable products to our customers and consumers globally.

Our technical acumen and quality benchmarks help our customers improve aesthetics, increase shelf life and handle transportation of their products.

The depth and breadth of our expertise provide efficient and sustainable solutions to our customers and consumers worldwide.

17
Manufacturing facilities

1st
Company in India to hold three important certifications, ISO-9001:2000; BRC-IoP; & HACCP

Our purpose

To help great products reach more people, more easily.

Our values

We treat our world with respect

- We care about each other, the environment and the community
- We welcome diversity and recognise it as a source of innovation
- We encourage people to speak up, question and develop new ideas.

We know our business

- We're committed to understanding our customers and consumers
- We value integrity and open communication
- We learn from everything we do.

We like to get it done

- We deliver on our promises
- We trust and empower individuals
- We thrive on our entrepreneurial spirit.

Our operating model

Creating value for all

Our position in the markets in which we operate is built on a foundation of thoughtful strategy. From implementing best-in-class technologies to expanding our footprint, our initiatives demonstrate the carefully calibrated approach we apply everyday and carry forward a legacy of reliability that maximises value for all stakeholders.

Key enablers

Resource efficiency

Innovative mindset

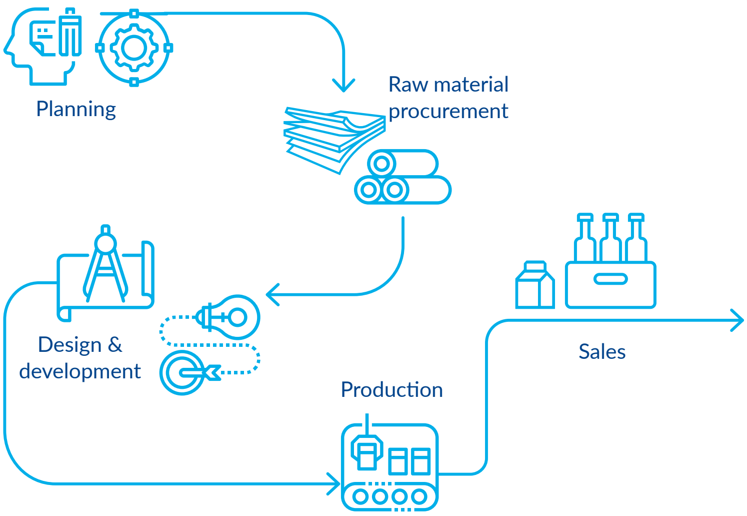
Leadership and management

Organic growth and opportunities

Our activities

2

Process



Key Segments

Flexible packaging for

- Food
- Beverages
- Pet-food
- Healthcare
- Personal care and household

Tube Laminates
Labels
Promotion & security
Specialised pouches
Thermoforms

Outcomes

3

Customers

Innovative and quality products
Safe and secure packaging

Society

Packaging that can be recycled
Water and energy efficient industrial processes
More efficient procurement
Income taxes paid to Government

Shareholders

Consistent financial growth
Sustained dividend payouts

Employees

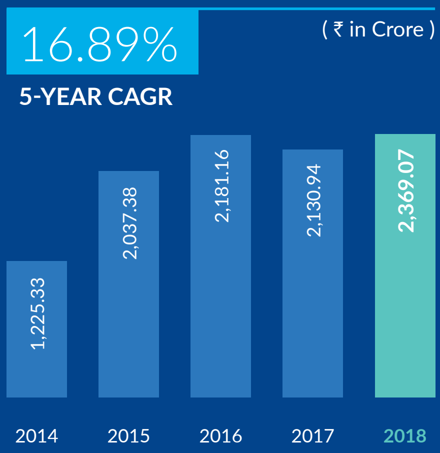
Total No. of Employees
3,673

Total Compensation paid
₹ 23,517.11
Lakh

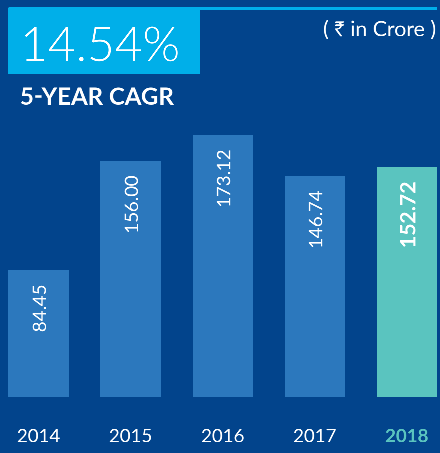
Key performance highlights

Resilient performance

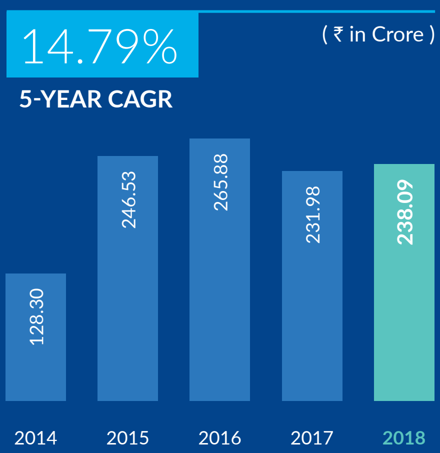
Revenue from operation
(net of GST/excise)



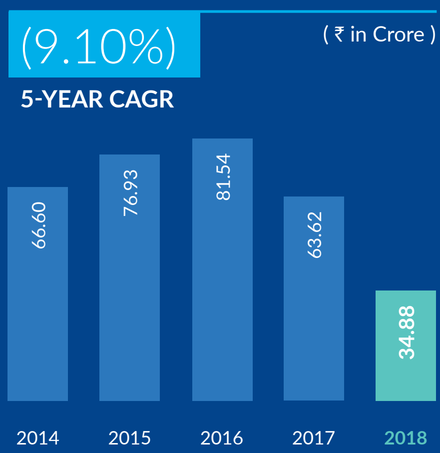
EBIT



EBITDA

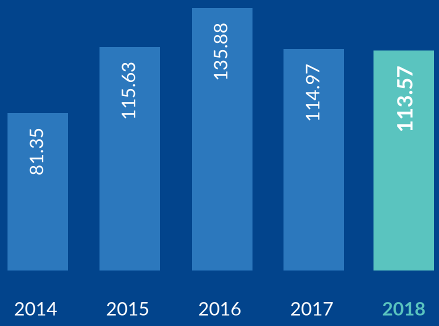


PAT after minority interest



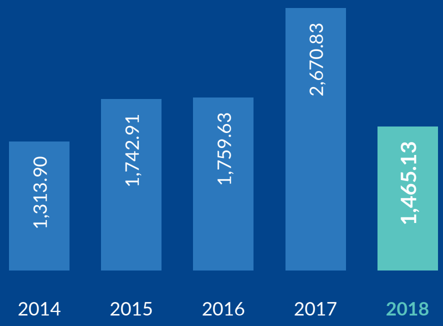
PBT before exceptional and extraordinary items

9.03%
(₹ in Crore)
5-YEAR CAGR



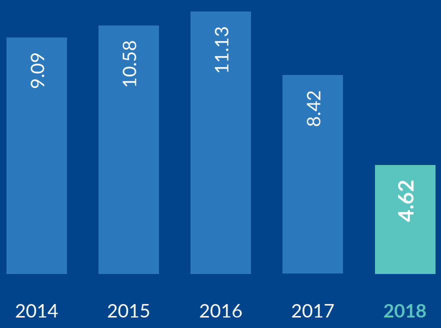
Market cap

25.66%
(₹ in Crore)
5-YEAR CAGR



EPS (excluding exceptional items)

(10.91%)
(₹)
5-YEAR CAGR



REVENUE

₹ 2,369.07 cr

EBIT

₹ 152.72 cr

MD's Message

We remain intensely passionate about packaging; thriving on innovation and sustainability

Dr Arup Basu
Managing Director

Dear Stakeholders,

In our industry, a combination of enabling government legislation and heightened consumer awareness presents an opportunity for industry players to address environmental concerns by improving the post-consumer-use flexible packaging waste management eco-system. In addition, at a national level, the terrific societal awareness brought about by "Swachh Bharat" will add impetus to and help establish a collection, segregation, recycling and/or reprocessing eco-system of requisite scale and scope.

We have begun to engage on shaping a circular economy for flexible packaging ”

As a responsible flexible packaging industry leader, we have begun to engage on shaping a circular economy for flexible packaging. Currently, the post-consumer-use flexible packaging waste eco-system is inhabited by several types of players such as ragpickers, specialised waste collectors, small-scale recyclers and in urban areas, the local municipality. Over time, this eco-system will undergo a transformation in scale and scope. Our early steps include enrolment in the Extended Producer Responsibility process as part of a larger effort to co-develop innovative and scalable business models for managing post-consumer-use flexible packaging waste.

We are also beginning to communicate to stakeholders that flexible packaging offers many advantages particularly in a country as large and diverse as ours where food and other essential goods travel significant distances. From amongst comparable packaging options, apart from the more conventionally known advantages of protection and convenience, flexible packaging offers one of the lowest life-cycle CO_2 footprints and helps reduce food wastage.

I want to thank everyone in HPPL for their contribution. Collectively, our accomplishments in 2018 represent an important stepping stone in our journey of responsible, profitable growth in a business landscape that is evolving continuously. We increased sales to our current set of customers and added quite a few new customers. Our Net Sales at 23,691 MINR grew by 11% over 2017 marking a generally positive business environment. However, our EBIT at 1,527 MINR grew 4.1% over 2017; impacted by frequent increases in prices of key input materials during the first three quarters of 2018.

Our approach to innovation continues to reflect the essentially bespoke nature of our business wherein packaging is custom designed to meet needs of distinct customers. However, we are increasingly laying greater emphasis on creation of intellectual capital in the form of patents. In addition, a focused development programme to bake-in recyclability and sustainability in the packaging structure itself, is yielding the first set of products – multi-layer yet made with variants of the same polyolefin family for ease of recycling. These are designed to help our esteemed customers achieve their respective sustainability ambitions.

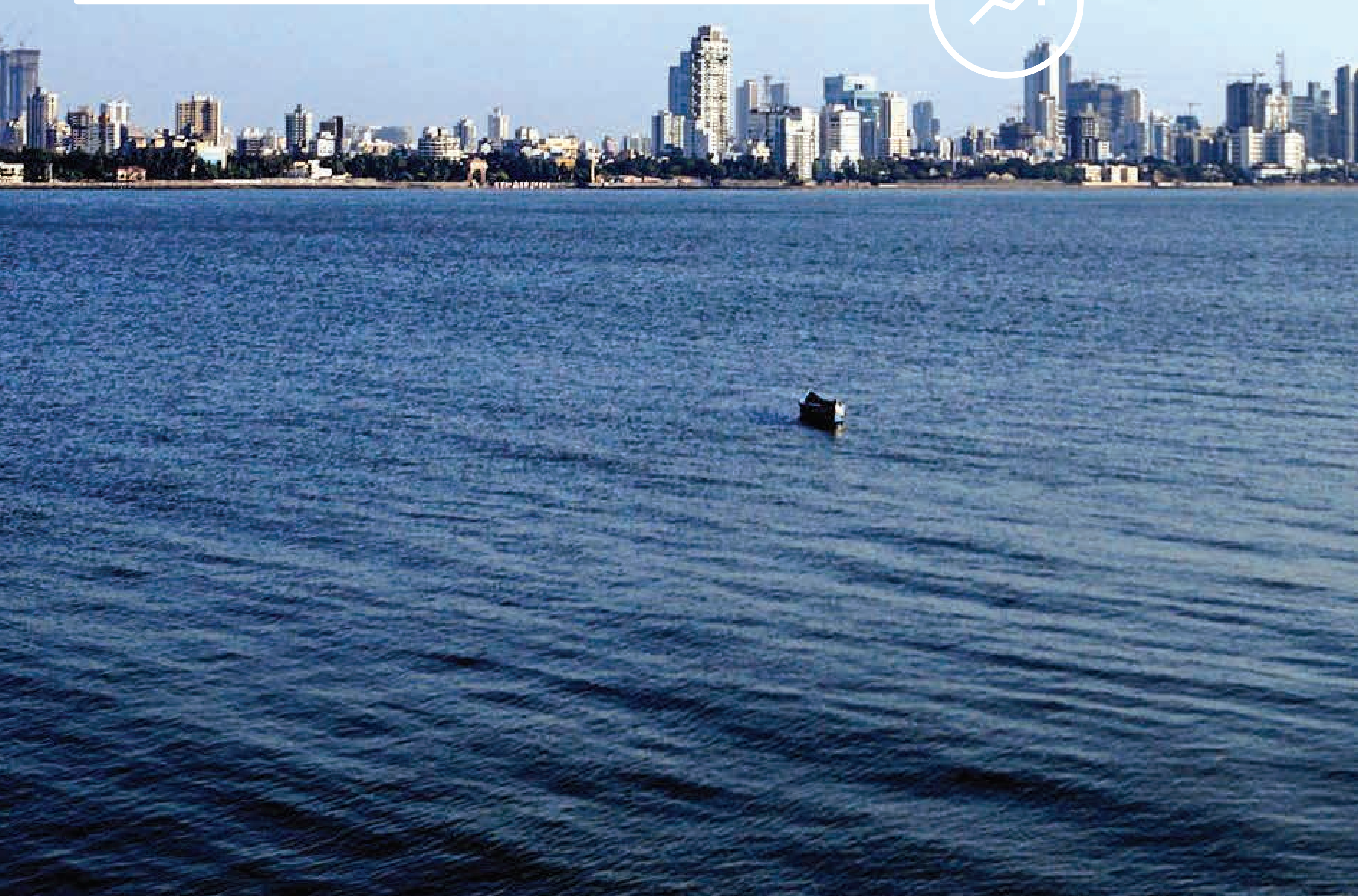
Our investment in a state-of-the-art wide-web digital printer gives us a versatile platform on which we can combine agility, customisation and innovation in unique ways. Our efforts at innovation were recognised externally: Dow Packaging Innovation, WorldStar, Economic Times Excellence Polymer, SIES SOP Star Awards and IFCA Star Awards came our way.

In keeping with our focus on collaboration and continuous improvement, we initiated a fresh set of projects to improve agility, customer responsiveness and strengthen our product portfolio of sustainable solutions. We carried out a very rapid integration of Ajanta Packaging that we acquired during the year. This helped us realise growth synergies early and represents a capability that will stand us in good stead in the future as and when we pursue inorganic growth options. We applied relevant heuristics to key internal processes especially in the HR and the Sales and Operations Planning functions. As part of our HR Roadmap, we implemented a world-class Human Resources Information System; this will increase the efficiency and effectiveness of key processes such as talent management, job levelling, capability building and continuous learning.

Going forward we will grow while focusing on our philosophy of continuous improvement – developing people, operations and business competencies, as part of our ambition to make HPPL a world-class company that helps great products reach more people more easily. We are grateful for the support and recognition our employees, customers, suppliers, shareholders and other stakeholders gave us during 2018.

Responding to the world around us

We analyse multiple trends in our operating context to remain one step ahead. These factors inspire us to refresh and realign our approach, every step of the way.



Sustainability

Shifting demographics and consumer preferences are driving the demand for more sustainable solutions, in packaging and far beyond. The world is shifting towards cost-effective and technologically feasible recyclable packaging solutions.

The European Council announced a target to recycle 50% of plastic packaging by 2025 and 55% by 2030

04

Indian states announced a ban on single-use plastics in 2019

Packaging for millennials

Aspirational millennials are shaping trends and changing the consumption landscape globally. FMCG companies are working towards packaging innovation that appeals to such discerning consumers.

In 2019, millennials population across the globe is expected to swell to 73 million[1]

$220 bn

worth of annual spending[2] expected to be influenced by millennials in rural India

Growth of organised retail

Over the last two decades, India's retail landscape saw phenomenal changes, evolving rapidly from traditional shops to large multi-format stores in malls.

Rapidly expanding mass retails and stores in India are expected to drive the demand for packaging solutions.

Deloitte has projected that by 2021, organised retail share will reach 22% of the total domestic retail market from 12% in 2017

India's consumption-driven economy

With 1.3 Billion people, more than 60% of which is below the age of 35, India's consumption spectrum is going to grow significantly. Rising household incomes and rapid urbanisation are supporting domestic consumption expenditure.

~60%

of India's GDP is driven by domestic private consumption[3]

HPPL advantage

As one of the leading Indian companies in flexible packaging, we have always strived to create products that are recyclable. Our team is developing techniques to use raw materials intelligently and optimise the manufacturing process to reduce environmental impact.

In 2018, we invested on a digital printer to help one of our clients print unique and creative messaging around human relationships. The offering helped us manufacture the most appealing packaging solution for the growing young consumers in the country.

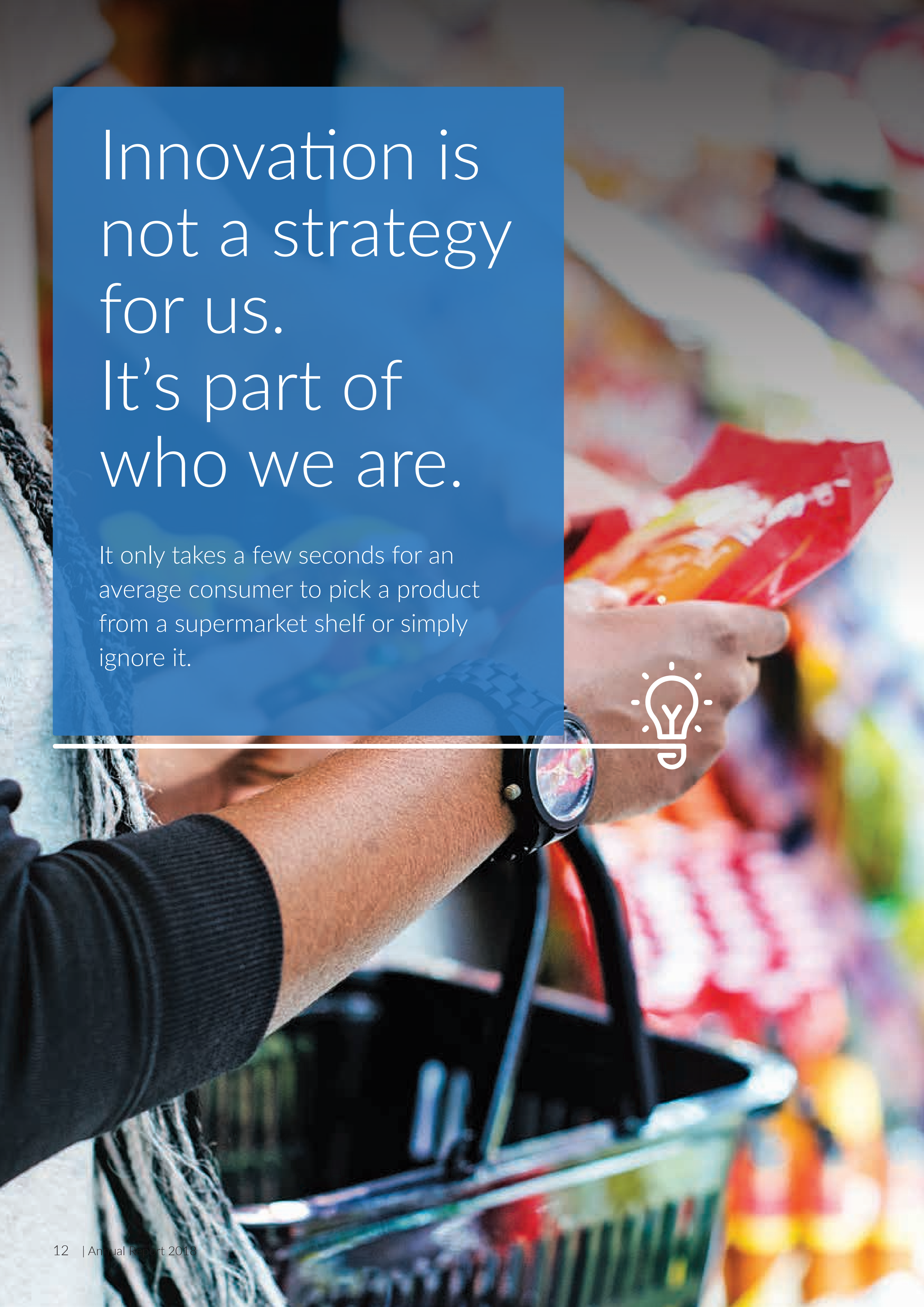
We have long-standing relationships with India's leading consumer product companies. Our strategy is to leverage the opportunity arising out of the rising organised retail sector in India

Our flexible packaging business has consistently improved, and we are upgrading capabilities and efficiencies to cater to our customers' varied aspirations. With a strong foundation of innovation and financial prudence we continue to deliver quality products to our customers and are safeguarded against future demand cycles.

[1] https://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/

[2] https://www.livemint.com/industry/retail/millennials-in-rural-india-shaping-consumption-patterns-in-the-hinterland-1553026089886.html

[3] According to a report by the World Economic Forum's System Initiative on Shaping the Future of Consumption



Innovation is not a strategy for us. It's part of who we are.

It only takes a few seconds for an average consumer to pick a product from a supermarket shelf or simply ignore it.

A product is chosen primarily on the basis of its face value, that is packaging. The innovation of the packaging influences decisions, along with functionality and quality aspects.

Our development team works closely with customers and equipment suppliers to develop new ideas and turn them into feasible market propositions. Our cost-effective solutions help create brand traction and deliver sustainable customer delight. We complement our product range with consultancy services on product innovation and sustainable design and manufacturing options.

Value additions

With dynamic shifts in consumer preferences, largely driven by a growing millennial population, the competition for consumer-facing brands has intensified. Therefore, making it imperative for companies to create packaging solutions that are differentiated.

Cost benefit

We focus on making our solutions innovative and cost-effective. Our approach is to accomplish higher benchmarks in resource efficiency and work closely with customers for cost reduction.

Our teams engage with customers to improve their packing line efficiency to reduce the overall cost of packaging. We have also deployed extensive R&D investments to provide companies with alternate structures through our value engineering stream, leading to cost advantage.

Owing to our long-standing partnerships with multinational customers, we have developed a deep understanding of the customers' distribution and warehousing functions. This has enabled us to create innovative offerings that aid in reducing their logistical barriers.

Packing health in a cube

Soups are a quick and healthy snacking option. As the new-age consumer is hard-pressed for time and always on the go, it is important that the soup be packed in the most convenient and easy-to-use manner.

Our innovative go-getters at HPPL has developed a packaging material for soups, especially engineered to be compatible with products having aggressive sales and acidic nature of the food.

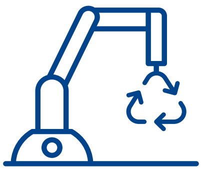
We offer high-performance, domestically manufactured materials that withstand thermal sterilisation of shelf stable soups and sauces. We preserve the product's taste by using high barrier structures and keep the products fresh. Available in various formats, the packaging option helps delivers significant savings to the customer in warehousing space and shipping costs as compared to metal cans and jars.

Consistent sustainability focus helps us remain ahead of the curve.

The critical role of packaging is to keep the products safe and secure for a longer period of time. Given that the shopping aspirations and habits evolve with changing lifestyles, consumer expectations transform, and supply chains become more dynamic, packaging must keep pace with lifestyle changes. As the world increasingly faces environmental challenges, packaging must also enrich customer experiences sustainably.

We are reducing our environmental impact through investment in innovative energy reduction technologies, switching to cleaner fuel and managing our water impact. ”

At HPPL, we focus on sustainability as a core strategy across the value chain. The aim is to create flexible packaging that is easier to recycle and meets the sustainability criteria.



Manufacturing recyclable products

Our sustainable packaging solutions begin with product design and innovation. Our experts collaborate with our customers to design packaging that protects products and ensures that the packaging is recyclable. We also focus on using quality, sustainably sourced raw materials.

Managing our environmental impact

Our manufacturing operations are focused on recyclable packaging solutions. Across our operations we are reducing our environmental impact through investment in innovative energy reduction technologies, switching to cleaner fuel and managing our water impact.

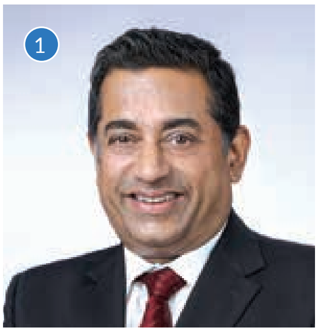
Efforts to create a circular economy

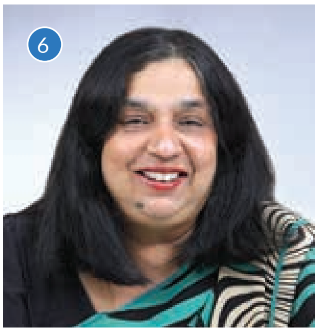
We have been ideating and working towards creating a system for wastage gathering, segregation and treatment solutions. We have pioneered an initiative to work with the organisations approved by the Pollution Control Boards for waste management.

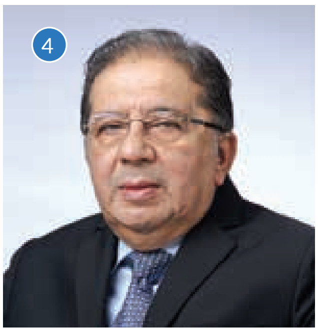
In 2018, we formulated an agreement with two PROs, to collect, segregate and recycle packaging waste on its behalf. Going forward, we also intend to have certain pilot projects set up around Mumbai, to process multi-layered plastic for creating secondary articles.

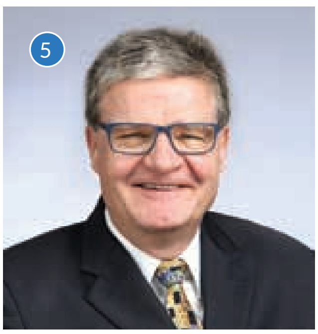
We are working towards providing integrated recycling and waste management services, ranging from simple recycling collections to full recycling and waste management solutions.

Board of Directors









1. Mr Murali Sivaraman
Chairman

Mr Murali Sivaraman, is a Fellow Member of the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and holds a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He is presently the Chairman and Director, Signify Inovations India Limited (previously known as Philips Lighting India Limited). In his previous role, he served as President of Philips Lighting and Executive Vice President of Philips Lighting based in Singapore. During his tenure at Philips, he has successfully completed and integrated two acquisitions and has worked with Marketing, Innovations and Supply Teams, spread across the globe. He also worked with Akzo Nobel (formerly ICI) for appx. 20 years in global positions.

2. Dr Arup Basu
Managing Director

Dr Arup Basu holds a PhD in Technology, Composite Materials from the University of Manchester, Institute of Science and Technology (UMIST), UK, and a bachelor's degree in Material Science and Engineering from Imperial College, London, UK. He also has an International Baccalaureate Diploma from United World College (UWC) of Atlantic, Wales, UK. He brings with him almost two decades of senior level industry experience. Dr Arup Basu joins us from Tata Chemicals Ltd (TCL) where he was holding the position of President and Chief Technology Officer and was responsible for new business, technology and innovation. At TCL, Arup also served as the Chief Operating Officer of Chemicals – Indian Operations and also served as its Vice President of Manufacturing and Head of the Haldia Works, West Bengal. During this tenure, he was Member of Board for the Magadi Soda Company, Kenya and member of the Global Chemicals Council with manufacturing operations spread across Kenya, UK and USA. Prior to this Arup worked for Accenture, where he was responsible for business development and managing large-scale projects for clients in the industrial space. Before his tenure with Accenture, he worked in a variety of roles at the Indian Aluminium Company and at Tata Motors.

3. Mr Nripjit Singh Chawla
Independent Director

Mr Nripjit Singh Chawla did his MBA from Indian Institute of Management, Calcutta. He has wide corporate management experience of over 49 years working with ITC Ltd., Korn Ferry International, Max India Ltd. He is currently acting as an Independent Management Consultant to Commercial organisations and NGO's in the areas of Marketing, Business strategy and Business Processes, Education, Tourism and Hospitality, Healthcare etc. He has served as a member of the teaching faculty in some of the premium Business Schools and Management Institutes. He has been an Independent Director of the Company since March 2013.

4. Mr Arunkumar Gandhi
Independent Director

Mr Arunkumar Gandhi is a Fellow Member of the Institute of Chartered Accountants of England & Wales, Institute of Chartered Accountants of India (ICAI) and also an Associate Member of the Chartered Institute of Taxation, London. He has been an Independent Director of the Company since March 2002. Mr Gandhi worked with N M Raiji & Co., Chartered Accountants, as a partner from 1969 and in 1993 became a Senior Partner upto July 2003. As partner, Mr Gandhi audited several public sector and private sector entities and is an expert on share valuation and corporate restructuring. Over the last 23 years, Mr Gandhi has served on the Boards of various Indian and foreign companies.

5. Mr Olli Koponen
Non-Executive Director

Mr Olli Koponen holds a Master's Degree in Engineering Automation and Information Technology. He has worked previously with Systecon Oy before joining Huhtamaki Oyj in the year 1990. He is presently holding position as Executive Vice President, Flexible Packaging.

6. Ms Sukanya Kripalu
Independent Director

Ms Sukanya Kripalu has done her graduation in Mathematics from St. Xavier's College and has completed her MBA from Indian Institute of Management, Calcutta. She has 29 years of marketing and management experience. She has been involved in the launch and marketing successes of several leading consumer brands at FMCG Companies such as Nestle, Cadbury and Kellogg's. She was a CEO of Quadra Advisory, a WPP group Company. She works as a consultant in marketing strategy, brand and advertising development as well as marketing training. Her experience covers industries such as Insurance, White Goods, Jewellery, Textiles, Branded Staples, FMCG and Media. She was appointed as an Independent Director of the Company w.e.f. March 17, 2015.

7. Mr Jukka Moisio
Non-Executive Director

Mr Jukka Moisio holds a Master's Degree in Science (Economics) and also holds a Management Degree. He has worked with Ahlstrom Corp (1991-2008) before joining Huhtamaki Oyj in the year 2008. He is currently the CEO and Chairman of Group Executive Team of Huhtamaki Oyj.

8. Mr S K Palekar
Independent Director

Mr S K Palekar did his MSc (Physics) from Mumbai University & MMS (Marketing) from Jamnalal Bajaj Institute of Management Studies. He secured 1st rank, both in MSc (Physics) & MMS (Marketing). He was the Chairperson of Executive Education Centre of S P Jain Institute of Management & Research at Mumbai. He brings with him over 42 years of experience in all aspects of marketing – like sales, advertising, market research, brand management – and also of general management. He has hands on experience in FMCG, durables & service Industry. He retired as Senior Vice President of Marketing & Knowledge Management from Eureka Forbes Limited; after serving there for over a decade.

9. Mr Sami Pauni
Non-Executive Director

Mr Sami Pauni has a Master's Degree in Law and is Senior Vice President, Corporate Affairs and Legal, Group Legal Counsel – Huhtamaki. He has worked in different legal and corporate roles in Huhtamaki Oyj.

Awards & Accolades

Recognitions we treasure

For the year under review, HPPL has earned national as well as international recognition for introducing new pack formats, innovative labels, specialty laminates with features like high barrier and functionality and improved aesthetics.

2018 Dow Packaging Innovation Awards

Paper Boat Thandai *(Retortable Profile Pouch)*

WorldStar 2018 Awards

Haldiram's Kesar Laddo *(Gift Pack)*
Kinder Schoko Bons *(Twist Wrap)*

ET Polymers Awards 2018 for Excellence in Packaging

ID 'Do it Yourself' Vada *(Batter Pouch)*

IFCA Star Awards 2018

Bauli Gas-Flushed *(Flow Wraps)*
Meera *(Registered Holo Sachet)*
Laxose *(Multi-layer Braille Label, ID)*
'Do it Yourself' Vada *(Batter Pouch)*
Sunny Walnuts *(5 Panel Window Pouch)*
Old Harbour *(6 Panel Pouch)*
Virtako *(High Performance Bag in Bag)*

SIES SOP Star Awards 2018

ID 'Do it Yourself' Vada *(Batter Pouch)*
India Gate *(5 Panel with Camouflage)*
Laxose *(Multi-Layer Braille Label)*
Old Harbour *(6 Panel Pouch)*
Sunny Walnuts *(5 Panel Window Pouch)*
True South *(Single-Serve Profile Pack)*

Statutory Reports

Financial statements

Directors' Report

Your Directors have pleasure in presenting the 69th Annual Report of the Company along with the Audited Financial Statements for the year ended December 31, 2018.

Financial Highlights:

Your Company's financial performance during the year was as under:

(₹ in Lakh)

Particulars	2018	2017
Net Sales	233,211	219,904
Profit before Tax	11,357	11,497
Less: Provision for Current Tax	7,916*	5,440
Provision for Deferred Tax	(47)	(305)
Profit after Tax	3,488	6,362
Add: Balance of profit for earlier years	39,065	37,412
Profit available for appropriation	42,553	43,774
Transfer to General Reserve	-	-
Transfer to Debenture Redemption Reserve	1,925	1,925
Proposed Dividend on Equity Shares & Dividend Tax thereon	2,731	2,784
Balance Carried forward	37,897	39,065

*Provision for Current Tax includes provisions for disputed Income tax matter of earlier years amounting to ₹ 2,107 Lakh (Refer Note 42 of Notes to Account)

Dividend:

Your Directors are pleased to recommend a dividend of ₹ 3/- (Rupees Three only) per equity share (150%) having face value of ₹ 2/- each, for the year ended December 31, 2018. The said dividend will absorb an amount of ₹ 2,731 Lakh, including the dividend distribution tax and cess thereon.

The Dividend Distribution Policy of the Company is annexed to this Report as Annexure 1 and is also available on the Company's website at – https://www2.huhtamaki.com/web/flexible-packaging-india/policies.

Deposits:

The Company did not invite or accept any deposits covered under Chapter V of the Companies Act, 2013 during the year under review and there are no deposits pending with the Company.

Transfer to Reserves:

Debenture Redemption Reserve is created to the extent of 25% of the Non-Convertible Debentures (NCDs) equally, over the period till maturity of the NCDs, as per the requirements of applicable laws. There has been no transfer to reserve during the year.

Acquisition of Business:

During the year under review, the Company acquired the entire business of M/s Ajanta Packaging (India) as a going concern, on slump sale basis for a net consideration of ₹ 9,078.46 Lakh, effective June 1, 2018.

This strategic move adds excellent asset to the Company's existing strong portfolio in Pressure Sensitive Label Business and also creates new opportunities for growth.

Subsidiary Companies and Financial Statements:

Your Company does not have any subsidiaries and hence Form AOC-1 is not applicable.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements, and related information of the Company are available on the website of the Company – www.ppl.huhtamaki.com. These documents will be made available to the Members for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 noon up to the date of 69th Annual General Meeting.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

Information pursuant to the provisions of Section 134 of the Companies Act, 2013 and the rules framed thereunder, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, forms part of this Report and is given at Annexure 2.

Corporate Governance Report:

The Report on Corporate Governance and the Certificate of the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations, 2015, are enclosed as a separate section and forms part of this Report. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the members of the Board and Senior Management Personnel also forms part of this Report.

Management Discussion and Analysis:

A detailed review of the operations, performance and future outlook of the Company and its businesses are given in the Management Discussion and Analysis, and forms a part of this Report.

Directors & Key Managerial Personnel:

Mr Murali Sivaraman was appointed as Non-Executive Independent Chairman of the Company for a period of 5 (Five) years w.e.f. January 1, 2019 in place of Mr Suresh Gupta, Executive Chairman who stepped down from Board of Directors of the Company on expiry of his term w.e.f. December 31, 2018. The Board has placed on record its deep gratitude and appreciation for the leadership and direction provided by Mr Suresh Gupta, over the last 3 decades.

Mr Arunkumar Gandhi will cease to be an Independent Director of the Company effective March 31, 2019, close of business hours, pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2018. The Board of Directors places on record its sincere appreciation & gratitude for the vital contributions made by Mr Arunkumar Gandhi during his tenure as Independent Director.

Mr Jukka Moisio, has decided to step down from the position as CEO of Huhtamaki Group, and accordingly tendered his resignation from the position of Non-Executive Director of the Company w.e.f. March 26, 2019. The Board places on record its appreciation for the contribution made by Mr Moisio during his association with the Company.

Mr Sami Pauni who was Alternate Director to Mr Jukka Moisio (Non-Executive) Director resigned as Alternate Director and has been appointed as Additional Director (Non-Executive) of the Company w.e.f. February 18, 2019.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr Olli Koponen retires by rotation and being eligible, offers himself for re-appointment.

The details of the proposed appointment/re-appointment of Directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of 69th Annual General Meeting (AGM) of your Company.

Mr Parag Vyavahare, Chief Financial Officer of the Company and Key Managerial Personnel, resigned from the services of the Company w.e.f. January 18, 2019.

Declaration by Independent Directors:

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, 2015.

Evaluation of Performance of Board, Its Committees and of Directors:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 2015 the Board carried out annual performance evaluation of its own performance, its committees and individual directors. The manner in which the performance evaluation was carried out is given in detail in the Corporate Governance Report, annexed to this Report.

The Company has in place a policy for appointment & remuneration of Directors and Key Managerial Personnel, encompassing the criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act and Part D of Schedule II of the Listing Regulations, appended as Annexure 3 to the Directors' Report. The above Policy along with the criteria for selection is available on the Company's website at – https://www2.huhtamaki.com/web flexible-packaging-india/policies.

Familiarisation Programme for Independent Directors:

Your Company has put in place a Familiarisation Programme for Independent Directors to familiarise them with their roles, rights, responsibilities, nature of the Industry, Company's strategy, business plan, operations, markets, products, etc. The details of the Company's Familiarisation Programme is available on the Company's website –https://www2.huhtamaki.com/web/flexible-packaging-india/policies

Meetings of the Board:

During the year, six meetings of the Board of Directors were held, particulars of attendance of directors at the said meetings are given in the report on Corporate Governance Report, which forms part of this Report.

Auditors and Auditors' Report:

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, S R B C & CO. LLP, Chartered Accountants (SRBC) were appointed as Statutory Auditors for a term of five years to hold office from the conclusion of 65th Annual General Meeting up to the conclusion of the 70th Annual General Meeting, subject to ratification at every Annual General Meeting.

The requirement of seeking ratification of the members for continuance of Statutory Auditors appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 w.e.f. May 7, 2018. Hence, the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

The Auditors' Report to the Members on the Accounts of the Company for the year ended December 31, 2018 is a part of the Annual Report. The said Audit Report does not contain any qualification, reservation or adverse remark. During the year 2018, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

Cost Accounts and Cost Auditors:

In terms of the Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

The Board has appointed M/s R Nanabhoy & Co., Cost Accountants as the Cost Auditors of the Company to conduct the Cost Audit for the Financial year 2019. Members approval is being sought for ratification of their remuneration as Cost Auditors of the Company for the Financial Year 2019. M/s R Nanabhoy & Co., have confirmed that they are free from any disqualification as specified under the Act and of their Independent Status.

Secretarial Auditor:

The Board has appointed M/s S N Ananthasubramanian & Co., Practicing Company Secretaries, to conduct Secretarial Audit for the Financial year 2018. The Secretarial Audit Report in prescribed format is annexed as Annexure 4 to this Report.

During the Year 2018, your Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

Particulars of Contracts and Arrangements with Related Parties:

Your Company has formulated a policy on related party transactions which is also available on Company's website at https://www2.huhtamaki.com/web/flexible-packaging-india/policies. This policy deals with the review and approval of related party transactions. The Board of Directors of the Company has approved the criteria for making omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on arm's length basis. All related party transactions are placed before the Audit Committee for review and approval.

All related party transactions entered during the Financial Year 2018 were in ordinary course of the business and on arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company. However, members may refer to Notes to the financial statement which sets out related party disclosures pursuant to the Accounting Standards.

None of the Directors and the Key Managerial Personnel has any pecuniary relationship or transactions vis-a-vis the Company.

Particulars of Loans, Guarantees or Investments:

The Company has not granted any loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, during the financial year ended December 31, 2018.

Corporate Social Responsibility:

Your Company is committed to Corporate Social Responsibility (CSR) and strongly believes that the business objectives of the Company must be in congruence with the legitimate development needs of the society in which it operates. During the year under review the Company incurred a CSR Expenditure of ₹ 238.26 Lakh which was higher than the statutory limits. The CSR projects of the Company mainly focused in the areas of promotion of education & skill development, social Welfare & rural development and providing drinking water, sanitation facilities and hygiene.

A detailed report on CSR activities is given in Annexure 5, forming part of this Report.

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (the Act), your Company has constituted a CSR Committee to monitor the CSR activities of the Company, details of which are provided in the Corporate Governance Report, forming part of this Report.

Vigil Mechanism/Whistle-Blower Policy:

The Company has in place a Whistle-blower Policy with a view to provide a mechanism for its directors/employees to approach the Chairman of the Audit Committee, in case of any grievances or concern. The Whistle-blower Policy can be accessed on the Company's website – https://www2.huhtamaki.com/web/flexible-packaging-india/policies. During the year, the Company reached out to employees through e-learning modules and face-to-face training sessions for creating greater awareness on anti-bribery and code of conduct policies formulated by the Company/Group.

Huhtamaki Speak Up channel is a new web-based system where any employee can report any suspected violations of any of the Company policies, Code of Conduct, or any laws or regulations.

Risk Management & Internal Financial Controls:

The Company has in place a mechanism to inform Board Members about the Risk Assessment and Minimisation procedures which are periodically reviewed to ensure that risk is controlled by the Executive Management. The Company has also formulated Risk Management Policy to review and control risk.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are given in the Management Discussion and Analysis, which forms part of this Report.

Internal Financial Controls and their Adequacy:

The Directors have laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically.

At the beginning of each Financial Year, an annual Internal audit plan is rolled out after it has been approved by the Audit Committee. The Audit Plan is aimed at evaluation of the efficacy and adequacy of internal control system and compliance, robustness of internal processes, policies and accounting procedures and compliance with laws and regulations. The respective Process Owners take the requisite corrective action, based on internal audit reports/findings. Further, the Internal Auditors place their significant audit observation & corrective actions thereon are presented to the Audit Committee for their review.

Annual Return:

The Extracts of the annual return of the Company has been placed on the website of the Company and can be accessed at link – https://www2.huhtamaki.com/web/flexible-packaging-india/132

Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Act:

a) that in the preparation of the annual financial statements for the year ended December 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies as mentioned in Note 2 of the Notes to the Accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on December 31, 2018, and of the profit of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the annual financial statements have been prepared on a going concern basis;

e) that proper internal financial controls laid down were followed by the Company and such internal financial controls are adequate and were operating effectively; and

f) that proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

Human Resources & Particulars of Employees:

Your Company considers people as its biggest assets. The Company has been providing continuous skill upgradation and learning opportunities through structured career discussions and individual development plans. A detailed note on Human Resources is mentioned in the MDA section.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as Annexure 6.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. Further, the report and the financial statements are being sent to the members excluding the aforesaid statement. Further, in terms of provisions of Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is open for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary at the Registered Office and the same will be furnished on request.

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has zero tolerance sexual harassment policy at workplace. As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, the Company has constituted an Internal Complaints Committees (ICC). The Company conducts awareness programmes at its units to sensitise the employees to uphold the dignity of their female colleagues at workplace. During the year, the Company received one Complaint of harassment and same has been disposed off after inquiry by Internal Complaints Committee by taking requisite disciplinary action against guilty employees.

Material Order Passed by the Regulators or Courts:

MPCB Matter

The Company, in relation to its Thane manufacturing facility, had received a closure notice on November 20, 2018 from Maharashtra Pollution Control Board ('MPCB'), pursuant to the provisions of Water & Air Pollution Act, against which the Company filed an appeal with the National Green Tribunal ('NGT'). The Company submitted documentary evidence of requisite compliance under the Plastic Waste Management Rules, 2016, (PWM Rules) to MPCB and on December 14, 2018 withdrew its appeal before the NGT, with liberty to file appeal, which has been accepted by NGT. On January 3, 2019, the Central Pollution Control Board ('CPCB') certified the Company as 'Producer' as per the PWM Rules, notified under the Environmental (Protection) Act, 1986 covering all its manufacturing sites. The Company is awaiting formal withdrawal of the closure notice by MPCB.

Rudrapur Tax Matter

The Hon'ble Supreme Court vide its Order dated August 20, 2018, concerning other assesses, had given a ruling in favour of the Income Tax Department wherein it had held that 100% deduction under Section 80-IC of the Income Tax Act, 1961 cannot be claimed beyond 5 years, even if "substantial expansion" is undertaken after the initial period of 5 years. As a result of the above ruling, in relation to the substantial expansion undertaken at its Rudrapur Unit, the Company recognised a provision for income tax of ₹ 2,107 Lakh and interest thereon amounting to ₹ 1,000 Lakh, in the Financial year ended December 31, 2018.

Further, the Hón'ble Supreme Court by its Order dated February 20, 2019, recalled its earlier judgement dated August 20, 2018, by passing a ruling in favour of the assesses. In light of the above ruling, the Company is examining the impact on the tax provisions made by the Company.

Other Disclosures/Reporting:

Your Directors state that no disclosure and/or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- The Managing Director of the Company receive remuneration or commission from any of its subsidiaries;
- There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report, except as stated above.

Appreciation & Acknowledgements:

The Board wishes to place on record its gratitude for the assistance and co-operation received from Banks, Government Authorities, Customers, Vendors and all its shareholders for the trust and confidence reposed in the Company. The Board further wishes to record its sincere appreciation for the significant contributions made by employees at all levels for their commitment, dedication and contribution towards the operations of the Company.

For and on behalf of the Board of Directors

Murali Sivaraman, Chairman
(DIN: 01461231)

March 26, 2019

Annexure to Directors' Report

Annexure – 1

Dividend Distribution Policy:

[Pursuant to Regulation 43(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.]

1. **Scope and Purpose of the Policy**
   Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 500 listed companies, based on Market Capitalisation of every financial year, are required to formulate a Dividend Distribution Policy. The Company being one of the top 500 listed companies frames this policy to comply with the aforesaid SEBI Regulations, 2015.

   The Objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes and provide guidance to the Board of Directors while recommending dividends to its shareholders, from time to time.

2. **Factors/Parameters to be considered while Declaration of Dividend**
   The philosophy of the Company is to maximise the stakeholders' wealth in the Company and the Board will consider the following factors while recommending dividend to its shareholders:

   a) **Internal Factors/Financial Parameters:**
   - Consolidated Operating Profit after Tax;
   - Free Cash Flows;
   - Working Capital requirements;
   - CAPEX Plans/requirements;
   - Acquisitions and/or Diversification Plans;
   - Cash Flow required for Contingencies;
   - Borrowings;
   - Past Dividend Trends; and
   - Assessment of Dividend Impact on Credit Rating & other consequential factors.

   b) **External Factors:**
   - Interest rates;
   - Taxation on distribution of dividend; and
   - Dividend Payout Ratios of comparable companies/ Companies in same industry.

   c) **Utilisation of Retained Earnings:**
   In unusual cases, the Company may consider declaring dividend out of profits of previous years or free reserves, after taking into account the parameters laid down in this policy.

   d) **Circumstances under which shareholder may or may not expect dividend:**
   In an event where Company proposes/has undertaken a significant expansion project/CAPEX; Mergers, Acquisitions or Joint Ventures; buy-back of securities or any such eventualities which requires higher capital allocation or due to inadequate profits or incurring of losses.

   e) **Provisions regarding various classes of shares:**
   Currently, the Company has issued only equity shares and this policy shall be applicable to dividend on equity shares. As and when the Company issues other classes of shares, the Board shall suitably amend this policy.

3. **General:**
   a) This Policy is subject to any amendments/revisions as per the guidelines that may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India, from time to time;

   b) The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy, as it may deem fit; and

   c) In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Annexure – 2

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo (Particulars pursuant to the Companies (Accounts) Rules, 2014)

A. Conservation of Energy:

The Company has a well-organised, structured and centrally controlled Energy Management system for machines, utilities and infrastructure. The Company focuses on improving machine efficiency and accuracy at regular intervals by modernisation or replacement of machineries and use of high-end technology.

Some of the key initiatives for conserving energy during 2018 were:

- Replacement of Conventional Light with LED Lights in Plants, Registered & Corporate Office resulting in saving of electricity consumption;
- Replacement of old Pumps with energy efficient pumps which resulted in increased efficiency and better output;
- Variable Frequency Drive (VFD) for booster pumps resulted into energy conservation;
- Variable Frequency Drive (VFD) for cooling tower helped in increasing efficiency and lower energy costs in a cooling tower design;
- Variable Frequency Drive (VFD) for raw water pump helped in controlling the frequency of the electrical power supplied to pump/fan and significant power savings;
- Motion Sensor fixed for lights and fans in mini conference hall helped to detect temperature differences;
- Installation of sensor on air curtains on entry door of commercial stores resulted in substantial savings in energy consumption.

B. Technology Absorption, Adaption and Innovation:

Your Company continued its R&D efforts in technologies and products to augment its growth and focused on various new technologies like mid-web digital printing, etc.

Sustainability is crucial for survival and growth of the human race. Flexible packaging scores well on this parameter due to its lower material utilisation, lower energy usage and lower carbon footprint, compared to other forms of packaging. Building on the sustainability platform, your Company has created a further momentum by:

1. Reducing material at source, while maintaining all required technical parameters for the application.
2. Redesign the structure of packaging so that it is easy to recycle.
3. Using coatings to provide functionality, like sealing, barrier, etc. further reducing material usage.

Your Company worked on several aspects to analyse the raw materials being used and its constituents, to work with suppliers and make sure that the packaging made from such input raw materials are totally safe for packaging of Food. India's governing body, FSSAI has also come out with standards with respect to packaging for Food applications on January 1, 2019, with an implementation deadline of July 1, 2019. Your Company already complies to most of these guidelines and will be 100% compliant well before the required deadline.

Innovation:

Your Company's Innovation programme, NASP (New Applications, Structures, Products/Processes) focused on developing new products and was successful in building a strong pipeline of new products which help your Company maintain its technology leadership in the market.

Your Company has successfully integrated new technologies and applications like 'sticker in flexible laminate', which have opened up new business opportunities.

In addition to creating new products, your Company has put renewed efforts in protecting new ideas by way of filing for intellectual property rights. This year your Company has filed 4 patents for new products.

Your Company has been recognised for its innovative efforts by several global industry bodies – leading to 17 prestigious awards for the year, including 2 WorldStar awards, a Dow packaging innovation award, an Economic Times Polymer award and 7 IndiaStar awards.

The details of the awards are mentioned below:

Name of the Award	Products
2018 Dow Packaging Innovation Awards	Paper Boat Thandai (Retortable Profile Pouch)
WorldStar 2018 Awards	Haldiram's Kesar Laddo (Gift Pack) Kinder Schoko Bons (Twist Wrap)
ET Polymers Awards 2018 for Excellence in Packaging	ID 'Do it Yourself' Vada (Batter Pouch)
IFCA Star Awards 2018	Bauli Gas-Flushed (Flow Wraps) Meera (Registered Holo Sachet) Laxose (Multi-layer Braille Label, ID) 'Do it Yourself' Vada (Batter Pouch) Sunny Walnuts (5 Panel Window Pouch) Old Harbour (6 Panel Pouch) Virtako (High Performance Bag in Bag)
SIES SOP Star Awards 2018	ID 'Do it Yourself' Vada (Batter Pouch) India Gate (5 Panel with Camouflage) Laxose (Multi-Layer Braille Label) Old Harbour (6 Panel Pouch) Sunny Walnuts (5 Panel Window Pouch) True South (Single-Serve Profile Pack)

The expenditure on R&D during the year under report is as below:

a)	Capital	Nil
b)	Recurring	₹ 112.45 Lakh
	Total	₹ 112.45 Lakh

Apart from the above, the Company spends a sizeable amount of money & resources on product development, which is not covered in the amount reported hereinabove.

C. Research and Development:

The Company is continuously striving to build a technology leadership position in the flexible packaging industry. There is a strong focus on research and development through a dedicated R&D team. The R&D team is working closely with customers in developing cost-effective packaging solutions.

The R&D team is actively involved in identifying suitable base films, polymers, adhesives, inks, etc., to satisfy the sophisticated flexible packaging requirements of customers.

D. Foreign Exchange Earnings & Outgo:

a) Foreign exchange earnings from the exports of the Company’s products & services amounted to ₹ 50,860 Lakh.

b) The outflow of foreign exchange on account of import of raw materials, stores, spares, capital goods, expenses on travelling, commission on exports, and technical Service charges amounted to ₹ 48,932.3 Lakh.

By Order of the Board
For **Huhtamaki PPL Limited**

Murali Sivaraman
Chairman
(DIN: 01461231)

Annexure – 3

Nomination and Remuneration Policy of Huhtamaki PPL Limited

1. Preamble:

a) The Nomination and Remuneration Policy ("Policy") provides a framework for remuneration to be paid to the members of the Board of Directors ("Board") and Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of Huhtamaki PPL Limited ('the Company").

b) This Policy has been framed by the Nomination and Remuneration Committee ("Committee") of the Board of Directors ("Board") and based on its recommendation, approved by the Board of Directors of the Company. The Nomination and Remuneration Committee is entitled to review and amend this policy, if necessary, subject to Board approval.

2. Objective:

The Policy aims to enable the Company to attract, retain and motivate high quality members for the Board and executives by providing a well-balanced and performance-related compensation package, taking into account all stakeholders' interest, risks & opportunities, industry practices and relevant corporate regulations. The Policy shall be read along with Section 178 of the Companies Act, 2013, the applicable rules thereto and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, (hereinafter referred to as LODR).

3. Criteria for Identification of the Board Members and Appointments of Senior Management:

a) The Members of the Board shall be persons who possess appropriate qualifications, skills, aptitude, attributes, maturity, knowledge and experience. The objective is to have a Board with diverse background and experience in management functions or in such areas as may be considered relevant or desirable to conduct the Company's business in an ethical and competitively superior manner.

b) An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise responsibilities in a bona-fide manner in the best interests of the Company; devote sufficient time and attention to professional obligations for informed and balanced decision-making; and assist the Company in implementing the best corporate governance practices. An Independent Director should meet the requirements of the Companies Act, 2013 and Regulation 16(1)(b) of LODR, concerning independence of directors.

c) The candidate for the appointment of KMP and SMP should possess appropriate qualifications, skills, aptitude, attributes, with relevant work experience. The candidate for KMP and SMP should also possess high level of personal and professional ethics, integrity and values.

4. Policy Relating to Remuneration:

I) Policy For Whole-Time Directors/ Managing Director/ Key Managerial Personnel/ Senior Management Personnel

Remuneration to Whole-time Directors, Key Managerial Personnel and Senior Management Personnel will involve a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the Company and its goals. The break-up of the pay scale and quantum of perquisites and retiral benefits shall be decided and approved by the Board/the Person authorised by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of the Companies Act, 2013.

II) Policy for Independent Directors

a) Independent Directors shall receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Independent Directors may be paid Commission within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company, computed as per the applicable provisions of the Companies Act, 2013. Independent Directors shall not be entitled to any stock options of the Company.

Annexure – 4

Form No. MR – 3

Secretarial Audit Report

For the financial year ended December 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Huhtamaki PPL Limited
CIN: L21011MH1950FLC145537
12A–06, B Wing, 13th Floor, Parinee Crescenzo,
C-38/39, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

We have conducted Secretarial Audit of the compliance with the applicable statutory provisions and adherence to good corporate practices by **Huhtamaki PPL Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the year ended **December 31, 2018** complied with the statutory provisions listed hereunder and also, that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Year ended **December 31, 2018** according to the provisions of:

(i) The Companies Act, 2013 ('the Act'), and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable to the extent of Overseas Direct Investment as there was no reportable event during the year under review.**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (upto November 10, 2018) and Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (w.e.f. November 11, 2018);

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; – **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the period under review;**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable as there was no reportable event during the period under review;** and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto September 10, 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018 (w.e.f. September 11, 2018) – **Not Applicable as there was no reportable event during the year under review.**

(vi) The Management of the Company has identified that the following laws are specifically applicable to the Company:

a) The Petroleum Act, 1934;

b) The Legal Metrology Act, 2009, Rules and Regulations thereunder;

c) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;

d) The Plastic Waste (Management & Handling) Rules, 2011;

e) The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000;

f) The Maharashtra Plastic Carry Bags (Manufacture and Usage) Rules, 2006.

We have also examined compliance with the applicable clauses/ regulations of the following:

a) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with provisions of the Act, Rules, applicable Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda, were sent in advance before the Meeting. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- All the decisions of the Board and Committees thereof were carried out with requisite majority.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

- As informed, the Company has responded appropriately to notices received from statutory/regulatory authorities including by taking corrective measures wherever found necessary.

We further report that during the review period following specific events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- On March 23, 2018, the Company entered into a Business Transfer Agreement for acquisition of the business of Ajanta Packaging, India on a slump sale basis for a net consideration of ₹ 9078.46 Lakh.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For S N Ananthasubramanian & Co.
Company Secretaries
Firm Registration No. P1991MH040400

S N Ananthasubramanian
Partner
FCS: 4206
COP: 1774
March 26, 2019
Thane

To,
The Members,
Huhtamaki PPL Limited
CIN: L21011MH1950FLC145537
12A–06, B–Wing, 13th Floor, Parinee Crescenzo,
C-38/39, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Our Secretarial Audit Report for the year ended December 31, 2018 of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

For S N Ananthasubramanian & Co.
Company Secretaries

S N Ananthasubramanian
Partner
FCS: 4206
COP: 1774
March 26, 2019
Thane

Annexure – 5

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2018

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes –**

   The CSR policy of the Company covers the proposed CSR activities in line with Section 135 of the Companies Act, 2013 and Schedule VII thereto. The CSR Policy of the Company may be accessed on the Company's website at the link https://www2.huhtamaki.com/web/flexible-packaging-india/policies

2. **The Composition of the CSR Committee is as under:**

   I) Mr Suresh Gupta* – Chairman (Executive Chairman)

   II) Mr S K Palekar – Member (Independent Director)

   III) Dr Arup Basu – Member

   (Managing Director)

   *Mr Murali Sivaraman, Independent (Non-Executive) Chairman has been appointed as Member and Chairman of the CSR Committee w.e.f. January 9, 2019 consequent to stepping down of Mr Suresh Gupta w.e.f. December 31, 2018, on expiry of his term.

3. **Average net profit of the Company for last three financial years:** ₹ 10,675 Lakh

4. **Prescribed CSR Expenditure (Two percent of amount as in Item No. 3):** ₹ 213.49 Lakh

5. **Details of CSR spent during the Financial Year**:

   a) Total amount spent for the financial year – ₹ 238.26 Lakh

   b) Total amount unspent, if any – Not Applicable

   c) Manner in which the amount spent during financial year, is detailed below:

Amount Spent by the Company-

(₹ in Lakh)

Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programmes 1) Local Area or other 2) Specify the states or district where project or Programme were undertaken	Amount outlay (Budget) project or programmes wise	Amount spent on the projects or programmes	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Providing for Infrastructure facilities in Schools.	Promotion of Education	• Rudrapur (Uttarakhand) • Khopoli (Maharashtra) • Silvassa (UT of Dadra & Nagar Haveli, Silvassa) • Parwanoo (Himachal Pradesh)	34.23	31.11	31.11	Direct
2.	Providing Education Material and Scholarships to students.	Promotion of Education	• Silvassa (U T of Dadra & Nagar Haveli, Silvassa) • Taloja (Maharashtra) • Khopoli (Maharashtra)	16.26	16.03	16.03	Direct
3.	Providing for Improving Rural Infrastructures and Amenities.	Rural Development	• Silvassa (U T of Dadra & Nagar Haveli, Silvassa) • Hyderabad (Telangana) • Khopoli (Maharashtra	43.90	36.12	36.12	Direct
4.	Contribution to Education Trust by Construction of Hostels, College Equipment's and Buildings	Promotion of Education	• Sholapur (Maharashtra) and Dhule (Maharashtra)	155	155	155	Direct
	Total			**249.39**	**238.26**	**238.26**	

6. **In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board report.**

   Not Applicable

7. The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company..

By Order of the Board
For **Huhtamaki PPL Limited**

Murali Sivaraman,
Chairman
(DIN: 01461231)

Annexure – 6

Statement of Disclosures of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(₹ in Lakh)

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year (FY)	% increase in Remuneration in the Financial Year 2018	Ratio of remuneration of each Director to median
1.	Mr Suresh Gupta, Executive Chairman	336.16	27.34%	89.3:1
2.	Dr Arup Basu, Managing Director	215.21	–*	57.1:1
3.	Mr Parag Vyavahare, Chief Financial Officer	136.17	13.02%	36.2:1
4.	Mr D V Iyer, Company Secretary	47.37	-1.33%	12.6:1

* Not comparable since he was appointed w.e.f November1, 2017.

Notes:

- The Managing Director and CFO of the Company are entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles them to receive shares at nil cost. The scheme detailed above is assessed, managed and administered by the ultimate holding company and there is no cost charged to the Company. Further, pursuant to adoption of Ind AS, the Company has recognised charge of ₹ 10,93,917/- with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.
- Remuneration paid to Independent Directors consists of sitting fees and Commission for FY 2018 in accordance with Section 197 (ii) of the Companies Act, 2013, details of which are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for remuneration of Independent Directors are therefore not considered for the above purpose.

1. The percentage increase in median remuneration of employees of the Company in the financial year was 5.6%.
2. The number of permanent employees on the rolls of Company as on December 31, 2018 were 3,673.
3. Average percentage increase made in the salaries of employees other than managerial personnel in the financial year is 5.6%, while the increase in the remuneration of managerial personnel was 9.00%. The aggregate limit of remuneration of managerial personnel was reviewed and revised, keeping in view the need for leveraging experience and expertise as well as rewarding talent and the prevailing trend in the industry.
4. We affirm that the remuneration is as per the Remuneration Policy of the Company.

By Order of the Board
For **Huhtamaki PPL Limited**

Murali Sivaraman,
Chairman
(DIN: 01461231)

Company's Philosophy on Code of Governance

Huhtamaki PPL Limited (HPPL) believes that good Corporate Governance is essential to achieve long-term corporate goals and enhance stakeholders' value. Thus, HPPL's philosophy on Corporate Governance is aimed to attain the highest level of transparency, accountability and compliance with laws, both in letter and spirit, in all facets of operations, leading to the highest standards of Corporate Governance.

It is HPPL's belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The implementation of HPPL's Code for Prohibition of Insider Trading exemplifies this spirit of good ethics.

The Company complies with the requirements of Corporate Governance as stipulated under Regulation 34 read along with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Corporate Governance Report

The Directors present the Company's Report on Corporate Governance for the year ended December 31, 2018.

Board of Directors:

The Board of Directors of the Company (the Board) comprises of a combination of Executive and Non-Executive Directors. As on December 31, 2018 the Board comprised of 8 (Eight) Directors: 2 (Two) being Executive Directors and 6 (Six) Non-Executive Directors, with 4 (Four) being Independent Directors. As on December 31, 2018, the Chairman of the Board was Executive Director and more than half of the Board members were Independent Directors. With effect from January 1, 2019, the Chairman of the Board is a Non-Executive Independent Director and more than one-third of the Board members are Independent. The composition of the Board is in line with the requirements of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgement in any manner. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

The policy formulation, evaluation of performance and the control function vest with the Board, while the Board Committees oversee operational issues. The Board meets at least once in a quarter to consider amongst other matters, the quarterly performance of the Company and financial results. Directors attending the meetings actively participate in the deliberations at these meetings.

The composition of the Board and attendance at Board Meetings and at the last Annual General Meeting (AGM) held during the year under review is given below:

Sr. No.	Name of the Director	Category	No. of Board Meetings held during the FY18/ Tenure	No. of Board Meetings attended	Attendance at last AGM
1.	Mr Suresh Gupta, Chairman *	Executive	6	6	Yes
2.	Mr Jukka Moisio^	Non-Executive	6	1	Yes
3.	Mr Arunkumar Gandhi	Non-Executive, Independent	6	6	Yes
4.	Mr S K Palekar	Non-Executive, Independent	6	5	Yes
5.	Mr Nripjit Singh Chawla	Non-Executive, Independent	6	6	Yes
6.	Ms Sukanya Kripalu	Non-Executive, Independent	6	6	Yes
7.	Mr Olli Koponen	Non-Executive	6	5	Yes
8.	Dr Arup Basu	Executive	6	6	Yes
9.	Mr Sami Pauni$	Non-Executive, (Alternate to Mr Jukka Moisio)	2	2	NA
10.	Mr Ramesh Dhir**	Non-Executive, Independent	2	2	NA

* Mr Suresh Gupta ceased to be the Executive Chairman of the Company w.e.f. December 31, 2018, on expiry of his term and Mr Murali Sivaraman has been appointed as Non-Executive Independent Chairman of the Company w.e.f. January 1, 2019;

^Mr Jukka Moisio stepped down as Non-Executive Director w.e.f. March 26, 2019;

$ Mr Sami Pauni was appointed as Alternate Director to Mr Jukka Moisio on July 24, 2018 and November 1, 2018, respectively. Mr Sami Pauni stepped down as Alternate Director to Mr Jukka Moisio w.e.f. February 18, 2019 and has been appointed as an Additional Director of the Company w.e.f. February 18, 2019;

**Mr Ramesh Dhir ceased to be a Director w.e.f. March 30, 2018, on expiry of his term as an Independent Director.

During the year 2018,6 (six) Board Meetings were held, i.e. February 20, 2018, March 23, 2018, May 8, 2018, July 31, 2018, September 11, 2018 and November 1, 2018 with time gap not exceeding 4 months between any two such meetings. The 68th Annual General Meeting of the Company was held on Tuesday, May 8, 2018.

Directorships and Committee Memberships/Chairmanships in other public limited companies are given below:

Name of the Director	Other Directorship(s)[1]	As on December 31, 2018		
		Committee positions in other Companies (excluding HPPL)[2]		
		Member	Chairman	Total
Mr Suresh Gupta	Nil	Nil	Nil	Nil
Mr Jukka Moisio	Nil	Nil	Nil	Nil
Mr Arunkumar Gandhi	2	1	1	2
Mr S K Palekar	1	Nil	Nil	Nil
Mr Nripjit Singh Chawla	Nil	Nil	Nil	Nil
Ms Sukanya Kripalu	5	4	Nil	4
Mr Olli Koponen	Nil	Nil	Nil	Nil
Dr Arup Basu	Nil	Nil	Nil	Nil
Mr Sami Pauni	Nil	Nil	Nil	Nil
Mr Ramesh Dhir	Nil	Nil	Nil	Nil

[1] The number of Directorships excludes Directorships of private limited companies, foreign companies and companies licensed under Section 8 of the Companies Act, 2013.

[2] Committee includes only Audit Committee and Stakeholders Relationship Committee of public limited companies (excluding foreign companies and Section 8 companies) in terms of Regulation 26 of the Listing Regulations.

Information provided to the Board-
The annual calendar of the Board and Committee Meetings is agreed upon at the beginning of the year. The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to deliberate on relevant points and arrive at an informed decision. All relevant information related to the working of the Company, including the information required under Part A Schedule II of SEBI Listing Regulations, 2015 is made available to the Board. In addition to matters, which require to be placed before the Board for its noting and/or approval, information is also provided on various other significant matters.

Review of legal compliance reports
The Board periodically reviews reports placed by the management with respect to compliance with various laws applicable to the Company, internal financial controls and financial reporting system.

Relationship between Directors *inter se*
There are no *inter se* relationships amongst the Directors.

Committees of the Board:

The Board has constituted various Committees, viz. Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and Share Transfer Committee.

a) **Audit Committee**
The Audit Committee comprises of Two Non-Executive Independent Directors and One Executive Director, all of whom are financially literate and possesses accounting and/or financial management expertise.

During the Year 2018, Five Audit Committee meetings were held on February 19, 2018, March 23, 2018, May 7, 2018, July 30, 2018 and November 1, 2018. The time gap between two consecutive meetings of the Audit Committee was not more than four months.

The composition of the Audit Committee and the attendance of Directors at its meetings are given hereunder:

Name of the Director	Qualifications	Meetings attended/ held during FY18
Mr S K Palekar – Chairman	MSc (Physics) and Masters in Management Studies (Marketing)	4/5
Mr Arunkumar Gandhi	FCA – Fellow Member of the Institute of Chartered Accountant of India and Institute of Chartered Accountant in England & Wales	5/5
Mr Suresh Gupta	Bachelors Degree in Economics and Masters in Management Studies (MMS)	5/5
Mr Nripjit Singh Chawla*	Masters in Business Management (MBA) IIM Kolkata	1/1

* Mr Nripjit Singh Chawla was appointed as member of Audit Committee held on July 30, 2018 due to absence of Mr S K Palekar. Mr Nripjit Singh Chawla stepped down as Member of the Audit Committee after conclusion of Meeting dated July 30, 2018.

The terms of reference of the Audit Committee are in line with Regulation 18 read with Part C of Schedule II of Listing Regulations and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee include the following:

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the annual financial statements and Auditor's report thereon before submission to the board for approval, with particular reference to:

a) matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

b) changes, if any, in accounting policies and practices and reasons for the same;

c) major accounting entries involving estimates based on the exercise of judgement by management;

d) significant adjustments made in the financial statements arising out of audit findings;

e) compliance with listing and other legal requirements relating to financial statements;

f) disclosure of any related party transactions;

g) modified opinion(s) in the draft Audit Report;

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the listed entity with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of Statutory, Cost and Internal Auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To review the functioning of the whistle-blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Chairman of the Audit Committee was present at the 68th Annual General Meeting of the Company held in 2018 for addressing the shareholders queries. The MD, CFO, the Statutory Auditors and the Internal Auditors are invited by the Committee to attend the Audit Committee meetings. Business Heads are also invited to attend the meetings, as and when required. The minutes of the Audit Committee meetings are placed before the Board. The Compliance Officer of the Company acts as Secretary to the Audit Committee.

b) Stakeholders Relationship Committee

The Committee comprises of two Non-Executive Directors. During the year 2018, two Stakeholders Relationship Committee meetings were held on February 19, 2018 and November 1, 2018 in which both the Directors were present.

The current composition of the Committee is as under:

Name of the Director	Meetings attended/ held during FY18
Mr Ramesh K Dhir – Chairman *	1/1
Mr S K Palekar – Member	2/2
Ms Sukanya Kripalu – Chairperson *	1/1

*Consequent to the stepping down of Mr Ramesh Dhir w.e.f. March 30, 2018 from the Board on expiry of his term, Ms Sukanya Kripalu was appointed as Chairperson of the Stakeholders Relationship Committee w.e.f. May 8, 2018.

The Company has attended to all the Investor's grievances/ queries/ information/ requests, except for the cases where the Company was constrained due to pending legal proceedings or Court/statutory orders. The Company/ Registrar & Share Transfer Agent (RTA) endeavours to reply to all letters/complaints received from shareholders within a week of receipt of the same.

There were two investor complaints pending at the beginning of the year which were resolved during the year and accordingly no investor compliant is pending as on December 31, 2018. The status of complaints, if any, is also reported to the Board. The Compliance Officer and his team along with the Registrar and Share Transfer Agent of the Company address general queries of the shareholders to their satisfaction. Mr D V Iyer, Company Secretary is the Compliance Officer of the Company.

Details of Investor complaints received during 2018:

Nature of Complaint	Opening	Received	Replied/Resolved	Pending
Non-receipt of Dividend	0	0	0	0
Non-receipt of Share Certificate after transfer/ exchange/ sub-divided/ consolidated/ Annual Report	0	0	0	0
Others	2	0	2	0
Total	**2**	**0**	**2**	**0**

c) **Corporate Social Responsibility Committee**

The Committee comprises of 3 members. The Chairman of the Committee is the Executive Director of the Company.

Name	Meetings attended/held during FY18
Mr Suresh Gupta – Chairman	3/3
Mr S K Palekar – Member	3/3
Dr Arup Basu – Member	3/3

The Meetings of Corporate Social Responsibility Committee were held on February 19, 2018, March 23, 2018 and July 31, 2018.

The Committee is responsible for formulating and recommending to the Board of Directors:

- The Corporate Social Responsibility (CSR) Policy,
- Monitoring its implementation, and
- Monitoring the amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR projects.

The Company has adopted CSR policy and the policy is posted on website of the Company – http://www.huhtamaki.com/web/flexible-packaging-india/policies.pdf.

d) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (NRC) comprises of three Independent Directors, one Executive Director and one Non-Executive Director. The composition of the Committee and their attendance at the meeting(s) for the Financial year 2018 is given hereunder:

Name	Meetings attended/held during FY18
Mr Arunkumar Gandhi, Chairman	6/6
Mr Nripjit Singh Chawla, Member	6/6
Mr Suresh Gupta, Member	6/6
Ms Sukanya Kripalu, Member	6/6
Mr Olli Koponen, Member	5/6

During the year six meetings of Nomination and Remuneration Committee were held on February 20, 2018, March 23, 2018, May 7, 2018, July 30, 2018, September 11, 2018 and November 1, 2018.

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19 read with Part D of Schedule II of the Listing Regulations and Section 178 of Companies Act, 2013, and include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
3. Devising a policy on Board Diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down, and recommend to the Board their appointment and removal; and
5. Recommendation on whether to extend or continue the term of appointment of the independent director, on the basis of the performance evaluation of Independent Directors.

Performance Evaluation of Board, Committees and Individual Directors:

The Board has adopted a formal mechanism for evaluating the performance of its Board, Committees and individual Directors, including the chairman of the Board. Further, a structured performance evaluation exercise was carried out based on criteria such as:

- Board/Committees composition;
- Structure and responsibilities thereof;
- Effectiveness of Board processes;
- Participation and contribution by members;
- Information and functioning;
- Board/Committee culture and dynamics; and
- Degree of fulfillment of key responsibilities, etc.

The performance of Board, Committees thereof, Chairman, Executive and Non-Executive Directors and individual Directors is evaluated by the Board/Separate meeting of Independent Directors. The results of such evaluation are presented to the NRC and Board of Directors.

Remuneration to Executive Directors:

The remuneration paid to Mr Suresh Gupta, Executive Chairman and Dr Arup Basu, Managing Director in FY18 is under:

(Amount in ₹)

Name of the Directors	Salary	HRA	Perquisites	Commission	Total
Mr Suresh Gupta*	2,49,19,143	53,52,204	33,44,345	-	3,36,15,692
Dr Arup Basu	1,64,51,253	34,50,000	16,19,647	-	2,15,20,900

* ceased to be a Director w.e.f. December 31, 2018

Notes:

1. Perquisites include Company's contribution to provident fund, medical and leave travel allowance, etc., as well as monetary value of perquisites as per Income Tax Rules.
2. Salary includes incentive of ₹ 66,21,593/- paid to Mr Suresh Gupta, as Management Incentive & Special Incentive for Financial Year 2017 based on the Company Performance and achievement of specific targets.
3. The above does not include gratuity and leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available.
4. The Managing Director of the Company is entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles him to receive shares at nil cost. The scheme detailed above are assessed, managed and administered by the ultimate holding company and there is no cost of the shares charged to the Company. Further, pursuant to adoption of Ind AS, the Company has recognised charge of ₹ 10,93,917/- with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.
5. The above remuneration of Mr Suresh Gupta, Executive Chairman of the Company does not include ₹ 2,68,83,842/- paid by Huhtamaki Finance BV, as Senior Advisor for the Huhtamaki Group.

Name of Director	Mr Suresh Gupta	Dr Arup Basu
Date of contract	November 9, 2016	September 18, 2017
Term of Contract	Two years w.e.f. January 1, 2017	Five years w.e.f. November 1, 2017
Notice Period	90 days	90 days
Severance fees	Salary and other emoluments for a period of 90 days in lieu of notice.	Salary and other emoluments for a period of 90 days in lieu of notice

Remuneration to Non-Executive Directors:

Non-Executive Independent Directors are paid sitting fees for attending Board/Committee Meeting as approved by the Board within the limits prescribed under the Companies Act, 2013.

Details of Sitting Fees paid to the Non-Executive Independent Directors during the year 2018 are as follows:

(Amount in ₹)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr Arunkumar Gandhi	3,00,000	4,50,000	7,50,000
Mr Ramesh K Dhir	1,00,000	10,000	1,10,000
Mr S K Palekar	2,50,000	2,80,000	5,30,000
Mr Nripjit Singh Chawla	3,00,000	2,70,000	5,70,000
Ms Sukanya Kripalu	3,00,000	2,10,000	5,10,000
Total	**12,50,000**	**12,20,000**	**24,70,000**

Commission to the Non-Executive Independent Directors of the Company for the year 2018 is as follows:

Names of the Directors	(Amount in ₹)
Mr Arunkumar Gandhi	34,00,000
Mr S K Palekar	17,50,000
Mr Ramesh K Dhir	2,50,000
Mr Nripjit Singh Chawla	18,00,000
Ms Sukanya Kripalu	18,00,000
Total	**90,00,000**

Commission payable to each of the Independent Directors as authorised by the Members at 67th Annual General Meeting held on June 12, 2017, is determined and approved by the Board based on the number of meetings attended and their roles and responsibilities as Chairman/Member of the Board Committee and contribution thereof. The total amount of commission to Non-Executive Independent Directors is within the limit of 1% of the net profits of the Company for the year, calculated as per the provisions of the Companies Act, 2013.

The Company has not granted any stock options to its Non-Executive Directors. None of the Non-Executive Directors are holding any shares in the Company.

e) **Share Transfer Committee**

The Board of Directors has delegated the powers to approve the transfer of shares to a Share Transfer Committee.

The meetings of the Share Transfer Committee were held on January 4, 2018, January 8, 2018, January 24, 2018, February 6, 2018, February 12, 2018, March 27, 2018, April 9, 2018, April 27, 2018, May 10, 2018, June 11, 2018, July 3, 2018, July 9, 2018, August 2, 2018, August 8, 2018, September 3, 2018, September 10, 2018, October 15, 2018, November 5, 2018, November 14, 2018, November 26, 2018, December 3, 2018, December 17, 2018, December 24, 2018 and December 31, 2018.

The report of the Practising Company Secretary on the Reconciliation of Share Capital of the Company as required by SEBI is obtained every quarter and furnished to the Stock Exchanges. The Report is also placed before the Board and taken note of by them as required under the applicable law.

Share Transfer System:

Documents for transfer of shares in physical form can be lodged with TSR Darashaw Limited the R&T Agents of the Company. The Share Transfer Committee attends to share transfer formalities, every fortnight.

f) **Independent Directors**

Meeting of Independent Directors:

Two meetings of Independent Directors as required under Regulation 25 of the Listing Regulations were held on September 11, 2018 and October 31, 2018 which were attended by all the Independent Directors of the Company.

Familiarisation programme for Independent Directors:

Your Company has put in place a Familiarisation Programme for Independent Directors to familiarise them with the nature of the Flexible Packaging Industry, Company's strategy, business plan, operations, markets, products, etc., and also update them on their roles, rights, responsibilities & duties. Apart from making presentations to the Board, Audit & various Committees, wherein Business Heads directly interact with Board members, the Company also arranges for Plant visit of Independent Directors, to familiarise them with manufacturing processes carried out by the Company.

The details of the Company's Familiarisation Programme is available on the Company's website - web link: https://www2.huhtamaki.com/web/flexible-packaging-india/policies

Management:

Disclosures by Management

The particulars of transactions between the Company and its related parties as per the Accounting Standard are set out in Note 48 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interest.

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and interested Directors neither participate in the discussion, nor do they vote on such matters.

CEO Certification

Since the Company currently does not have a Chief Financial Officer, Dr Arup Basu, Managing Director, has issued necessary certification to the Board in terms of Schedule II Part B of the Listing Regulations and the same was taken on record by the Board at its meeting held on February 18, 2019. A copy of this certificate is provided as Annexure A to this report.

Code of Conduct

As required under Regulation 17 of the Listing Regulations, the Company has laid down Code of Conduct for Directors and Senior Management Personnel of the Company. The same has been posted on the Company's website https://www2.huhtamaki.com/web/flexible-packaging-india/policies. The Company has received affirmation of compliance from Directors and Senior Managerial Personnel of the Company for the financial year ended December 31, 2018. A declaration to this effect signed by the Managing Director of the Company is provided as Annexure B to this report.

Disclosures regarding Appointment/Re-appointment of Directors

As required under Regulations 26(4) and 36(3) of the Listing Regulations, particulars of the Director seeking appointment/reappointment are given in the Explanatory Statement to the Notice of the AGM.

Means of Communication

The Company has always promptly reported to all the Stock Exchanges where the securities of the Company are listed, all material information including declaration of quarterly/half-yearly and annual financial results in the prescribed formats and through press releases, etc.

The financial results and other statutory information are communicated to the shareholders by way of advertisement in "Business Standard", English newspaper having nationwide circulation and "Sakal" Marathi newspaper (local language), as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said results are also made available on the Company's website: http://www.huhtamaki.com/web/flexible-packaging-india/investors. The Official press releases, Company information, Annual Reports and the extracts of media coverage are also displayed on the Company's website.

As the financial results are published in leading newspapers as well as hosted on the Company's website, the results are not sent to the households of the individual shareholders.

Disclosures of materially significant related party transactions

Transactions with related parties, as per requirements of Indian Accounting Standard 24 are disclosed in notes to accounts annexed to the financial statement of Annual Report of the Company for the year 2018. The Company has a declared policy on Related Party Transactions. The same is posted on website of the Company at http://www.huhtamaki.com/web/flexible-packaging-india/policies.

Insider Trading Regulations

The Company has notified and adopted the HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information made pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer is responsible for the purpose of these Regulations. The said HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company http://www.huhtamaki.com/web/flexible-packaging-india/policies. In line with the amendment introduced recently by SEBI, the above said HPPL Code of Conduct shall be suitably amended to align it with the amendments which are effective April 1, 2019.

Details of capital market related non-compliance, if any
Securities Exchange Board of India (SEBI) has by its Adjudication Order dated June 18, 2018 imposed penalty of ₹ 5,00,000/- (Rupees Five Lakh only) under adjudication initiated against the Company in respect of two shareholders complaints dated July 21, 2014 and July 25, 2014 and in respect of which SEBI had issued show cause notice dated July 22, 2015. The Company has paid the said penalty on June 19, 2018. Other than the aforesaid, there has been no non-compliance by the Company of any legal requirements during the last three years; nor has there been any penalty, strictures imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets pertaining to this period.

Risk Management
The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management. The Company has adopted a Business Risk Management Policy which lays down the framework to identify business risks at various levels.

Whistle-Blower Policy/Vigil Mechanism
The Company has adopted the Whistle-Blower Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistle-blowers. The same has been posted on the Company's website – http://www.huhtamaki.com/web/flexible-packaging-india/policies. The Whistle-Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behaviour. No personnel have been denied access to the Audit Committee to seek Redressal of his/her grievances.

Material Subsidiary Policy
The Company has adopted Policy for determination of Material Subsidiary and same has been posted on the Company's website – http://www.huhtamaki.com/web/flexible-packaging-india/policies.

Dividend Distribution Policy
The Company has adopted a Dividend Distribution Policy for dividend distribution and the same has been posted on the Company's website – http://www.huhtamaki.com/web/flexible-packaging-india/policies.

Adoption/Non-adoption of Non-Mandatory Requirements of Regulation 27 read with Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- The Company has an Non-Executive Chairman w.e.f. January 1, 2019;
- The Company does not send Half-yearly financial performance to each household of shareholders, as it is displayed on Company's website;
- The Audit qualifications, if any, are displayed in the financial reports of the Company. There are no audit qualifications for the year under review;
- The Company has appointed M/s Aneja Associates, Chartered Accountants and M/s Pipalia & Singhal, Chartered Accountants as the Internal Auditors. The Internal Audit Report is presented to the Audit Committee and representative of Internal Auditors replies the questions of Audit Committee members;
- The Company has separated the post of Managing Director and Chairman.

Annual General Meetings:

A. The details of last three Annual General Meetings held were as under:

Year	Date	Time	Location	Special Resolutions passed
2015	10/05/2016	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	• Approval of 'Huhtamaki PPL Limited Employee Phantom Stock Scheme 2015' • Approval of variation in remuneration of Mr A Venkatrangan, Managing Director • Approval for shifting of place of keeping of Register of Members, Index of Members and certain other registers and documents
2016	12/06/2017	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	• Approval for payment of Commission to Independent Directors
2017	08/05/2018	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	Nil

B. **EGM/Court Convened Meeting:** Nil

C. **Postal Ballot –** The Company has not conducted any Postal Ballot for passing of any Special Resolution during the last three years.

General Shareholder Information:

Details of ensuing Annual General Meeting

Day & Date	Time	Venue
Thursday, May 9, 2019	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020

Financial Calendar

Financial Year: Calendar Year (January 1 to December 31)

Schedule of the Board Meetings for declaration of Financial Results (tentative and subject to change):

Quarter ended/ending	Date of Board Meetings
March 2019	May 9, 2019 (Thursday)
June 2019	August 8, 2019 (Thursday)
September 2019	November 7, 2019 (Thursday)
December 2019	Second week of February, 2020

Book Closure Date

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Friday, April 26, 2019 to Thursday, May 9, 2019 (both days inclusive).

Dividend Payment Date

Dividend at the rate of ₹ 3/- per share has been recommended by the Board and is subject to the approval of shareholders at the ensuing AGM, the same will be paid on or before Saturday, May 18, 2019 to:

a) All those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end-of-the-day on Thursday, April 25, 2019; and

b) All those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company on or before the closing hours on Thursday, April 25, 2019.

Dividend History of the Company

Year	AGM Date	Dividend Rate ₹ (%)
2015	10/05/2016	₹ 2.80 (140%)
2016	12/06/2017	₹ 3.00 (150%)
2017	08/05/2018	₹ 3.00 (150%)

Listing of Shares on Stock Exchanges

The Company's shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and Non-Convertible Debentures (NCD) on National Stock Exchange of India Limited (NSE). The details of the same are as follows:

Stock Exchange	Type of Security	Stock Code/Symbol
BSE Limited (BSE)	Equity	509820
The National Stock Exchange of India Limited (NSE)	Equity	PAPERPROD
The National Stock Exchange of India Limited (NSE)	Debentures	HPPL20

The ISIN of Company's equity shares is **INE275B01026** and the ISIN of Company's NCD's is **INE275B08013**.

Annual Listing fees have been paid to BSE and NSE.

Company Identification Number (CIN)

A All the forms, returns, balance sheets, charges, if any and all other documents, papers etc. filed by the Company with the Registrar of Companies are available for inspection on the official website of MCA www.mca.gov.in, under the Company Identification Number (CIN): L21011MH1950FLC145537.

Auditor's Certificate on Corporate Governance:

As required under Schedule V Part E of the Listing Regulations the Auditor's Certificate regarding the compliance of provisions of the Corporate Governance norms is attached with this report.

Stock Data

The table herein below gives the monthly high and low prices and volume of the Company's shares traded at the BSE and NSE during the period January 2018 to December 2018:

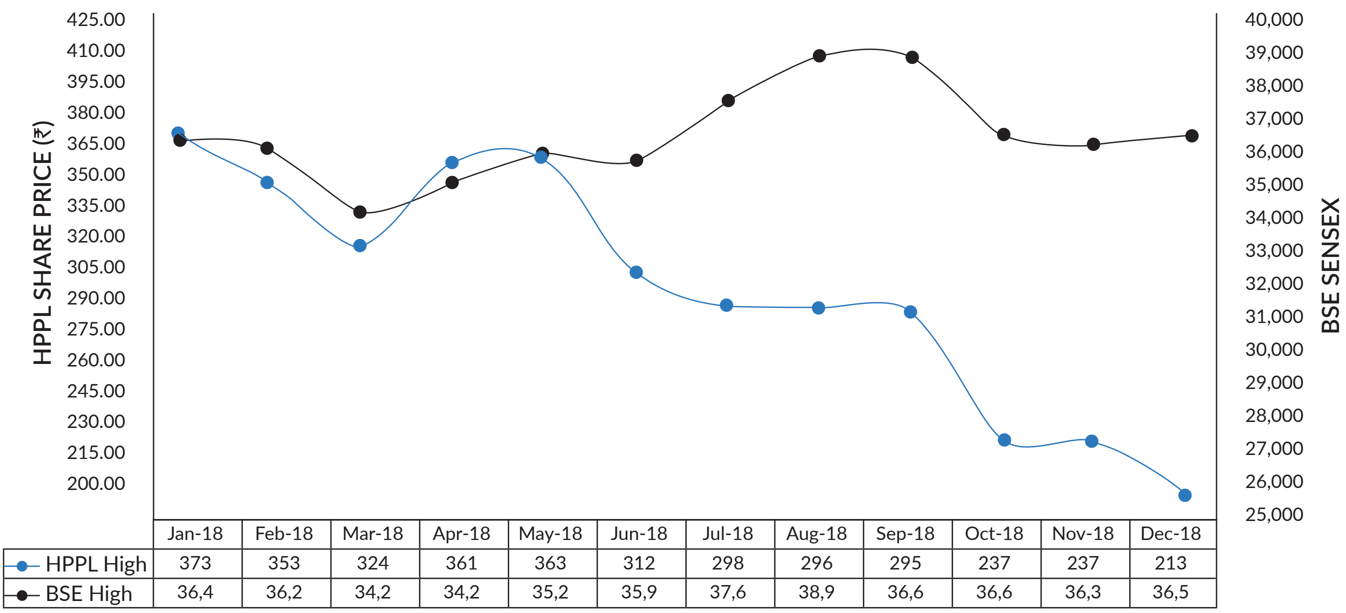
Month & Year	BSE			NSE		
	High (₹/Share)	Low (₹/Share)	Volume (No. of Shares)	High (₹/Share)	Low (₹/Share)	Volume (No. of Shares)
Januray 2018	373.05	317.1	117,416	373.80	319.15	669,004
February 2018	353	276	83,186	354.75	285.85	547,215
March 2018	324.9	294.4	48,296	325.00	294.20	326,990
April 2018	361.5	318.6	51,668	363.00	321.35	842,311
May 2018	363.85	308	82,931	365.90	305.00	327,628
June 2018	312.05	265	32,584	315.00	266.10	195,341
July 2018	298.1	246	23,022	298.00	247.70	154,588
August 2018	296.55	264.55	74,685	296.50	262.90	499,911
September 2018	295	233.5	124,447	297.00	234.05	509,327
October 2018	237.45	186	79,483	242.00	185.00	528,402
November 2018	237	192	152,777	238.40	190.30	969,868
December 2018	213	192.05	31,483	212.95	192.15	372,288

Note:

Volume is the total monthly volume of trade (in numbers) in shares of the Company on respective exchanges.

The chart herein below shows the comparison of the Company's share price movement vis-à-vis the movement of the BSE Sensex:

Company Share Price and BSE Sensex-High



Distribution of Shareholdings:

Following is the distribution pattern of shareholding of the Company as on December 31, 2018:

Distribution of shareholding by ownership:

Sr. No.	Category	No. of Shareholders	No. of Shares	% of Total Holding
1.	Indian Promoters	0	0	0.00
2.	Foreign Promoters – Huhtavefa B.V.	1	50,553,997	66.94
3.	Foreign Institutional Investors	20	4,211,718	5.58
4.	NRI's & OCB's	297	436,137	0.58
5.	Bodies Corporate/NBFC	475	2,675,665	3.54
6.	Banks/Financial Institutions	4	11,461	0.02
7.	Insurance Companies	1	174,000	0.23
8.	Mutual Funds	5	399,865	0.53
9.	Resident Individuals	16,833	16,826,008	22.28
10.	Trust	2	5,364	0.01
11.	IEPF	1	227,719	0.30
	Total	**17,639**	**75,521,934**	**100.00**

Distribution of shareholding by number of shares held:

No. of Equity Shares Held	No. of Shareholders	No. of Shareholders	No. of Shares	% of Total Holding
Up to – 500	13,657	77.43	2,291,747	3.03
501 – 1000	1,894	10.74	1,431,413	1.90
1001 – 2000	967	5.48	1,448,182	1.92
2001 – 3000	388	2.20	977,390	1.29
3001 – 4000	156	0.88	554,998	0.73
4001 – 5000	133	0.75	623,134	0.83
5001 - 10000	235	1.33	1,748,484	2.32
10001 and above	209	1.19	66.446,586	87.98
Total	**17,639**	**100.00**	**75,521,934**	**100.00**

Following is the List of Top Ten Shareholders (other than Promoters) of the Company as on December 31, 2018:

Sr. No.	Name of Shareholder	No. of Shareholders	No. of Shareholders
1.	Ntasain Discovery Master Fund	3,488,100	4.62
2.	Amar Bansilal Chhajed	1,112,958	1.47
3.	Shree Capital Services Limited	925,900	1.23
4.	Deepak Bhagnani	800,303	1.06
5.	Deepak Bhagnani (HUF)	582,682	0.77
6.	Jitesh Babulal Chhajed	573,521	0.76
7.	Seema Rahul Chhajed	545,421	0.72
8.	Habrok India Master LP	395,224	0.52
9.	UTI-MNC Fund	356,400	0.47
10.	Dolly Khanna	346,270	**0.46**
Total		**9,126,779**	**12.08**

Pledge of Shares:

No pledge has been created over the Equity Shares held by the Promoters and/or Promoter Group Shareholders as on December 31, 2018.

Dematerialisation of Shares:

As on December 31, 2018, 99.11% of the Company's shares including all the shares held by the Promoters and/or Promoter Group Shareholders were held in electronic form and the Company's shares can only be traded in compulsory demat segment in the stock exchanges where they are listed.

The table below gives the break-up of shares in physical and demat form as at December 31, 2018:

Mode of Holding	Number of Shareholders	Number of Shares	Percentage
Physical	835	669,028	0.89
Dematerialised	16,804	74,852,906	99.11
Total	**17,639**	**75,521,934**	**100.00**

Outstanding GDRs/ Warrants/ Convertible Instruments and their impact on Equity:

The Company has not issued any ADR, GDR or Warrants and there are no Convertible instruments outstanding and hence there is no likely impact on equity.

Details of Public Funding obtained in the last three years:

The Company has not obtained any public funding in the last three years.

Payment of dividend through Automated Clearing House (ACH)
The Company provides the facility for direct credit of the dividend to the Members' Bank Account. SEBI Listing Regulations also mandate companies to credit the dividend to the members electronically. Members are therefore urged to avail this facility to ensure safe and speedy credit of their dividend into their bank account through the Banks' "Automated Clearing House" mode. Members who hold shares in demat mode should inform their Depository Participant, whereas Members holding shares in physical form should inform the Company's Registrar & Share Transfer Agent with their requisite Bank details.

Transfer of Shares Into Investor Education and Protection Fund (IEPF) (in cases where dividends have not been paid or claimed for seven consecutive years or more):

In terms of Section 124(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company is required to transfer the shares in respect of which dividends have remained unpaid/ unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter. During the year, the Company has further transferred 19,285 Equity Shares of ₹ 2/- each fully paid up to IEPF Account.

Dealing with Securities which have remained Unclaimed:

Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI "Manner of dealing with Unclaimed Shares", which came into effect from December 1, 2015, has directed Companies to dematerialise such shares which have been returned as "Undelivered" by the postal authorities and hold these shares in an "Unclaimed Suspense Account" to be opened with either one of the Depositories viz. NSDL or CDSL. All corporate benefits on such shares viz. bonus shares, dividends etc. shall be credited to the unclaimed suspense account as applicable for a period of seven years and thereafter be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Companies Act, 2013. The Members are requested to note the same and take action for claiming the shares.

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance for sexual harassment at workplace and as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, has constituted an Internal Complaints Committees (ICC). During the year, the Company received one Complaint of harassment and same has been disposed off after inquiry by Internal Complaints Committee holding the concerned employees guilty.

Address for Correspondence:

All correspondence may please be addressed to the Registrar & Share Transfer Agent, TSR Darashaw Limited at the address given below.

In case any shareholder is not satisfied with the response or does not get any response within reasonable period from the Registrar & Share Transfer Agent, they may approach the Compliance Officer at the Registered Office of the Company or e-mail their queries/ grievances to investor.communication@ppl.huhtamaki.com.

Registered Office:

Huhtamaki PPL Limited
Unit No. 12A-06, B-Wing, 13th Floor
Parinee Crescenzo, Plot Nos. C-38 & C-39,
G Block, Behind MCA, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
Tel: +91 22 6174 0400
Fax: +91 22 6174 0401
website: www.huhtamaki.com
E-mail: investor.communication@ppl.huhtamaki.com

Registrar and Share Transfer Agent (RTA) (For Shares and Non-Convertible Debentures)
TSR Darashaw Ltd.
6-10, Haji Moosa Patrawala Ind. Estate,
20 Dr E Moses Road, Mahalaxmi,
Mumbai – 400 011
Tel: + 91 22 66568484
Fax: + 91 22 66568494
website: www.tsrdarashaw.com,
E-mail: csg-unit@tsrdarashaw.com

Debenture Trustee
IDBI Trusteeship Services Limited
Ground Floor, Asian Building, 17, R Kamani Road, Ballard Estate, Fort, Mumbai – 400 001, Maharashtra
Tel: + +91 022 40807000, Fax: +91 022 66311776,
website: www. idbitrustee.com
E-mail: itsl@idbitrustee.com

Compliance Officer:

Mr D V Iyer, Company Secretary is the Compliance Officer of the Company.

Locations:

Registered & Corporate Office:	Unit No. 12A-06, B-Wing 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39, G Block, Behind MCA, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
Central Headquarters:	L B S Marg, Majiwade, Thane (Maharashtra) – 400 601
Plants:	The location/details of the Company's Plants are given in the Corporate Information section of the Annual Report and are also available on the Company's website.

Annexure A

CEO Certification [As per Regulation 17 Part B of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015]

To, February 18, 2019
The Board of Directors
Huhtamaki PPL Limited

I, the undersigned, in my capacity as Chief Executive Officer (MD) of Huhtamaki PPL Limited, certify that in the preparation of the Financial Accounts for the year ended December 31, 2018:

(a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief, I certify that:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) To the best of my knowledge and belief, the Company has not entered into any transaction during the year, which are fraudulent, illegal or in violation of the Company's Code of Conduct;

(c) I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies;

(d) I have indicated, wherever applicable, to the Auditors and the Audit Committee –

(i) significant changes, if any, in internal controls over financial reporting during the year;

(ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

(iii) instances of significant/material fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dr Arup Basu
Managing Director/CEO
(DIN: 02325890)
Mumbai, February 18, 2019

Annexure B

Certificate of Compliance with the Code of Conduct for Board of Directors and Senior Management Personnel

The Members of
Huhtamaki PPL Limited

Declaration:

As required under Regulation 17 read with Schedule V (D) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, I hereby declare that all the Board members and Senior Management Personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2018

For Huhtamaki PPL Limited

Dr Arup Basu
Managing Director
(DIN: 02325890)

Mumbai
February 18, 2019

Independent Auditor's Report

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of
Huhtamaki PPL Limited,
Unit No.12A-06, 13th Floor,
Parinee Crescenzo, Plot No. C-38/C-39,
G Block, Behind MCA,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051

1. The Corporate Governance Report prepared by Huhtamaki PPL Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended December 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility:

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility:

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Directors Register as on December 31, 2018 and verified that atleast one women director was on the Board during the year;

   iv. Obtained and read the minutes of the following meetings held January 1, 2018 to December 31, 2018:

      (a) Board of Directors meeting;

      (b) Audit Committee;

      (c) Annual General meeting;

      (d) Nomination and Remuneration committee;

      (e) Stakeholders Relationship Committee; and

      (f) Independent directors meeting;

   v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

   vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion:

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended December 31, 2018, referred to in paragraph 2 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Mumbai
March 26, 2019

Management Discussion and Analysis

Huhtamaki PPL Limited (HPPL) is one of India's leading manufacturers of flexible packaging. The Company has a rich legacy and is known for its pioneering efforts in flexible packaging since 1935.

Across decades, we have been providing customised and innovative packaging solutions for a variety of products. Ahead-of-the-curve technologies have enabled us to meet India's ever-growing and diverse consumption spectrum. Expanding the application of packaging solutions to a wide range of items of daily consumption, we have optimised the usage of packaging materials and manufacturing processes. The outcome is better value for our customers and consumers.

From food and beverages to personal care, home care, oral care, pharma and medical, we cater to a variety of segments. Currently, we export products to Africa, the Middle East, South East Asia, North and South America.

Key strengths

- Designing capabilities that create and sustain market differentiation
- Rich innovation culture that continuously enriches packaging solutions in line with global standards
- State-of-the-art and integrated manufacturing capabilities
- Consistent quality focus to deliver safe, convenient and secure consumer packaging
- Sustainable solutions for a better world
- Visionary leadership and competent management
- An engaged and experienced team

From food and beverages to personal care, home care, oral care, pharma and medical, we cater to a variety of market segments.

Global economic overview

According to the World Economic Outlook by the International Monetary Fund (IMF), global economic growth in 2018 is estimated to be around 3.7%. Growth had slowed down in the second half of 2018 due to trade disputes between the US and China. Volatility in crude prices also contributed in some measure to sluggish global growth.

Emerging and developing Asia maintained a steady 6.5% growth rate in 2018. The crown jewel of Asian economies, India grew around 7.3% in 2018, compared to 6.7% in 2017. However, China's growth deteriorated from 6.9% in 2017 to 6.6% in 2018. Sub-Saharan Africa also maintained a steady growth of 2.9%.

Growth outlook

The IMF has projected that the weakness seen in the second half of 2018 will continue onto the next few quarters, with global growth projected to be around 3.5% in 2019. It is expected that the weakening is going to be led by the decline in the growth rate of advanced economies and volatility arising out of trade uncertainties in China and other Asian economies.

Due to the relaxation of fiscal stimulus and rising interest rates, the growth forecast for the United States remains unchanged at 2.5% in 2019. Economic growth in emerging and developing Asia is projected to dip to 6.3% in 2019. Similarly, China is likely to witness a slowdown due to the impact of the trade tensions with the United States.

On the other hand, growth in Japan has been revised upwards on account of the additional fiscal support provided to the economy this year, including measures to mitigate the effects of the planned consumption tax rate increase.

The Indian economy is likely to gain momentum in 2019 following the formation of a new government at the Centre after elections and a clear visibility of policy initiatives. In sub-Saharan Africa, growth is projected to substantially pick up to 3.5% in 2019.

According to the World Economic Outlook by the International Monetary Fund (IMF), global economic growth in 2018 is estimated to be around 3.7%.

Indian economy

India continues to be one of the world's fastest growing major economies. According to the Central Statistics Office (CSO), the growth rate is estimated to touch 7.2% in 2018-19.

The macro fundamentals of the economy are sound. Fiscal deficit has been brought down to 3.4% in the revised Government's estimate of 2018-19. The Current Account Deficit (CAD), against a high of 5.6% six years ago, is about 2.5% of GDP in 2018-19. India's exports are projected to touch an all-time high of $330 Billion in the current fiscal.

The country has also moved up 23 places to rank 77 in the World Bank's Ease of Doing Business 2019 report. These positive developments occurred happened on the back of a formalised tax structure, enhanced focus on infrastructure creation and the declining short-term adverse impact of demonetisation.

The Government's vision is to prepare the broad roadmap to make India a $5 Trillion economy in the next five years. This will entail several long-term and short-term measures such as building next-generation infrastructure, strengthen digital infrastructure and expand rural industrialisation.

The growth outlook for the economy remains positive and the Government of India has put in place multiple enablers to boost consumption and demand in the country.

Nearly 60% of India's GDP is driven by domestic private consumption

Goods and Services Tax (GST)
The Goods and Services Tax (GST) reforms has helped change the criteria for setting up manufacturing units, these are now more weighted towards elements such as input factor costs, quality of work force and proximity to market or raw materials as appropriate.

Faster urbanisation and rural focus
India is powering ahead as the world's fastest growing major economy. Urban clusters are propelling this growth, and more consumers with enhanced purchasing power is emerging beyond the metros, particularly in Tier II/III cities.

Semi-urban and rural areas are getting connected to the mainstream economy with better roads and related infrastructure. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY), around 15.80 lakh habitations out of a total of 17.84 lakh habitations have already been connected with pucca roads. In the Union Budget 2019-20, an allocation of ₹19,000 Crore was announced towards this initiative. The Government's planned initiatives to improve rural infrastructure will facilitate the movements of goods and services and thereby improve the rural earnings potential and consumption.

Consumption driven by youth
According to a report by the World Economic Forum's System Initiative on Shaping the Future of Consumption, nearly 60% of India's GDP is driven by domestic private consumption, compared to 40% in China. This consumption paradigm is underpinned by a 1.3 Billion aspirational population, more than 60% of which is below the age of 35.

Industry overview

Global flexible packaging market
In 2017, the flexible packaging market was valued at $230.97 Billion; and is likely to increase in value to $291.96 Billion by 2023 at 3.86% CAGR. Increasing market demands for consumer-friendly packages and an enhanced product protection and sustainability considerations have propelled flexible packaging as a viable and cost-effective alternative.

In the preceding few years, economic expansion in Asia Pacific (APAC) has lent substantial support to the growth of the packaging industry. The region has been witnessing a growing consumption pattern, thus leading to demand for products with differentiated features.

Contemporary developments in the packaging industry have led to an unprecedented rise in the flexible packaging market. The emergence of sustainable and recyclable alternative materials, based on polymers and paper in the flexible packaging industry, in line with the existing demand for environment-friendly packaging, has primarily benefited the pharmaceutical and food industries.

Indian packaging industry
Packaging is among the high-growth industries in India, given the rising consumption trend in the country. The domestic packaging industry offers cost-effective products and services and provides world-class quality standards.

In India, the fastest growing packaging segments are laminates and flexible packaging. According to an ASSOCHAM-EY joint study, India's packaging industry is estimated to grow to $ 72.6 Billion by FY2020.

The packaging industry has added value to various sectors including agriculture and FMCG segments through technology and innovation.

Source: http://piai.org/about_packaging_sector.aspxhttps://timesofindia.indiatimes.com/business/india-business/indias-packaging-industry-to-touch-us-72-6-bn-by-fy20-assocham-ey-study/articleshow/68032913.cms

In India, the fastest growing packaging segments are laminates and flexible packaging.

Indian flexible packaging industry
India's Billion-plus population, growing disposable income and consistent economic progress have led to the growth in the packaging industry. Besides, flexible packaging has evolved as the most preferred method, given its multiple benefits like being light weight, small in size and lowest environmental impact.

In addition to the demographic shifts, the packaging industry in India is also adapting to changes in the way consumers shop. Different strategies are being tailored to suit urban and rural consumers in India. Rising consumption of packaged food and growing footprint of organised retail are augmenting the market growth for flexible packaging.

Industry trends

- **Advancement in technology**
  India's growing middle-class is demanding quality packaging that looks good and serves the purpose. Therefore, the packaging industry is adopting several technologies to enhance the quality and usability of products. Local manufacturers are also importing state-of-the-art equipment to ensure that the packaging is of world-class standards.
- **Focus on innovation**
  The industry is witnessing best-in-class innovation in terms of packaging, labelling, customisation and recyclability.

With dedicated R&D and innovation centres, companies in the sector are focused on creating unique solutions and are looking to minimise environmental impact.

Operating context

- **Consumption boom**
  Rising income levels and rapid urbanisation have been at the core of India's growth story. According to a report by Boston Consulting Group (BCG), India's consumption growth is set to triple to $4 Trillion by 2025. Rural India has a huge helping hand in making this possible. In rural India, per capita consumption is expected to grow 4.3 times by 2030, compared to 3.5 times in urban markets. This bodes well for the sector.
- **Premiumisation**
  By 2030, Indian middle-income and high-income households are likely to drive nearly $4 Trillion of incremental consumption spend. This is expected to lead upper middle and high-income consumers towards premiumisation and new category adoption. Hence, a substantial share of the incremental spends will be led by consumers upgrading to packaged, branded or higher priced offerings, or adding new products or services to their consumption pie. Growing disposable income will also drive a huge opportunity for packaged, branded offerings.

  (source: https://www.bain.com/contentassets/3ac52373c0174fdbb991a85c016dd061/wef_future_of_consumption_fast-growth_consumers_markets_india_report_2019.pdf)
- **Growth of organised retail**
  Deloitte has projected that by 2021, organised retail share will reach 22% of the total Indian retail market from 12% in 2017. According to Nielsen, FMCG sales at modern retail stores in India stood at ₹41,416 Crore as of August 2018 and this helped the country's organised grocery stores to register a strong 22% growth in sale. The positive trend with the burgeoning demand in the country is expected to help drive growth for flexible packaging in India.
- **E-Commerce**
  As consumers increasingly prefer e-commerce is given its efficiencies and the ease of comparison shopping, it has created many opportunities for flexible packaging. Flexible packaging is a lightweight alternative that can be used to eradicate handling and shipping costs, making it a perfect solution for e-commerce companies. Besides, high-barrier flexible packaging solutions add an extra layer of safety and use of multi-layered films can provide enhanced protection against air, moisture and sunlight.

Challenges

- **Waste generation**
  India generates approximately 25000 tons of plastic waste every day, out of which only 60% is collected. Of this, 94% is thermoplastic content, which includes Polyethylene Terephthalate (PET), Low-Density Polyethylene (LDPE), High Density Polyethylene (HDPE) and Polyvinyl Chloride (PVC), all of this being recyclable. According to industry estimates plastic waste generation will amount to 31.4 million tons annually by 2031. Rising quantity of waste remains a growing area of concern, necessitating immediate actions and policies around wastage collection and treatment.
- **Recycling waste**
  In terms of plastic recycling players, India has approximately 4,000 unorganised and 3,500 organised units. India's waste management involves several players that are part of the value chain. The responsibility of waste management is typically taken up by the municipality/Urban Local Bodies (ULBs), formal private firms or the informal sector. While the municipality/ULBs are low-cost players they have less effectiveness compared to the private and informal sector. While the private sector can significantly improve the situation, it needs to be carried out with support from the Urban Local Bodies and will come at somewhat higher cost.
- **Rising input costs**
  Plastic, resins, paper, paperboard, films and adhesives are some of the common raw materials used by the packaging companies. In recent times, the packaging industry was hit by increasing prices of such raw materials and the industry remains exposed to volatility in crude oil prices.

Operational review

Overview

The Company is one of the largest flexible packaging company in India with a pan India presence. The Company has seventeen state-of-the-art, fully integrated manufacturing facilities at Thane, Silvassa, Hyderabad, Rudrapur, Mahape, Parwanoo, Khopoli, Taloja, Ambernath, Bengaluru, Guwahati, Baddi, Daman and Sikkim. In 2018, the Company continued with a significant focus on operational excellence and efforts to improve capacity utilisation through effective operation and cost-effective manufacturing.

During the year, the Company reported a capacity utilisation of about 75% with headroom for more growth. For its plant in Guwahati, the Company is building a customer base around the North East.

Operations

To improve customer responsiveness and service agility the Company initiated several projects on optimising and improving manufacturing footprint. This will allow creation of centres of excellence and expertise. These projects will be completed by FY20, although the benefits will begin to accrue in 2019 itself.

The projects initiated were related to increasing the Overall Equipment Effectiveness of the Processing machines thru scientific assessment of various parameters during the machine operation, and two of the Pilot projects have delivered excellent results to improve OEE by more than 7%, which offers additional capacity and brings down the overall manufacturing costs.

One ERP Project

One ERP Project is being rolled out as a preparatory step towards building higher digitisation in the business. The primary objective is to have all HPPL units on one integrated platform. Besides integration, some of the existing processes are being redesigned to facilitate agility across functions, reduction in data entry points and provide reliable MIS data for business decisions.

Business highlights
The Company grew by 11% in 2018. It acquired the business of Ajanta Packaging in June 2018 in the PS Label Space catering mainly to the Fast-Moving Consumer Goods (FMCG) sector. A steady increase in prices of raw material cost that started in the first quarter continued all the way to third quarter and had an adverse effect on margins. The Company continued its focus on improving productivity and waste reduction through measures such as Overall Equipment Efficiency (OEE) improvement, value engineering, structure optimisation, among others.

HPPL's sustainability focus helped it navigate the ban of single use plastics and Multilayered Plastic (MLP). The Company was ready with alternate recyclable structures, meeting the required parameters, thereby providing options to customers to maintain continuity of business using flexible packaging material. The Company's product portfolio confirms to all requisite environmental laws/regulations.

Exports business
In terms of exports, the Company witnessed headwinds primarily due to the geopolitical unrest in Africa, which is one of its largest markets. The Company's exports were close to 22% of the total sales. In terms of volume growth in export market, the Company has maintained stability and focused on markets where the collections were not at risk like Sri Lanka, Thailand, the Philippines, Turkey and Mexico. Going forward, there is a growing focus on markets like North America, United Kingdom and Latin America.

Innovations
The Company has an extensive range of innovative products which has contributed around 23% to 25% to the overall sales. It is working closely with its customers on a variety of solutions across product categories.

The Company's product innovation strategies range from creating unique and customised offerings as per client needs; and also focusing on cost-effective solutions.

Driving NASP (New Applications, Structures, Products/ Processes) on a sustainable gear.
Today consumers are time-strapped, impatient and increasingly demanding. They seek convenience, novelty and affordable solutions to meet their never ceasing demands. This dynamic in a cluttered marketplace brews the imperative for brand packages to stay differentiated and fall under the mental radar of discerning consumers. On average, most of consumers hardly afford a few seconds of judgement of whether to pick a pack from a shelf or ignore it. Hence, making packaging the deal-breaker in the discovery of new products.

With NASP in HPPL's DNA, the Company has continued to deploy new pack formats, innovative labels, specialty laminates with features like high barrier, functionality and improved aesthetics. These were designed to creatively advertise brand propositions and help products navigate through snap judgements at retail. Over the past year, the business has offered flexible solutions that enhanced consumer experiences (vada batter pouch with special spout/booklet labels with braille) to encourage trials and trust, offered anti-counterfeit solutions for brand security and consumer protection (unique registered holographic sachets for a major shampoo brand) while experimenting with a combination of technologies for improved pack presentation and consumer engagement (cartons being replaced by five and six panel pouches/flexible + label offering).

Shifting gears, sustainably
World-over, sustainability is no longer regarded as a buzzword but more of a resolution being taken up by governments, retail business owners and consumers, including recycling awareness drives at schools. Cognisant of the sharp attention being paid to the impact of our collective actions on the ecosystem, we at HPPL strive to make a real difference to society by deploying solutions that use energy reducing technologies, lower carbon footprint, save waste and water while maintaining packaging efficiency and performance. Some of our noteworthy efforts include transformation of packages from rigids to flexibles for diverse applications, reduction in package layers, shifts to paper-based solutions and offerings that allow easy recyclability.

HP Indigo 20000 Digital Printer
The Company has made a significant investment in Digital Printing by installing a HP Indigo 20000 digital press at its Thane plant, becoming the first Company in India to do so. As compared to other flexible package printing technologies, Digital is a zero-waste technology, capable to deliver high-quality, personalised, secured, just-in-time, packaging pretty much of any nature.

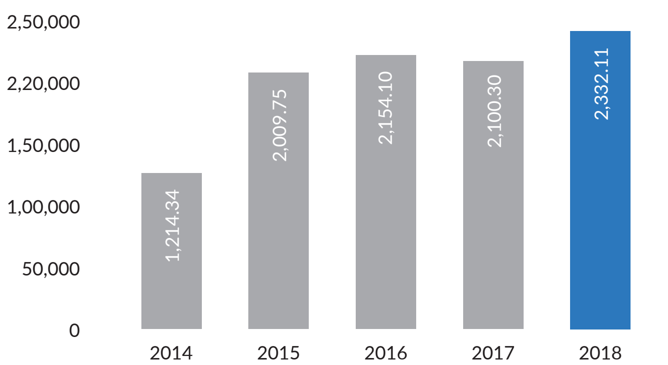
The Company foresees rapid growth in the way big as well as small brands leverage the marketing opportunities that digital package printing brings in.

Financial review
In 2018, HPPL's revenue from operations (net of excise/GST) amounted to ₹ 2,369.07 Crore vis à-vis ₹2,130.94 Crore in 2017, registering 16.89% CAGR over the last five years.

EBITDA has grown at a CAGR of 14.79% over the last five years and was recorded at ₹ 238.09 Crore vis-à-vis ₹ 231.98 Crore in 2017. Average return on equity was 6.27% in the current year, compared to 11.59% in the previous year. The Company's market capitalisation as on December 31, 2018 stood at ₹ 1,465.13 Crore.

Turnover
The Company reported a growth in its turnover in the last year. In the last five years, HPPL has reported a CAGR of 16.76%.

Turnover (net of GST/Excise) (₹ in Crore)



- **PBT, Tax, PAT**
  Profit before tax was ₹ 113.57 Crore in 2018 compared to ₹ 114.97 Crore in 2017. Tax provisions remained high at ₹ 78.69 Crore in 2018 as against ₹ 51.35 Crore for 2017. This was primarily due to the one time hit on account of the tax provision of earlier periods and interest thereon recognised during the third quarter related to the Rudrapur plant. This also brought down the net profit after tax for the year to Rs 34.88 Crore compared to ₹ 63.62 Crore in 2017.
- **Earnings Per Share & dividend**
  Owing to the decline in PAT, the Earnings Per Share (EPS) for 2018 reduced to ₹ 4.62 per share against ₹ 8.42 per share for the previous year. The Company paid ₹ 27.3 Crore dividend (₹ 3 per share) to investors.
- **Reserves & Surplus, capital expenditure and fixed assets**
  At the end of the 2018, reserves and surplus were at ₹ 541.37 Crore against ₹ 533.96 Crore at the end of 2017.

  The Company's fixed assets has improved to ₹ 522.16 Crore and capital expenditure has increased to ₹ 102.87 Crore, mainly on account of acquisition of Ajanta Packaging.

(Figures in ₹ Crore)

Particulars	2017	2018
Inventory	191.87	212.23
Debtors	526.52	570.19
Current liabilities	475.74	488.73
Loans and advances	79.28	67.54
Cash flow from operations	96.04	101.17

Particulars	2017	2018
RoNW	11.59%	6.27%
RoCE	15.37%	15.92%

Human Resources

Digitisation of the HR Processes
To enhance the employee experience, in September 2018, the Company launched Workday, an enterprise level HRIS system. Employees at all locations in India are now part of the this new HRIS system. Implementation of this system has led to the automation of the HR processes including bringing in greater transparency, speeding up processes and standardising HR policies and procedures at all its Units and functions. This also facilitated the integration process of the acquired Units of the erstwhile Positive, Webtech and Ajanta.

Employee Engagement
Towards connecting Employee Engagement with Business, a slew of innovative reward and recognition schemes were launched under the Sampark banner on a pan India basis. The following awards come under this category:

- **Star & Team Award:** To recognise individual and team outstanding contribution over and above what is normally expected as a part of their job;
- **Print & Graphic Excellence Awards:** To recognise the best Units for the superb craftsmanship in the design, creation and production of top-quality printed material they produce for their customers;
- **Business Excellence (BE) Awards:** Identification of the best BE project for the Annual Business Excellence Projects Trade Fair; Half yearly 5S + S Award and Green belt certifications;
- **Safety Awards:** Half-yearly and Quarterly for Individuals and Teams, Near Miss/Concern Reporting Safety Award;
- **Trainer's Award:** To recognize internal Trainers who have put in above 100 hours of training; Trainers with participant feedback score of 5 out of 5 & Trainers above 100 hours of training who have achieved a 5 out of 5 participant feedback score.

Talent Management
In 2018, through the Corporate Training Calendar and the Unit Training Calendar, 228 different types of training programmes were conducted. In all, 3,607 training programmes were run which had a blend of classroom training as well as e-learning. For conducting these programmes, Internal Trainers from a pool of 476 resource persons were used over and above the external faculty members.

Through the Management Succession Plan, talent pools have been identified and were segregated based on the job grades. Three talent pipeline programmes i.e. Leadership Development Programme, Managerial Development Programme and the Executive Development Programme have been designed. The first Leadership Development Programme was launched in January 2018 covering 28 senior leaders.

The development tool kit for members of the talent pool consists of assigning them to special projects, giving them an opportunity to interact with members of the Group & India Senior Leadership Team, representing the Company in external platforms, participation in competitions and nomination to major external training programmes in India and abroad (LEAP: Leading Effectively for An Accomplished Performance & Raise My Game).

Sustainability initiatives

HPPL focuses on sustainability as a core strategy across the value chain. The aim is to create flexible packaging that is easier to recycle and meets the sustainability criteria. Even as it has been successful in terms of creating recyclable products, the Company has been looking to create wastage gathering, segregation and treatment solutions.

HPPL collaborates with organisations approved by the Pollution Control Boards for waste management. In 2018, HPPL formulated an agreement with two Producer Responsibility Organisations (PROs), to collect, segregate and recycle packaging waste on its behalf. Going forward, the Company also intends to have certain pilot projects set up around Mumbai to process multi-layered plastic, recycle and use it for creating secondary articles.

Internal controls

Ethical behaviour at all levels of operations and adherence to applicable laws, together with a robust system of Internal Financial Control enables the management to focus on growth and achieve excellence on all aspects of operations. Controls at various operating locations and offices are reviewed by the Internal Auditors team regularly.

The Internal Audit team comprises qualified professionals. The Internal Audit plan is approved by the Audit Committee at the beginning of the financial year. The team reports significant findings to the Company's Audit Committee. Frequent interactions with the Statutory Auditors ensure that control objectives are duly aligned to the Company's vision. Scope of work and coverage are periodically reviewed and revised depending on specific issues that have been identified.

Risk management

HPPL is a growing organisation with a nationwide footprint and significant exports. Risks arise and evolve over different dimensions. Managing risk while creating value is a tough balancing act that requires the support of a robust risk-management framework.

HPPL follows the Enterprise Risk Management (ERM) framework. At the heart of the ERM framework is the globally accepted COSO (Committee of Sponsoring Organisations) Internal Control – Integrated framework. However, necessary customisation is done to suit HPPL's unique business requirements.

Key risks for the Company include macro-economic instability, geo-political risks, product pricing, volatility in key raw material prices which are linked to crude oil prices, energy availability and cost, intense competition in a fragmented flexible packaging industry, employee attrition, shift in consumer behaviour, evolving industry norms and regulations.

Intensity and frequency of risk monitoring depends on the context with a stress on sustainable, long-term solutions. The Board periodically assesses all facets of risks in the operating landscape.

Independent Auditor's Report

To the Members of Huhtamaki PPL Limited

Report on the Ind AS Financial Statements:

We have audited the accompanying Ind AS financial statements of Huhtamaki PPL Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on December 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended December 31, 2018 has been paid/ provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 45 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Mumbai
February 18, 2019

Annexure to the Auditor's Report

Annexure 1 Referred to In Paragraph 1 Under the Heading "Report on other Legal and Regulatory Requirements" of our Report of Even Date.

Re: Huhtamaki PPL Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties, other than self-constructed buildings, included in fixed assets are held in the name of the Company, except in case of immovable properties with a gross block value of ₹ 1,876.86 Lakh (net block ₹ 1,772.24 Lakh) as at December 31, 2018 acquired on account of amalgamation and business acquisition, for which the Company is in the process of registering the title deeds in its name.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, or securities granted in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to manufacture, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value-added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of customs, duty of excise, value-added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value-added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in Lakh)
Income Tax Act, 1961	Income Tax	2001-2002, 2006-2007, 2011-2012	ITAT	340.72
		2007-2008	High Court	18.56
		2007-2008	CIT Appeals	5.78
State and Central Sales Tax Act	VAT/CST	2011-2015	Commissioner (Appeals)	244.11
		2005-2012	Appellate Tribunal	36.49
Finance Act 1994 - Service Tax	Service Tax	2007-2017	Customs Excise and Service Tax Appellate Tribunal	89.31
		2006-2009, 2013-2016	Commissioner (Appeals)	13.50
		2015-2018	Commissioner	335.66
		2014-2017	Deputy Commissioner	1.24
		2011-2013	Range Superintendent	0.66

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in Lakh)
Central Excise Act, 1944	Excise Duty	1989-1990, 2007-2014	Customs Excise and Service Tax Appellate Tribunal	542.82
		2001-2006	High Court	1.57
		1997-1999, 2014-2018	Commissioner (Appeals)	33.32
		1998-2000, 2005-2006	Commissioner	11.31
		1997-1998, 2004-2005, 2009-2010	Deputy Commissioner	2.79
		2009-2010	Joint Secretary	0.43
Customs Act, 1962	Customs Duty	2004-2008	Commissioner	38.27
		2012-2013	Customs Excise and Service Tax Appellate Tribunal	3.19
Telangana Tax on Entry of Goods Act, 2001	Entry Tax	2011-2017	Assistant Commissioner	85.14

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Mumbai
February 18, 2019

Annexure to the Auditor’s Report

Annexure 2 to the Independent Auditor’s Report of even date on the Financial Statements of Huhtamaki PPL Limited

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”):

We have audited the internal financial controls over financial reporting of Huhtamaki PPL Limited (“the Company”) as of December 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements:

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these financial statements:

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at December 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Mumbai
February 18, 2019

Balance Sheet

As at December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	Notes	As at December 31, 2018	As at December 31, 2017
Assets			
Non-Current Assets			
Property, Plant and Equipment	4	44,563.86	42,641.02
Capital work-in-progress	4	445.20	206.83
Goodwill	5	5,640.03	968.80
Other Intangible Assets	5	1,567.67	117.64
Financial assets			
- Investments	6	0.03	0.03
- Loans	7	917.51	919.39
- Other Financial Assets	8	28.31	10.01
Deferred Tax Assets (net)	9	491.02	1,019.09
Non-Current Tax Assets (net)	10	503.50	546.32
Other Non-Current Assets	11	2,088.59	2,789.50
		56,245.72	**49,218.63**
Current Assets			
Inventories	12	21,222.71	19,187.32
Financial assets			
- Investments	13	2,112.18	13,749.79
- Trade Receivables	14	57,019.23	52,651.82
- Cash and Cash Equivalents	15	4,763.89	4,436.36
- Bank balances other than Cash and cash equivalents	16	12.46	32.90
- Loans	17	181.90	99.33
- Other Financial Assets	18	366.90	143.24
Other Current Assets	19	3,170.62	3,966.71
		88,849.89	**94,267.47**
Total Assets		**145,095.61**	**143,486.10**
Equity and Liabilities			
Equity			
- Equity Share Capital	20	1,510.53	1,510.53
- Other Equity	21	54,137.26	53,396.07
Total Equity		**55,647.79**	**54,906.60**
Non-Current Liabilities			
Financial liabilities			
- Borrowings	23	39,036.68	39,423.65
- Other Financial Liabilities	24	91.66	164.62
Provisions	25	335.38	324.34
Other Non-Current Liabilities	26	1,110.63	1,092.52
		40,574.35	**41,005.13**
Current Liabilities			
Financial liabilities			
- Borrowings	27	915.27	-
- Trade Payables	28		
• total outstanding dues of Micro and Small Enterprises		520.85	558.21
• total outstanding dues of Others		35,640.08	35,981.38
- Other Financial Liabilities	29	6,156.43	6,883.18
Other Current Liabilities	30	1,821.73	1,155.13
Provisions	31	2,093.00	1,839.35
Current Tax Liabilities (net)	32	1,726.11	1,157.12
		48,873.47	**47,574.37**
Total Equity and Liabilities		**145,095.61**	**143,486.10**

Significant Accounting Policies 3

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Vinayak Pujare
Partner
Membership No. 101143

Mumbai
February 18, 2019

For and on behalf of the Board of Directors

Murali Sivaraman
Chairman
DIN: 01461231

Dr Arup Basu
Managing Director
DIN: 02325890

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
February 18, 2019

Statement of Profit and Loss

for the year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2018	Year ended December 31, 2017
Revenue from Operations	33	236,907.17	222,968.60
Other Income	34	1,666.74	1,357.99
Total Income		**238,573.91**	**224,326.59**
Expenses			
Cost of Materials Consumed	35	161,933.60	142,500.00
Changes in Inventories of Finished Goods and Work-in-Process	36	(1,164.08)	329.57
Excise duty on sale of goods	37	-	9,874.38
Employee benefits expenses	38	23,517.11	20,912.07
Finance costs	40	3,914.82	3,176.67
Depreciation and amortisation expenses	39	8,536.30	8,524.59
Other expenses	41	30,478.69	27,512.23
Total Expenses		**227,216.44**	**212,829.51**
Profit before tax		**11,357.47**	**11,497.08**
Tax expenses			
Current tax		5,809.00	5,360.18
Adjustment of Tax relating to earlier periods (Current Tax) (Refer Note 42)		2,107.49	80.74
Adjustment of Tax relating to earlier periods (Deferred Tax)		-	(266.48)
Deferred Tax		(47.51)	(38.96)
Profit for the year		**3,488.49**	**6,361.60**
Other Comprehensive Income			
Other Comprehensive income/(expenses) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		(51.71)	101.10
Income tax effect		18.07	(34.98)
Net other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		**(33.64)**	**66.12**
Other comprehensive gain/(loss) for the year, net of tax		**(33.64)**	**66.12**
Total Comprehensive Income for the period		**3,454.85**	**6,427.72**
Earnings per equity share	44		
Basic and Diluted (Face value of ₹ 2 each)		4.62	8.42

Significant Accounting Policies 3

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Vinayak Pujare
Partner
Membership No. 101143

Mumbai
February 18, 2019

For and on behalf of the Board of Directors

Murali Sivaraman
Chairman
DIN: 01461231

Dr Arup Basu
Managing Director
DIN: 02325890

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
February 18, 2019

Statement of Changes in Equity

for the year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

a) Equity Share Capital:

Equity shares of ₹ 2 each Issued, subscribed and fully paid	In Nos.	₹ in Lakh
At December 31, 2017 (includes amount received on Forfeited shares ₹0.09 Lakh)	75,521,934	1,510.53
Changes in equity share capital during the year 2018	-	-
At December 31, 2018	**75,521,934**	**1,510.53**

b) Other Equity:

For the year ended December 31, 2018

₹ in Lakh

Particulars	Share Options Outstanding Account	Reserves and Surplus			Items of Other Comprehensive Income	Total Other Equity
		Debentures Redemption Reserve	General Reserve	Retained Earnings		
As at December 31, 2017	691.69	5,775.00	7,844.45	39,065.33	19.60	53,396.07
Profit for the Year	-	-	-	3,488.49	-	3,488.49
Other Comprehensive Income/(Loss) for the year	-	-	-		(33.64)	(33.64)
Total Comprehensive Income for the year	**-**	**-**	**-**	**3,488.49**	**(33.64)**	**3,454.85**
Dividend on Equity Shares for the year (Refer Note 22)	-	-	-	(2,265.66)	-	(2,265.66)
Dividend distribution tax (Refer Note 22)	-	-	-	(465.71)	-	(465.71)
Transfer to Debenture Redemption Reserve	-	1,925.00	-	(1,925.00)	-	-
Recognition of share-based payments (Refer Note 47)	17.71	-	-	-	-	17.71
As at December 31, 2018	**709.40**	**7,700.00**	**7,844.45**	**37,897.45**	**(14.04)**	**54,137.26**

a) Refer Note 21 for nature and purpose of reserves
Refer Note 3 for Significant Accounting Policies
The accompanying notes are an integral part of financial statements
As per our report of even date

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Vinayak Pujare
Partner
Membership No. 101143

Mumbai
February 18, 2019

For and on behalf of the Board of Directors

Murali Sivaraman
Chairman
DIN: 01461231

Dr Arup Basu
Managing Director
DIN: 02325890

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
February 18, 2019

Cash Flow Statement

for the year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	December 31, 2018	December 31, 2017
A. Cash Flow from Operating activities		
Net Profit before Tax	11,357.47	11,497.08
Adjustments for		
Depreciation and Amortisation	8,536.30	8,524.59
Unrealised Foreign Exchange Loss/(Gain) (Net)	(38.07)	(23.26)
Interest Income	(133.91)	(163.28)
Dividend Income	(98.25)	(796.85)
Finance Cost	3,882.68	2,961.61
Unwinding of Discount on Liabilities	14.19	197.71
Net Interest on net defined benefit liability	17.95	17.35
Provision for Doubtful Debts made/(Written back)	937.58	60.79
Bad debts written off	-	5.89
(Profit)/Loss on Current Investments measured at fair value through Profit and Loss	(69.90)	(10.99)
(Profit)/Loss on Sale of Current Investments	(433.32)	9.89
Fixed Assets Written Off	16.58	1.53
Provision for Sales Tax made/(Written back)	-	(2.37)
Mark-to-market (gain)/loss on derivative financial instruments	(111.02)	(71.29)
Group Stock Option Arrangement	17.71	341.65
Stock Appreciation Right Scheme	14.46	54.15
(Profit)/Loss on Sale of Fixed Assets (Net)	(429.83)	(25.05)
Cash Generated from Operations before working capital changes	**23,480.62**	**22,579.15**
Working capital adjustments		
Adjustments for		
(Increase)/Decrease in Trade Receivables	(3,481.80)	(6,366.91)
(Increase)/Decrease in Inventories	(1,728.54)	(937.27)
(Increase)/Decrease in Non-current and current financial assets	(339.60)	56.60
(Increase)/Decrease in Non-current and current assets	897.27	1,271.57
Increase/(Decrease) in Trade Payables	(2,244.02)	3,911.27
Increase/(Decrease) in Other Non-current and current financial liabilities	30.59	(5,535.12)
Increase/(Decrease) in Other Non-current and current liabilities	684.71	(603.16)
Increase/(Decrease) in Non-current and current provisions	122.22	171.87
Cash Generated from Operations	**17,421.45**	**14,548.00**
Taxes paid (net of refunds)	(7,304.68)	(4,944.39)
Net cash flows from operating activities	**10,116.77**	**9,603.61**
Net cash (used in)/generated from operating activities - A	**10,116.77**	**9,603.61**
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(6,713.67)	(6,284.41)
Proceeds from Sale of property, plant and equipment	458.22	36.16
Payment for acquisition of business (Refer Note 53)	(9,078.46)	-
Purchase of Current Investments	(32,260.55)	(28,487.88)
Sale of Current Investments	44,401.38	34,240.85
(Investment)/Proceeds in/from deposits with Bank	2.14	(35.73)
Dividend Received	98.25	796.85
Interest Received	130.64	191.53
Net cash flows from/(used in) Investing activities - B	**(2,962.05)**	**457.37**

Cash Flow Statement

for the year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	December 31, 2018	December 31, 2017
C. Cash Flow from Financing activities		
Interest paid	(3,835.01)	(2,938.64)
Repayment of sales tax deferral loan	(351.84)	(325.62)
Repayment of long-term borrowings	(854.39)	(2,667.06)
Proceeds/(Repayment) of short-term borrowings (net)	915.27	(17.54)
Dividends paid (including dividend tax thereon)	(2,719.11)	(2,782.98)
Net cash flows from/(used in) financing activities - C	**(6,845.08)**	**(8,731.84)**
Net increase/(decrease) in cash and cash equivalents -(A+B+C)	**309.64**	**1,329.14**
Cash and cash equivalents at the beginning of the year	4,436.36	3,107.22
Cash taken over on acquisition of business (Refer note 53)	17.89	-
Cash and cash equivalents at the end of the year	**4,763.89**	**4,436.36**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, ' Statement of Cash Flows'
The accompanying notes are an integral part of financial statements
As per our report of even date

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Vinayak Pujare
Partner
Membership No. 101143

Mumbai
February 18, 2019

For and on behalf of the Board of Directors

Murali Sivaraman
Chairman
DIN: 01461231

Dr Arup Basu
Managing Director
DIN: 02325890

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
February 18, 2019

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

1. Corporate information:

Huhtamaki PPL Limited ('the Company') is a public limited Company domiciled in India with its registered office located at 12A-06 B-Wing,13th Floor, Parinee Crescenzo, C-38/39, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 and having manufacturing locations spread across the country. The Company is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The principal activity of the Company is manufacture and sale of packaging material.

2. Basis of Preparation, Measurement and Significant Accounting Policies:

A. Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements for the year ended December 31, 2018 were approved by the Board of Directors and authorised for issue on February 18, 2019.

B. Basis of Measurement

The financial statements have been prepared under the historical cost convention, unless otherwise indicated.

The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest Lakh, except otherwise indicated.

C. Key Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Measurement of defined benefit obligations – Refer Note 46
- Measurement and likelihood of occurrence of provisions and contingencies – Refer Note 45
- Recognition of deferred tax assets – Refer Note 9
- Impairment of Intangibles – Refer Note 5
- Measurement of useful lives for property, plant and equipment and intangible assets – Refer Accounting Policy on Depreciation below
- Measurement of Share Based Payments – Refer Note 47
- Measurement of Fair values – Refer Note 50

D. Recent Accounting Developments

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules shall be effective from reporting periods beginning on or after April 1, 2018. Amendments to Ind AS as per these rules are mentioned below:

Ind AS 115 – Revenue from contracts with customers:

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

The Company is in the process of assessing the detailed impact of Ind AS 115, though it is expected that application of Ind AS 115 will not significantly change the timing of the Company's revenue recognition.

Appendix B to Ind AS 21 – Foreign currency transactions and advance consideration:

The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The management is in process of assessing the impact of above amendment, though it is expected that impact from the amendment would not be significant. The Company intends to adopt the amendments prospectively from January 1, 2019.

Ind AS 12 – Income taxes regarding recognition of deferred tax assets on unrealised losses:
The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base.

The management is in process of assessing the impact of above amendment, though it is expected that impact from the amendment would not be significant. The Company will adopt the amendments from January 1, 2019.

3. Significant accounting policies:

a) Property, plant and equipment

- All items of property, plant and equipment are stated at historical cost less accumulated depreciation & impairment losses, if any. Cost of property, plant and equipments comprises of purchase price, non-refundable taxes and duties and any directly attributable cost of bringing each asset to its working condition for the intended use. Financing costs relating to borrowed funds attributable to the acquisition of qualifying property, plant and equipments i.e. asset that necessarily takes a substantial period of time to get ready for its intended use or sale, upto the completion of construction or acquisition of such property, plant and equipments are included in the gross book value of the asset.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that incremental future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
- Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.
- Capital work-in-progress includes the cost of property, plant and equipments that are not ready to use at the balance sheet date.

b) Intangibles

- Intangible Assets acquired seperately are measured on intial recognition at cost. Following, intial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
- The useful lives of intangible assets are assessed as either finite or indefinite.
- Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
- Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
- Gains or losses arising on retirement or disposal of Intangible assets are recognised in the Statement of Profit and Loss.

c) Depreciation and amortisation

Property, plant and equipments:
Buildings are depreciated on written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013, which coincide with management estimate of useful life. Other property, plant and equipments are depreciated on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except those specified below.

Following assets are depreciated at the rates different from those prescribed in Schedule II to the Companies Act, 2013 based on technical evaluation of estimated useful lives done by the management.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Assets	Method of Depreciation	Rate
Plant & Machinery	Straight Line Method	10.34%
Computers excluding Laptops	Straight Line Method	25.00%
Motor Vehicles	Straight Line Method	19.00%
Cellphones and Photocopiers	Straight Line Method	31.67%
Air-conditioning Equipment used in manufacturing process	Straight Line Method	10.34%
Electrical Fittings	Straight Line Method	10.34%

Depreciation Rates in respect of Property, plant and equipments depreciated as per the rates prescribed in Schedule II are as follows

Assets	Method of Depreciation	Rate
Building	Written Down Value Method	10.00%
Computers	Straight Line Method	25.00%
Furniture and Fixtures	Straight Line Method	9.50%
Office Equipments	Straight Line Method	19.00%

Depreciation on additions/deletions to property, plant and equipments is provided prorata from the month of addition/till the month of deletion.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Leasehold Land – Premium paid for acquisition of leasehold land is amortised over the primary period of lease, maximum being 99 years.

Intangible Assets:

- ERP software is amortised over a period of 60 months commencing from the month in which software is put to use.
- Specialised software is amortised over a period of 36 months commencing from the month in which such expenditure is incurred.
- Corporate club membership fees paid are amortised over the period of use, viz. 10 years.
- Non-compete fees paid are amortised over the period of restriction, viz. 5 years.
- Customer List is amortised over a period of 7 years.
- Goodwill is not amortised but is tested for impairment annually.

d) Financial instruments

Financial assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at Fair Value Through Profit and Loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in:

- Financial asset at amortised cost
- Financial asset Fair Value Through Profit and Loss (FVTPL)
- Financial asset at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial asset at amortised cost:

An instrument is measured at the amortised cost if (i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and (ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Financial asset (Debt Instruments) at fair value through profit or loss:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Profit and Loss.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

De-recognition:
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's statement of financial position) when the right to receive cash flows from the asset is transferred or expired.

Impairment of financial assets:
Expected Credit Losses (ECL) are recognised for all financial assets subsequent to initial recognition other than financials assets in FVTPL category. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 months expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall. The impairment losses and reversals are recognised in Statement of Profit and Loss.

Financial liabilities:

Initial recognition and measurement
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans and Borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

e) Derivative financial instruments
The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instruments, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

g) Foreign Currency Transactions

- The Company's financial statements are presented in INR which is also the functional currency. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.
- Monetary assets and liabilities in foreign currency, which are outstanding as at the year end are translated at the year end at the closing exchange rate and the resultant exchange differences are recognised in the statement of profit and loss.
- Non-monetary foreign currency items are carried at cost, determined using exchange rate at the date of intial recognition

h) Inventories

- Inventories are valued at lower of cost and net realisable value, Cost is determined on Weighted Average Method.
- Raw materials, Components, Stores and Spares held for use in production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- The cost of manufactured inventories and work-in-process is the direct cost of manufacture plus appropriate allocated overheads.
- The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. It is recognised when significant risks and rewards of ownership of goods have passed to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Sales are net of returns & discounts.

Revenue from services is recognised on the basis of contractual arrangements as and when services are rendered.

Dividend income is recognised when the Company's right to receive the payment is established by the reporting date.

Interest income is recognised using the Effective Interest Rate (EIR) method.

j) Retirement and Other Employee benefits

(i) Short-term employee benefits:

All short-term employee benefits such as salaries, incentives, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the statement of profit and loss account.

(ii) Retirement Benefits:

a) **Defined Contribution Plans**

The Company has defined contribution plans for post-employment benefits in the form of provident fund which is administered through Government of India. Provident fund is classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to defined

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

contribution plans are charged to the statement of profit and loss as and when employee renders related service.

b) **Defined Benefit Plans**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the defined benefit schemes are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit are discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plans are determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans are based on the market yields on Government securities as at the balance sheet date.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding charge or credit to OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

c) **Other Long-Term Employment Benefits**

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are considered as long-term employee benefit for measurement purposes and are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Long service awards is other long-term benefits scheme. The present value of the obligation under this long-term benefit is determined based on acturial valuation using Projected Unit Credit Method.

k) **Taxation**

Current income tax:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates an item which is recognised directly in equity or in other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

l) Leases

The Company evaluates whether an arrangement is (or contains) a lease based on the substance of the arrangement at the inception of the lease. An arrangement which is dependent on the use of a specific asset or assets and conveys a right to use the asset or assets, even if it is not explicitly specified in an arrangement is (or contains) a lease.

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

m) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. After impairment, depreciation is provided on their revised carrying amount of the asset over its remaining useful life.

Impairment losses are recognised in the statement of profit and loss.

n) Government Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

o) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

p) Share-based payments

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment.

Equity Settled Transactions:

The Ultimate Holding Company ('Huhtamaki Oyj') offers Share based compensation programme for senior executives of the Company.

Shares mentioned above are issued by Huhtamaki Oyj and the cost of such shares is not recharged to the Company. However, the Company recognises these share based payment transactions of Huhtamaki Oyj in accordance with the requirement of paragraph 43 A and 43 B of Ind AS 102 Share Based Payments. As required under para 43 B of Ind AS 102, since the Company receives the services of the employees to whom the shares have been granted by Huhtamaki Oyj and the Company has no obligation to settle the same, the Company accounts for these services as an equity settled share based payment transaction.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Cash-settled transactions:

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date upto, and including the settlement date, with changes in fair value recognised in employee benefits expense.

q) Research Expenditure

Research expenditure of a revenue nature is charged off in the year in which it is incurred and expenditure of a capital nature is capitalised to fixed assets.

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

r) Earnings Per Share (EPS)

Basic EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti dilutive.

s) Cash and Cash Equivalents

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

t) Business Combinations

Business Combinations are accounted for using Ind AS 103 Business Combination. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their respective fair value at the acquisition date, except certain assets and liabilities required to be measured as per applicable standards. Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, is recognised as Capital reserve.

Business Combinations arising from transfer of interests in entities that are under common control are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value, no adjustment are made to reflect fair values, or recognise any new assets or liabilities. The identity of the reserves is preserved and appears in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 4: Property, Plant and Equipment

A. Property, Plant and Equipment

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	Freehold land	Leasehold land	Leasehold Improvement	Buildings	Plant & Machinery	Computers	Vehicles	Furniture & fixtures	Office equipments	Total
Gross Block										
At December 31, 2016	**690.00**	**2,249.23**	**2.24**	**10,543.21**	**38,329.03**	**662.26**	**158.13**	**848.89**	**421.10**	**53,904.09**
Additions	-	19.32	-	199.78	4,954.64	130.91	28.96	354.77	90.04	5,778.42
Disposals	-	-	1.05	0.03	21.91	3.57	8.48	2.35	3.49	40.88
At December 31, 2017	**690.00**	**2,268.55**	**1.19**	**10,742.96**	**43,261.76**	**789.60**	**178.61**	**1,201.31**	**507.65**	**59,641.63**
On account of Business Acquisition (Refer Note 53)	140.00	193.00	-	641.00	2,413.02	5.99	31.69	37.51	8.06	3,470.27
Additions	-	-	5.89	36.77	6,219.47	369.87	-	130.34	54.81	6,817.15
Disposals	-	-	-	10.68	214.98	17.64	3.66	18.15	5.88	270.99
At December 31, 2018	**830.00**	**2,461.55**	**7.08**	**11,410.05**	**51,679.27**	**1,147.82**	**206.64**	**1,351.01**	**564.64**	**69,658.06**
Accumulated depreciation										
At December 31, 2016	**-**	**111.10**	**1.80**	**1,183.65**	**7,023.25**	**211.77**	**45.45**	**146.44**	**128.45**	**8,851.91**
Additions	-	8.62	0.19	1,071.33	6,530.72	228.67	42.79	168.21	126.41	8,176.94
Disposals	-	-	1.05	0.01	13.30	2.52	5.93	2.03	3.40	28.24
At December 31, 2017	**-**	**119.72**	**0.94**	**2,254.97**	**13,540.67**	**437.92**	**82.31**	**312.62**	**251.46**	**17,000.61**
Additions	-	8.85	4.81	970.15	6,766.82	219.67	45.67	183.25	120.40	8,319.62
Disposals	-	-	-	1.13	194.27	11.92	1.48	14.73	2.50	226.03
At December 31, 2018	**-**	**128.57**	**5.75**	**3,223.99**	**20,113.22**	**645.67**	**126.50**	**481.14**	**369.36**	**25,094.20**
Net Book Value										
At December 31, 2018	**830.00**	**2,332.98**	**1.33**	**8,186.06**	**31,566.05**	**502.15**	**80.14**	**869.87**	**195.28**	**44,563.86**
At December 31, 2017	**690.00**	**2,148.83**	**0.25**	**8,487.99**	**29,721.09**	**351.68**	**96.30**	**888.69**	**256.19**	**42,641.02**

Immovable Properties (Leasehold & Freehold Land) with a Gross Block value of ₹ 1,736.86 Lakh (Net block ₹ 1,632.24 Lakh) as at December 31, 2018 are held in the name of erstwhile Positive Packaging Industries Limited on account of amalgamation for which Company is in the process of registering the title deeds in its name.

Immovable Properties (Freehold Land) with a value of ₹ 140 Lakh as at December 31, 2018 are held in the name of Ajanta Packaging on account of acquisition of Business by the Company (Refer Note 53) for which Company is in the process of registering the title deeds in its name.

B. Capital Work-in-Progress

Capital Work-in-Progress as at December 31, 2018 is ₹ 445.20 Lakh (December 31, 2017: ₹ 206.83 Lakh).

For contractual commitment with respect to property, plant and equipment refer note 45.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 5: Intangible assets

Particulars	Goodwill	Other Intangible assets				
		Non-Compete Fees	Computer - Software	Club Membership	Customer List	Total
Gross Block						
At December 31, 2016	**968.80**	**151.08**	**665.41**	**26.01**	**-**	**842.50**
Additions	-	-	24.32	-	-	24.32
Disposals	-	-	-	-	-	-
At December 31, 2017	**968.80**	**151.08**	**689.73**	**26.01**	**-**	**866.82**
On account of Business Acquisition (Refer Note 53)	4,671.23	359.30	0.83	-	1,168.10	1,528.23
Additions	-	-	138.50	-		138.50
Disposals	-	-	0.25	-		0.25
At December 31, 2018	**5,640.03**	**510.38**	**828.81**	**26.01**	**1,168.10**	**2,533.30**
Accumulated Amortisation						
At December 31, 2016	**-**	**82.80**	**313.22**	**5.51**	**-**	**401.53**
Additions	-	68.28	273.86	5.51	-	347.65
Disposals	-	-	-	-	-	-
At December 31, 2017	**-**	**151.08**	**587.08**	**11.02**	**-**	**749.18**
Additions	-	42.13	71.20	5.51	97.84	216.68
Disposals	-	-	0.23	-	-	0.23
At December 31, 2018	**-**	**193.21**	**658.05**	**16.53**	**97.84**	**965.63**
Net Book Value						
At December 31, 2018	**5,640.03**	**317.17**	**170.76**	**9.48**	**1,070.26**	**1,567.67**
At December 31, 2017	**968.80**	**-**	**102.65**	**14.99**	**-**	**117.64**

Impairment Charges

Goodwill has been tested for impairment and accordingly no impairment charges were identified for the year 2018 and 2017.

Goodwill of ₹ 968.80 Lakh pertains to Webtech Lables Private Limited (merged with Huhtamaki PPL Limited w.e.f. April 1, 2015) and Goodwill of ₹ 4,671.23 Lakh pertains to business of Ajanta Packaging acquired by Huhtamaki PPL Limited (Refer Note 53).

Following Key assumptions were considered while performing Impairment Testing

a) Long-Term sustainable growth rates - 5%

b) Weighted Average Cost of Capital % before Tax (Discount Rate) - 10%

The Projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cashflows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount to be less than carrying value.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 6: Financial Assets – Non–Current Investments

Particulars	December 31, 2018	December 31, 2017
Investments at fair value through Profit & Loss (fully paid)		
Unquoted Equity Shares		
100 Equity shares (December 31, 2017 - 100) of ₹ 25 each fully paid up in Shamrao Vithal Co-operative Bank Ltd.	0.03	0.03
	0.03	**0.03**

Note 7: Financial Assets – Long-Term Loans

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Security Deposit	903.27	879.17
Loans and Advances to employees	14.24	40.22
	917.51	**919.39**

Refer Note 51 for information about credit risk and market risk for loans

Note 8: Other Long-Term Financial assets

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Margin Money deposit	26.93	3.38
Non-Current bank balances being Deposits with original maturity of more than 12 months	1.38	6.63
	28.31	**10.01**

Margin Money Deposit pertains to deposit given to a Bank for Bank Guarantee issued for EPCG Licenses

Refer Note 51 for information about credit risk and market risk for Other financial assets

Note 9: Income Taxes

A. Components of Income Tax Expense

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
I. Tax Expense recognised in the Statement of Profit and Loss		
Current Tax		
- Current Year	5,809.00	5,360.18
- Adjustments/(credits) related to previous years - (net)	2,107.49	80.74
Total (A)	**7,916.49**	**5,440.92**
Deferred Tax charge/(credit)		
- Origination and reversal of temporary differences	(47.51)	(38.96)
- Adjustments/(credits) related to previous years - (net)	-	(266.48)
Total (B)	**(47.51)**	**(305.44)**
Total (A+B)	**7,868.98**	**5,135.48**
II. Tax on Other Comprehensive Income		
Deferred Tax		
Re-measurement (gains)/losses on defined benefit plans	**(18.07)**	**34.98**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

B. Reconciliation of Effective Tax Rate-

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Statutory Income Tax Rate	**34.94%**	**34.61%**
Differences due to:		
- (Income)/Loss from units under Tax holiday period	2.60%	2.50%
- Income Exempt from Tax	(0.30%)	(1.76%)
- Income Tax Incentives (R & D)	(0.33%)	(0.30%)
- Prior year tax adjustment	18.64%	(1.60%)
- Interest on Income Tax	3.17%	0.00%
- Others (mainly includes expenses on account of permanent disallowance)	10.71%	11.13%
	69.44%	**44.58%**

C. Movement in Deferred Tax Assets and Liabilities-

I. Movement during the year ended December 31, 2017:

Particulars	As at January 1, 2017	Credit/ (charge) in the Statement of Profit and loss	Credit/(charge) in Other Comprehensive Income	Utilisation of Unused Tax credits	Deferred Tax Liability on account of Ajanta Acquisition	As at December 31, 2017
Deferred tax assets/(liabilities)						
Expenses allowable for tax purposes when paid	334.62	(26.38)	-	-	-	308.24
Provision for doubtful debts	68.59	21.04	-	-	-	89.63
Provision for retirement benefits	416.88	108.69	(34.98)	-	-	490.59
Depreciation	(71.46)	698.64	-	-	-	627.18
Unused Tax Credits	1,122.00	-	-	(1,122.00)	-	-
Liability in respect of losses pertaining to tax holiday units	-	(496.55)	-	-	-	(496.55)
Total	**1,870.63**	**305.44**	**(34.98)**	**(1,122.00)**	**-**	**1,019.09**

II. Movement during the year ended December 31, 2018:

Particulars	As at January 1, 2018	Credit/ (charge) in the Statement of Profit and loss	Credit/(charge) in Other Comprehensive Income	Utilisation of Unused Tax credits	Deferred Tax Liability on account of Ajanta Acquisition (Refer Note 53)	As at December 31, 2018
Deferred tax assets/(liabilities)						
Expenses allowable for tax purposes when paid	308.24	(8.50)	-	-	-	299.74
Provision for doubtful debts	89.63	328.49	-	-	-	418.12
Provision for retirement benefits	490.59	49.96	18.07	-	-	558.62
Depreciation	627.18	69.36	-	-	(593.65)	102.89
Liability in respect of losses pertaining to tax holiday units	(496.55)	(391.80)	-	-	-	(888.35)
Total	**1,019.09**	**47.51**	**18.07**	**-**	**(593.65)**	**491.02**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 10: Non-current tax assets (Net)

Particulars	December 31, 2018	December 31, 2017
Non-Current Tax Assets (net)	503.50	546.32
	503.50	**546.32**

Note 11: Other Non-current assets

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
Prepaid Expenses	734.49	762.40
Balances with Customs, Excise, Sales Tax and GST Authorities etc.	685.00	765.16
Capital Advances	634.94	1,234.67
Others	34.16	27.27
	2,088.59	**2,789.50**

Note 12: Inventories (valued at lower of cost and net realisable value)

Particulars	December 31, 2018	December 31, 2017
Raw Materials and Components [includes in transit ₹ 1,518.63 Lakh (December 31, 2017: ₹ 1,130.86 Lakh)]	12,053.84	11,545.64
Work-in-Process	3,907.37	3,259.07
Finished Goods	1,975.59	1,459.81
Stores & Spares	1,949.77	1,826.51
Loose Tools	1,336.14	1,096.29
	21,222.71	**19,187.32**

Amount of write down of inventories to net realisable value and other provisions recognised in statement of profit and loss as an expense/(reversal of provisions) is ₹ 253.87 Lakh (December 31, 2017 - ₹ (178.65) Lakh).

Note 13: Current Investments

Particulars	December 31, 2018	December 31, 2017
At fair value through Profit & Loss		
Quoted		
Investment in Mutual Funds		
Aditya Birla Sun Life Floating Rate Fund–STP-DDR (December 31, 2017 - 1,333,828 Nos.) (Face Value: ₹ 100)	-	1,334.10
Kotak Floater Short-Term Fund–DDR (December 31, 2017 - 252,572 Nos.) (Face Value: ₹ 1,012)	-	2,555.07
Franklin India Ultra Short Bond Fund–Super IP-DDR (December 31, 2017 - 36,877,859 Nos.) (Face Value: ₹ 10)	-	3,718.58
ICICI Prudential Money Market Fund–DDR (December 31, 2017 - 2,524,054 Nos.) (Face value: ₹ 100)	-	2,527.32
UTI Money Market Fund–IP-DDR (December 31, 2017 - 103,347 Nos.) (Face Value: ₹ 1,003)	-	1,036.96
Reliance Liquid fund TP–DDR (December 31, 2017 - 168,620 Nos.) (Face Value: ₹ 1,529)	-	2,577.76
Aditya Birla Sun Life Liquid Fund–Growth (December 31, 2018 - 120,777 Nos.) (Face Value: ₹ 287)	354.73	-
Reliance Liquid Fund–Growth (December 31, 2018 - 8,928 Nos.) (Face Value: ₹ 4,297)	398.03	-
ICICI Prudential Liquid Fund–Growth (December 31, 2018 - 153,906 Nos.) (Face Value: ₹ 265)	416.42	-
Franklin India Ultra Short Bond Fund-SIP–Growth (December 31, 2018 - 36,79,282 Nos.) (Face Value: ₹ 25)	943.00	-
	2,112.18	**13,749.79**
Aggregate book value and market value of quoted investments	**2,112.18**	**13,749.79**

Refer Note 50 for fair value measurement and Note 51 for credit risk and market risk of investment.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 14: Trade receivables

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Receivables from Others		
Considered Good	54,840.42	49,930.01
Considered Credit Impaired	1,196.56	258.98
Less: Allowance for Credit Impaired Receivables	1,196.56	258.98
Receivables from related parties (Refer Note 48)	2,178.81	2,721.81
	57,019.23	**52,651.82**

For terms and conditions relating to related party receivables, refer Note 48.

Refer Note 51 for information about credit risk and market risk of trade receivables.

Note 15: Cash and Cash equivalents

Particulars	December 31, 2018	December 31, 2017
Balances with Banks		
On Current Accounts	582.59	1,417.52
On Unpaid Dividend Accounts (Refer Note below)	84.00	71.74
Deposits with original maturity of less than three months	4,082.25	2,913.44
Cheques on Hand	-	13.69
Cash on Hand	15.05	19.97
	4,763.89	**4,436.36**

These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

Note 16: Bank balances other than Cash and Cash equivalents

Particulars	December 31, 2018	December 31, 2017
Deposits with original maturity of more than 3 months but less than 12 months	8.56	32.90
Deposit with Original Maturity of more than 12 months	3.90	-
	12.46	**32.90**

Note 17: Short-Term Loans

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Security Deposit	37.44	26.35
Loans and Advances to employees	144.46	72.98
	181.90	**99.33**

Refer Note 51 for information about credit risk and market risk for loans.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 18: Other Current Financial Assets

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Claims Recoverable	114.49	15.33
Interest Receivable	22.49	19.22
Others	229.92	-
At fair value through Profit & Loss		
Derivatives - Foreign Exchange forward contracts	-	108.69
	366.90	**143.24**

Refer Note 50 for fair value measurement and Note 51 for credit risk and market risk of Other Current Financial Assets.

Note 19: Other current assets

Particulars	December 31, 2018	December 31, 2017
(Unsecured, considered good unless otherwise stated)		
Prepaid Expenses	472.28	433.03
Balances with Customs, Excise, Sales Tax and GST Authorities etc.	657.49	760.21
Merchandise Export Incentive Scheme Licences available	167.25	241.95
Advances Recoverable in Kind	269.59	267.44
Export Schemes Receivables	1,287.21	1,291.91
Export Rebate Receivables	315.15	972.17
Others	1.65	-
	3,170.62	**3,966.71**

Note 20: Share Capital

a) Authorised share capital

Particulars	Equity shares of ₹ 2 each		Preference shares of ₹ 100 each		Unclassified shares of ₹ 100 each	
	Numbers	₹ in Lakh	Numbers	₹ in Lakh	Numbers	₹ in Lakh
At December 31, 2017	404,000,000	8,080	2,900,000	2,900	300,000	300
Increase/(decrease) during the year	-	-	-	-	-	-
At December 31, 2018	**404,000,000**	**8,080**	**2,900,000**	**2,900**	**300,000**	**300**

b) Issued, subscribed and fully paid up - Reconciliation of shares outstanding at the beginning and at the end of reporting period Equity shares of ₹ 2 each issued, subscribed and fully paid-

Particulars	Numbers	₹ in Lakh
At December 31, 2017 (includes amount received on Forfeited shares ₹ 0.09 Lakh)	75,521,934	1,510.53
Changes during the year	-	-
At December 31, 2018	**75,521,934**	**1,510.53**

c) Terms/rights attached to equity shares

The Company has only one class of Issued, Subscribed and Paid-up Equity Capital having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

d) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as follows:

Particulars	December 31, 2018	December 31, 2017
50,553,997 shares (December 31, 2017: 50,003,997) held by Huhtavefa B.V., Netherlands,The Holding Company	1,011.08	1,000.08

e) Details of shareholders holding more than 5% shares in the Company

Particulars	December 31, 2018	December 31, 2017
Huhtavefa B.V., Netherlands,The Holding Company - No. of Shares	50,553,997	50,003,997
Huhtavefa B.V., Netherlands,The Holding Company - % holding	66.94%	66.21%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Note 21: Other equity

Refer Statement of Changes in Equity for detailed movement in Equity Balance

a) Total other equity:

Particulars	December 31, 2018	December 31, 2017
Share Options Outstanding Account	709.40	691.69
Debenture Redemption Reserve	7,700.00	5,775.00
General reserve	7,844.45	7,844.45
Retained earnings	37,897.45	39,065.33
Other Comprehensive Income	(14.04)	19.60
	54,137.26	**53,396.07**

b) Nature and Purpose of reserves:

i. Share Options Outstanding Account

The above reserve relates to shares of Ultimate Parent Company, granted by the Ultimate Parent Company to specific employees of the Company under its Employee Share arrangement.

Further information about Share based payments to employees is given at Note 47.

ii. Debenture Redemption Reserve (DRR)

The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share Capital and Debentures) Rules, 2014 (as amended), require the Company to create DRR out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The DRR is required to be created over the life of debentures viz. 5 years.

iii. General reserve

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

iv. Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 22: Distribution made and proposed

Particulars	December 31, 2018	December 31, 2017
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on December 31, 2017: ₹ 3.00 per share (December 31, 2016: ₹ 3.00 per share)	2,265.66	2,305.66
DDT on final dividend	465.71	477.85
	2,731.37	**2,783.51**
Proposed dividends on Equity shares:		
Final dividend for the year ended on December 31, 2018: ₹ 3.00 per share (December 31, 2017: ₹ 3.00 per share)	2,265.66	2,265.66
DDT on proposed dividend	465.71	465.71
	2,731.37	**2,731.37**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at December 31, 2018.

Note 23: Borrowings

Particulars	Non-Current		Current	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
(At amortised cost)				
Interest bearing loans and borrowings:				
I. Secured				
i. External Commercial Borrowings				
External commercial borrowings from Standard Chartered Bank (Refer Note a)	-	-	-	840.21
Total Secured Borrowings	**-**	**-**	**-**	**840.21**
II. Unsecured				
i. Non-Convertible Debentures				
3,850 (Previous Year: 3,850) 7% Unsecured Non-Convertible Debentures of ₹ 10 Lakh each (Refer Note b)	38,484.60	38,470.38	-	-
ii. Deferred Sales Tax Loan - Telangana (Refer Note c)	552.08	911.38	359.30	280.64
iii. Deferred Sales Tax Loan - Maharashtra (Refer Note d)	-	41.89	-	29.31
Total Unsecured Borrowings	**39,036.68**	**39,423.65**	**359.30**	**309.95**
Total Borrowings	**39,036.68**	**39,423.65**	**359.30**	**1,150.16**
Less: amount classified under other current financial liabilities (Refer Note 29)			(359.30)	(1,150.16)
Total Non-Current Borrowings	**39,036.68**	**3 9,423.65**	**-**	**-**

a) Loan of ₹ 6,408 Lakh (USD 100 Lakh) has been repaid in full in the current year as per the instalments due.

b) Unsecured Debentures carry interest rate of 7% p.a. The debentures are listed and are due for redemption on January 27, 2020.

c) The Company has availed unsecured interest free Sales tax deferral loan from the Government of Telangana for its Hyderabad (Bollarum) factory, in accordance with their sales tax deferral scheme. The above amount is repayable after 14 years from the date of availment of the loan. The loan is repayable annually on April 1 with 1st instalment was due on April 1, 2011 and last one being due on April 1, 2021.

d) The Company had availed interest free sales tax deferral loan from Government of Maharashtra for one of its factories in Maharashtra. The Loan has been repaid in full in the current year.

e) Outstanding balances shown in the foot notes above, are grossed up to the extent of unamortised transaction cost.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 24: Non-Current - Other financial liabilities

Particulars	December 31, 2018	December 31, 2017
At amortised cost		
Deposits	12.20	15.04
Employee Benefits Payable	74.46	135.48
Payable for Stock Appreciation Rights (Refer Note 47 (b))	5.00	14.10
	91.66	**164.62**

Note 25: Long-Term Provisions

Particulars	December 31, 2018	December 31, 2017
Provision for Employee Benefits	335.38	324.34
	335.38	**324.34**

Note 26: Other Non-Current liabilities

Particulars	December 31, 2018	December 31, 2017
Deferred - Government Grants	1,110.63	1,092.52
	1,110.63	**1,092.52**

Deferred - Government Grants relates to accrual of custom duty availed on import of plant and equipment under Export Promotion Capital Goods (EPCG) scheme.

Refer Note 45 (B) (iii)

Note 27: Borrowings - Current

Particulars	December 31, 2018	December 31, 2017
At amortised cost		
Secured loans		
Cash Credit from Banks (Refer Note a)	915.27	-
	915.27	-

a) Cash Credit from Banks carries interest being one month MCLR rate p.a. and is secured against Corporate Guarantee given by Huhtamaki Oyj to Standard Chartered Bank.

Note 28: Trade payables December 31, 2018

Particulars	December 31, 2018	December 31, 2017
Trade payables	36,032.12	36,313.95
Trade payables to related parties	128.81	225.64
	36,160.93	**36,539.59**
For terms and conditions relating to related party payables, refer Note 48		
Dues to Micro and Small Enterprises (On the basis of the information and records available with the Management.)		
The principal amount and the interest due there on remaining unpaid to any Micro/Small supplier		
- Principal amount	520.85	558.21
- Interest there on	88.58	63.78

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	December 31, 2018	December 31, 2017
The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	25.66	18.51
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small/micro enterprise.	88.58	63.78

Note 29: Other current financial liabilities

Particulars	December 31, 2018	December 31, 2017
At amortised cost		
Employee Benefits Payable	3,185.20	3,241.82
Payable for Stock Appreciation Rights (Refer Note 47 (b))	23.32	65.97
Current Maturity of Long-Term Borrowings (Refer Note 23)	359.30	1,150.16
Interest accrued but not due	1,180.95	1,168.16
Interest accrued and due	47.40	40.92
Retention Money Payable (Refer Note a below)	915.53	668.40
Creditors for Capital Goods	352.22	471.61
Unclaimed dividend *	84.00	71.74
Others	8.51	4.40
	6,156.43	**6,883.18**

a) Retention Money represents:-

- ₹ 668.40 Lakh, being money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares.

- ₹ 247.13 Lakh, being money payable to Ajanta Packaging for purchase of business.

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

Note 30: Other current liabilities

Particulars	December 31, 2018	December 31, 2017
Advance from Customers	327.03	180.51
Employee Statutory Liabilities Payable	188.60	189.09
Taxes payable	650.42	272.22
TDS Payable	349.38	230.91
Deferred - Government Grants	306.30	282.40
	1,821.73	**1,155.13**

Deferred - Government Grants relates to accrual of custom duty availed on import of plant and equipment under EPCG scheme. Refer Note 45 (B) (iii)

Note 31: Short-Term Provisions

Particulars	December 31, 2018	December 31, 2017
Provision for Employee Benefits	1,415.02	1,245.36
Provision for Litigations	677.98	593.99
	2,093.00	**1,839.35**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

For movement in Provision for Litigation refer movement schedule below:

At December 31, 2016	**453.12**
Arising during the year	216.53
Unused amounts reversed/utilised during the year	(75.66)
At December 31, 2017	**593.99**
Arising during the year	96.48
Unused amounts reversed/utilised during the year	(12.49)
At December 31, 2018	**677.98**

Provision for Litigation represents provision made by the Company in respect of disputed Indirect Tax matters that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

Note 32: Current Tax Liabilities (Net)

Particulars	December 31, 2018	December 31, 2017
Current Tax Liabilities (net)	1,726.11	1,157.12
	1,726.11	**1,157.12**

Note 33: Revenue from Operations

Particulars	December 31, 2018	December 31, 2017
Sale of products (including excise duty) (Refer Note (b) below)	231,368.79	218,032.66
Rendering of Services	1,842.21	1,870.96
Other Operating Revenue		
- Scrap Sales	2,688.72	2,660.76
- Compensation Received for Loss of Profits	72.96	61.71
- Government Grant (Refer Note (a) below)	297.89	342.51
- Income from Manpower Services	636.60	-
	236,907.17	**222,968.60**

a) The Company has recognised a government grant of ₹ 297.89 Lakh (December 31, 2017: ₹ 342.51 Lakh) relating to benefit received from EPCG Scheme.

b) Goods and Services Tax ("GST") has been implemented with effect from July 1, 2017 which replaces Excise Duty and other input taxes. According to the requirements of Ind AS, revenue for the year ended December 31, 2017 are reported inclusive of excise duty. As per Ind AS 18, the revenue for the year ended December 31, 2018 are reported net of GST. In view of the aforesaid restructuring of indirect taxes, Revenue from Sale of Products and Services for the year ended December 31, 2018 are not comparable with the previous period. Following additional information is being provided to facilitate such comparison:

Particulars	December 31, 2018	December 31, 2017
Sale of Products & Services	233,211.00	219,903.62
Less: Excise Duty	-	9,874.38
Sales of Products & Services on Comparable basis	**233,211.00**	**210,029.24**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 34: Other Income

Particulars	December 31, 2018	December 31, 2017
Interest Income on		
- Bank Deposits	57.25	54.74
- Others	76.66	108.54
Dividend Income on Current Investments	98.25	796.85
Fair value gain on financial instruments at fair value through Profit or Loss (Refer Note (a) below)	111.02	71.29
Gain on Current Investments measured at fair value through Profit or Loss	69.90	10.99
Provision for Sales Tax Written Back	-	2.37
Net Gain on disposal of Current Investments	433.32	-
Profit on Sale of Fixed Assets (Net)	429.83	25.05
Foreign Exchange Gain (Net)	246.01	-
Other Non-Operating Income	144.50	288.16
	1,666.74	**1,357.99**

a) Fair value gain on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that are not designated for hedge accounting.

Note 35: Cost of Materials Consumed

Particulars	December 31, 2018	December 31, 2017
Inventory at the beginning of the year	11,545.64	9,871.03
Add: Purchases	162,441.80	144,174.61
Less: Inventory at the end of the year	(12,053.84)	(11,545.64)
	161,933.60	**142,500.00**

Note 36: Changes in Inventories of Finished Goods and Work-in-Process

Particulars	December 31, 2018	December 31, 2017
Inventories at the end of the year		
Work-in-Process	3,907.37	3,259.07
Finished Goods	1,975.59	1,459.81
	5,882.96	**4,718.88**
Inventories at the beginning of the year		
Work-in-Process	3,259.07	3,269.14
Finished Goods	1,459.81	2,010.18
	4,718.88	**5,279.32**
	(1,164.08)	**560.44**
Excise Duty on Changes in Inventories of Finished Goods		
Excise Duty on Closing Finished Goods Stock	-	-
Less: Excise Duty on Opening Finished Goods Stock	-	230.87
	(1,164.08)	**329.57**

Note 37: Excise duty on sale of goods

Particulars	December 31, 2018	December 31, 2017
Excise duty on sale of goods	-	9,874.38
	-	**9,874.38**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 38: Employee benefits expenses

Particulars	December 31, 2018	December 31, 2017
Salaries, Wages and Bonus	20,577.51	17,754.81
Contribution to provident and other funds	1,249.07	1,147.55
Stock Appreciation Right Scheme (Refer Note 47)	14.46	54.15
Staff welfare expense	1,658.36	1,613.91
Group Share Purchase Arrangement (Refer Note 47)	17.71	341.65
	23,517.11	**20,912.07**

Note 39: Depreciation and amortisation expense

Particulars	December 31, 2018	December 31, 2017
Depreciation of Tangible assets (Refer Note 4)	8,319.62	8,176.94
Amortisation of Intangible assets (Refer Note 5)	216.68	347.65
	8,536.30	**8,524.59**

Note 40: Finance costs

Particulars	December 31, 2018	December 31, 2017
Interest		
- To Banks	17.41	143.06
- To Others (Refer Note 42)	1,156.05	109.66
- On Debentures	2,709.22	2,708.89
Unwinding of Discount on Liabilities	14.19	197.71
Net Interest on net defined benefit liability (Refer Note 46)	17.95	17.35
	3,914.82	**3,176.67**

Note 41: Other Expenses

Particulars	December 31, 2018	December 31, 2017
Consumption of Stores and Consumables	2,672.61	2,886.39
Power and Fuel	8,527.23	7,721.87
Repairs to Building	351.72	362.22
Repairs to Machinery	2,259.63	2,064.91
Other Repairs	597.63	579.32
Sub-Contracting Expenses	1,734.41	1,871.65
Insurance	262.90	292.18
Rent	741.45	638.24
Rates and Taxes	690.47	318.56
Travelling and Conveyance	1,362.40	1,294.03
Legal and Professional Charges	1,245.32	1,131.71
Commission–Directors (Refer Note 48)	90.00	99.00
Communication Costs	289.85	255.27
Payment to Auditor (Refer Note 41.1)	144.43	194.04
Donation	23.67	12.01
Printing and Stationery	191.37	181.22
Commission on Sales–Others	697.67	314.27
Freight and Forwarding Expenses	3,598.89	3,297.75

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	December 31, 2018	December 31, 2017
Corporate Social Responsibility Expenses (Refer Note 41.2)	238.26	156.85
Fixed Assets Written Off	16.58	1.53
Bank Charges	156.86	168.67
Provision for Doubtful Debts	937.58	60.79
Bad debts written off	-	5.89
Foreign Exchange Loss (Net)	-	251.50
Net Loss on disposal of Current Investments	-	9.89
Miscellaneous Expenses	3,647.76	3,342.47
	30,478.69	**27,512.23**

Note 41.1: Payments to the auditor:

Particulars	December 31, 2018	December 31, 2017
As auditor		
Audit fee	136.34	182.68
Other Services	1.50	3.66
In other capacity:		
Certification Fees	-	-
Reimbursement of Expenses	6.59	7.70
	144.43	**194.04**

Note 41.2: Details of CSR expenditure:

The Company has incurred ₹ 238.26 Lakh (Previous Year: ₹ 156.85 Lakh) towards Corporate Social Responsibility activities. Further, no amount has been spent on construction/acquisition of an asset of the Company. The amount paid out of the above is ₹ 224.95 Lakh (Previous Year: ₹ 149.37 Lakh).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2018 is ₹ 213.49 Lakh (Previous Year: ₹ 195.04 Lakh) i.e. 2% of average net profits for last three financial years, calculated as per Section 198 of the Companies Act, 2013.

Note 42: Taxes relating to earlier periods

In respect of a disputed Income tax matter of earlier years, the Company was pursuing appeals on the basis of expert advice and favourable judicial precedent. The Supreme Court has given in August 2018, a ruling in favour of the revenue authorities on a similar issue concerning other assesses. Consequent to this development, the Company has recognised a provision for income tax of ₹ 2,107.49 Lakh and interest thereon of ₹ 1,000.41 Lakh during the current year. The Company is evaluating further legal options on the matter.

Note 43: Research and development expenses

Particulars	December 31, 2018	December 31, 2017
The details of expenses incurred on in-house research and development activities during the year as certified by the management are as follows:		
Total Revenue Expenditure *	112.45	106.07
Total Capital Expenditure **	-	-
Total Research & Development Expenses	**112.45**	**106.07**

* Revenue Expenditure of ₹ 112.45 Lakh has been grouped under various expense heads of the Financial Statements.

** Additions to Fixed Assets in Note No. 4 includes ₹ Nil towards Capital Expenditure incurred for Company's in house R & D facilities.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 44: Earnings per share (EPS)

Particulars	December 31, 2018	December 31, 2017
Profit after Tax	3,488.49	6,361.60
Weighted Average Number of Equity Shares	75,521,934	75,521,934
Basic and Diluted Earnings per Equity Share (in ₹)	4.62	8.42
Nominal Value of Share (in ₹)	2.00	2.00

Note 45: Contingent Liabilities and Commitments

A. Contingent Liabilities-

Particulars	December 31, 2018	December 31, 2017
Claims against the Company not acknowledged as Debts		
a) Excise Duty		
Matters in Appeal - Duty	346.28	535.84
Matters in Appeal - Penalties	282.87	443.57
Show cause Notices - Duty	33.40	25.98
b) Service Tax		
Matters in Appeal - Tax	403.51	87.07
Matters in Appeal - Penalties	55.29	56.13
Show cause Notices - Duty	19.68	13.78
c) Customs Duty		
Matters in Appeal - Duty	38.65	38.59
d) Income Tax Demands in Appeal	809.45	1,359.94
e) Sales Tax Demands in Appeal	92.44	106.28
f) Others	118.66	66.16

Notes:

i. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

ii. The Company does not expect any reimbursements in respect of the above contingent liabilities.

iii. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

B. Commitments-

i. Operating Lease Commitments:

The Company has taken certain Office Premises, Factory Premises and residential facilities under Operating Lease arrangements. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss. There are no restrictions imposed by lease arrangements. There are no subleases.

Future Lease commitments in respect of non-cancellable operating leases are as follows:-

Particulars	December 31, 2018	December 31, 2017
Not later than one year	460.16	442.75
Later than one year and not later than five years	1,032.96	1,164.67
Later than five years	590.96	668.62

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

ii. Capital Commitments:

Particulars	December 31, 2018	December 31, 2017
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	1,882.60	3,090.24

iii. Export Obligation:

The Company has undertaken an export obligation of 6 to 8 times of the duty saved on Machinery imported by the Company to be fulfilled over a period of 6 to 8 years. The Obligation outstanding as on the date of Balance sheet is ₹ 2,640.28 Lakh (December 31, 2017 ₹ 987.79 Lakh).

Note 46: Defined Benefit Plan - Gratuity

Description of the Plan

The Company has a defined benefit gratuity plan (funded). Gratuity is payable to all eligible employees of the Company on Superannuation, death and resignation, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial.

Governance

The Fund is in form of Company managed Trust. The Trustees of the Trust are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has allocated assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided.

A. Balance Sheet:

The assets, liabilities and surplus/(deficit) position of the defined benefit plan at the Balance Sheet date were:

Particulars	December 31, 2018	December 31, 2017
Present Value of Obligation	2,832.28	2,825.38
Fair Value of Plan Assets	2,859.16	2,651.90
(Asset)/Liability recognised in Balance Sheet	**(26.88)**	**173.48**

B. Movements in Present Value of Obligation and Fair Value of Plan Assets:

Particulars	Gratuity		
	Plan Obligation	Plan Assets	Difference
As at December 31, 2016	**2,707.38**	**2,462.41**	**244.97**
Current service cost	209.09	-	209.09
Past service cost	-	-	-
Interest cost	196.63	-	196.63
Return on Plan Assets	-	179.28	(179.28)
Actuarial (gain)/loss arising from changes in demographic assumptions	(12.66)	-	(12.66)
Actuarial (gain)/loss arising from changes in financial assumptions	(24.89)	(10.70)	(35.59)
Actuarial (gain)/loss arising from experience adjustments	(52.85)	-	(52.85)
Employer contributions	-	189.57	(189.57)
Benefits Paid	(197.32)	(190.06)	(7.26)
As at December 31, 2017	**2,825.38**	**2,651.90**	**173.48**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	Gratuity		
	Plan Obligation	Plan Assets	Difference
Current service cost	216.78	-	216.78
Past service cost	-	-	-
Interest cost	220.90	-	220.90
Return on Plan Assets	-	202.95	(202.95)
On account of Acquisition of business of Ajanta Packaging (Refer Note 53)	45.95	45.99	(0.04)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(1.95)	19.45	17.50
Actuarial (gain)/loss arising from experience adjustments	34.22	-	34.22
Employer contributions	-	483.39	(483.39)
Benefits Paid	(509.00)	(505.62)	(3.38)
As at December 31, 2018	**2,832.28**	**2,859.16**	**(26.88)**

C. Statement of Profit and Loss:

Particulars	Gratuity	
	December 31, 2018	December 31, 2017
Current service cost	216.78	209.09
Past service cost	-	-
Finance Cost		
Interest cost	220.90	196.63
Interest income	(202.95)	(179.28)
Net impact on profit (before tax)	**234.73**	**226.44**
Remeasurement of the net defined benefit plans:		
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(12.66)
Actuarial (gain)/loss arising from changes in financial assumptions	17.50	(35.59)
Actuarial (gain)/loss arising from experience adjustments	34.22	(52.85)
Net impact on total comprehensive income (before tax)	**286.45**	**125.34**

D. Assets:

Particulars	Gratuity	
	December 31, 2018	December 31, 2017
The fair value of plan assets at the Balance Sheet date for the defined benefit plan is as follows:		
Investment Value in Unit Linked Plans	1,549.97	1,404.88
Investment Value in Non Unit Linked Plans	920.79	864.06
Investment Value in Special Deposit Scheme of Bank Of Baroda	113.28	113.48
Insurer Managed Funds	275.12	269.48
Total	**2,859.16**	**2,651.90**

The Plan does not invest directly in any property occupied by the Company or any financial securities issued by the Company

E. Assumptions:

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	December 31, 2018	December 31, 2017
Discount rate	7.76%	7.74%
Future salary increases	5.50%	5.50%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table

F. Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption as at December 31, 2018 is as shown below:

Assumptions	Discount Rate		Future Salary Increase		Employee Turnover	
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on Defined Benefit Obligation	(257.23)	301.72	305.64	(264.60)	57.92	(65.77)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

G. Expected Employer Contribution for the next year is ₹ 182.40 Lakh (Year 2017:264.09 Lakh).

H. The Average Duration of the defined benefit obligation at the end of reporting period is 13 years.

Note 47: Share-based payments

a) **Performance Share Plans**

On March 12, 2010 the Board of Directors of the Parent Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention programme for the key personnel of the Parent Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Parent Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors of Parent Company.

Participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

Performance Share Plan 2018–2020:

The Performance Share Plan 2018–2020 commenced in year 2018 and the possible reward will be based on the Group's earnings per share (EPS) in 2020. The reward, if any, will be paid during 2021.

Performance Share Plan 2017–2019:

The Performance Share Plan 2017–2019 commenced in year 2017 and the possible reward will be based on the Group's earnings per share (EPS) in 2019. The reward, if any, will be paid during 2020.

Performance Share Plan 2016–2018:

The Performance Share Plan 2016–2018 commenced in 2016 and the possible reward will be based on the Group's earnings per share (EPS) in 2018. The reward, if any, will be paid during 2019.

Performance Share Plan 2015–2017:

The Performance Share Plan 2015–2017 commenced in 2015. The reward was based on the Group's earnings per share (EPS) in 2017 and was paid in 2018.

In terms of the aforesaid plan, the eligible employees of the Company receive certain number of shares of the Parent Company as per the terms and conditions of the Plan. The aforesaid plan is an equity settled plan.

The Company has recognised these share based payment transactions as equity settled share based payment transaction in accordance with the requirements of paragraph 43 A and 43 B of Ind AS 102 Share Based Payments, since the Company receives the services of the employees to whom the shares have been granted by the Parent Company and the Company has no obligation to settle the same.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Details of Shares Granted under various Plans:

Particulars	15-17 Plan	16-18 Plan	17-19 Plan	18-20 Plan
Maximum number of Shares Eligible	12,200	22,000	20,100	20,000
Outstanding as at December 31, 2017	**12,200**	**22,000**	**20,100**	-
Granted during the year	-	-	-	20,000
Forfeited during the year	488	1,800	-	-
Exercised during the year	11,712	-	-	-
Outstanding as at December 31, 2018	-	**20,200**	**20,100**	**20,000**
Vesting Period	2.7 years	2.7 years	2.6 years	2.6 years
Grant Date	April 20, 2015	April 20, 2016	June 12, 2017	May 23, 2018
Exercise price	Nil	Nil	Nil	Nil
Fair Value on the date of Grant (in Euro)	30.79	34.31	35.98	34.82
Fair Value on the date of Grant (in INR)	2,470.28	2,752.69	2,886.68	2,793.61

There have been no cancellations or Modification to the plans.

b) Share Appreciation Rights

During the year 2016, at the General Meeting, the shareholders of the Company had unanimously passed Special Resolution on May 10, 2016 to grant stock appreciation rights (SARs) to the eligible employees of the Company. Pursuant to this resolution, Huhtamaki PPL Limited Employee Phantom Stock Scheme 2015 has been formulated and adopted. Fair value of the SARs is measured at each reporting date taking into account the terms and conditions upon which the SARs were granted.

The SARs will be settled in cash and vest after 2 years from the date of allotment as per the terms and conditions of the grant.

Movements during the year:

Particulars	December 31, 2018 Number	December 31, 2017 Number
Outstanding at the beginning of the year	50,000	33,000
Granted during the year	8,500	17,000
Forfeited during the year	Nil	Nil
Exercised during the year	33,000	Nil
Expired during the year	Nil	Nil
Outstanding at the end of the year	25,500	50,000
Exercisable at the end of the year	Nil	Nil
Exercise Price	Nil	Nil

c) The expense recognised for employee services during the year is shown in the following table

Particulars	December 31, 2018	December 31, 2017
Equity Settled Performance Share Plans	17.71	341.65
Stock Appreciation Rights (SAR)	14.46	54.15
Total	**32.17**	**395.80**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

d) Details of Liabilities/Equity arising from Company's Cash settled and Equity Settled share based payment transactions respectively-

Particulars	December 31, 2018	December 31, 2017
Other Equity - Equity Settled	709.40	691.69
Current Liabilities (Cash Settled)	23.32	65.97
Non-Current Liabilities (Cash Settled)	5.00	14.10

Note 48: Related party transactions

a) Enterprises exercising control	
Ultimate Parent Company	Huhtamaki Oyj., Finland
Holding Company	Huhtavefa B.V., Netherlands
b) Other Related Parties with whom transactions have taken place during the year:	
Fellow Subsidiaries	Huhtamaki Australia Ltd., Australia
	Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany
	Huhtamaki (Thailand) Ltd., Thailand
	Huhtamaki Finance B.V., Netherlands
	Positive Packaging Industries South Africa Pty Ltd.
	Huhtamaki S.a.r.l.
	Positive Packaging United (M.E.) Fzco
	Primetech M.E.FZE
	Huhtamaki Flexible Packaging Middle East LLC.
	Huhtamaki Flexible Packaging Kenya Ltd.
	Huhtamaki Mexicana S.A. De CV.
c) Key Managerial Personnel	Mr Suresh Gupta, Executive Chairman till December 31, 2018
	Dr Arup Basu, Managing Director
	Non-Executive Independent Directors
	Mr Arunkumar Gandhi
	Mr Ramesh K Dhir till March 30, 2018
	Mr S K Palekar
	Mr Nripjit Singh Chawla
	Ms Sukanya Kripalu
	Non-Executive Directors
	Mr Jukka Moisio
	Mr Olli Koponen
d) Post Employment Benefit Plans	Huhtamaki PPL Limited Employees Gratuity Fund Trust
	Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme
	Ajanta Packaging Employees Group Gratuity Assurance Scheme

e) Details of transactions with related parties that have taken place during the year-

Particulars	December 31, 2018	December 31, 2017
1. Ultimate Parent Company		
a) Software and Expense Reimbursements Charge	94.59	121.74
b) Expense Reimbursements - Charge	11.03	12.12
c) Expense Reimbursements - Recovery	204.03	0.76
d) Due to Ultimate Parent Company	83.66	118.93
e) Due from Ultimate Parent Company	37.78	0.76
2. Holding Company		
Dividend Paid		
- Huhtavefa B.V., Netherlands	1,516.62	1,500.12

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	December 31, 2018	December 31, 2017
3. Fellow Subsidiaries		
Sale of Goods		
- Huhtamaki Australia Ltd., Australia	26.44	74.30
- Positive Packaging Industries South Africa Pty Ltd.	8,133.48	8,173.01
- Positive Packaging United (M.E.) FZCO	71.39	116.05
- Primetech M.E. FZE	-	25.50
- Huhtamaki Flexible Packaging Middle East LLC.	14.27	37.52
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	32.27	2.97
- Huhtamaki Mexicana S.A. De C.V.	162.44	-
- Huhtamaki Thailand	522.97	-
Sale of Services		
- Huhtamaki Finance B.V., Netherlands	636.60	-
Interest on Debentures		
- Huhtamaki S.a.r.l.	2,695.00	2,694.68
Commission Expenses on Sales		
- Positive Packaging Industries South Africa Pty Limited	78.26	101.08
- Huhtamaki Flexible Packaging Kenya Ltd.	9.40	14.19
Huhtamaki Finance B.V., Netherlands - Remuneration paid by fellow subsidiary to Mr Suresh Gupta as Senior Advisor for Huhtamaki Group	268.83	267.73
Expense Reimbursements - Recovery		
- Positive Packaging United (M.E.) FZCO	1.37	0.37
- Huhtamaki Finance B.V., Netherlands	-	185.88
Expense Reimbursements - Charge		
- Positive Packaging United (M.E.) FZCO	-	0.77
Balances due to		
- Huhtamaki S.a.r.l. (Debentures and interest thereon not due)	39,672.71	39,666.38
- Huhtamaki Flexible Packaging Kenya Limited	40.15	30.76
- Positive Packaging Industries South Africa Pty Ltd.	42.78	75.96
Balances due from		
- Huhtamaki Australia Ltd., Australia	0.41	4.48
- Positive Packaging Industries South Africa Pty Ltd.	1,402.42	2,665.20
- Positive Packaging United (M.E.) FZCO	40.35	38.84
- Huhtamaki (Thailand) Ltd, Thailand	398.07	-
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	8.75	3.25
- Huhtamaki Flexible Packaging Middle East LLC	0.66	10.04
- Huhtamaki Finance B.V., Netherlands	165.71	169.65
- Huhtamaki Mexicana S.A. De C.V.	162.44	-
4. Huhtamaki Oyj has given Corporate guarantee to Standard Chartered Bank as security in respect of Fund and Non-Fund based facilities of ₹ 10,265 Lakh availed by the Company.		
5. Details of Contribution to Post Employment Benefit Plans		
- Huhtamaki PPL Limited Employees Gratuity Fund Trust	404.71	143.58
- Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme	78.68	45.99
6. Compensation of Key Management Personnel		
Short-Term Employee Benefits **	524.32	553.71
Post-Employment Benefits **	27.05	23.79
Long-Term Employee Benefits **	-	-
Stock Appreciation Rights	-	45.13
Share-Based Payment Transactions *	10.94	65.57
Total Compensation Paid to Key Management Personnel	**562.31**	**688.20**
Balances due to Key Managerial Personnel on Retirement	**184.53**	-

* Key managerial personnel are eligible for share based payments of the Ultimate Holding Company for which there is no cash outflow from the Company.
** As the future liabilities for gratuity and leave encashment are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Particulars	December 31, 2018	December 31, 2017
7. Dividend Paid to Key Managerial Personnel		
Mr A Venkatrangan	-	0.15
8. Fees for attending board meeting paid to Key Managerial Personnel		
Mr Arunkumar Gandhi	7.50	9.05
Mr Ramesh K Dhir	1.10	5.23
Mr S K Palekar	5.30	8.04
Mr Nripjit Singh Chawla	5.70	6.54
Ms Sukanya Kripalu	5.10	6.54
9. Commission to Key Managerial Personnel#		
Mr Arunkumar Gandhi	34.00	34.00
Mr Ramesh K Dhir	2.50	11.50
Mr S K Palekar	17.50	17.50
Mr Nripjit Singh Chawla	18.00	18.00
Ms Sukanya Kripalu	18.00	18.00

#amount of commission remains outstanding as on 31 December each year.

10. Terms and Conditions

i) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.
ii) All related party transactions entered during the year were in ordinary course of business and on arms length basis.
iii) The Company has not recorded any impairment of receivables related to amounts owed by related parties.

Note 49: Segment information

For Management purpose, the Company comprise of only one reportable segment - Consumer Packaging.

The Executive Management monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

i. Revenue from Geographic Segments

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
India	182,351.16	168,032.23
Outside India	50,859.84	51,871.39
Total	**233,211.00**	**219,903.62**

ii. Entire Non-Current Assets of the Company are situated in India

iii. Major customer

Revenue from one customer of the Company is ₹ 24,483.06 Lakh (2017: ₹ 22,836.89 Lakh) which is 10.50% (2017: 10.38%) of the Company's total revenue.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 50: Financial Instruments

A. Accounting Classifications and Fair Values-

The carrying amounts and fair values of financial instruments by class are as follows:

Particulars	Note No.	As at December 31, 2018		As at December 31, 2017	
		Carrying values	Fair values	Carrying values	Fair values
Financial Assets measured at Fair value through Profit and Loss					
i. Current Investments	13	2,112.18	2,112.18	13,749.79	13,749.79
ii. Other Financial Assets - Derivative Assets (Current)	18	-	-	108.69	108.69
Financial Liabilities measured at Amortised Cost					
i. Floating Rate Borrowings (Current and Non-Current)	27	915.27	915.27	840.21	840.21
ii. Sales Tax Deferral Loans (Current and Non-Current)	23	911.38	822.92	1,263.22	1,082.30
iii. Debentures	23	38,484.60	38,484.60	38,470.38	38,470.38

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, Trade receivables, Loans, Other Financial Assets, Trade Payables, Other Financial Liabilities at carrying value, because, their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.

B. Calculation of Fair Values-

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended December 31, 2017.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
2. The fair values of the forward contracts used for expected future sale have been determined using forward pricing, based on present value calculations.
3. The fair value of the Company's Sales Tax Deferral Loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.
4. Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.
5. Loans have fair values that approximate their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

C. Fair Value Hierarchy-

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data

For assets and liabilities which are measured and disclosed at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarised below:

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2018:

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	2,112.18	-	-	2,112.18
Liabilities for which fair value has been disclosed				
Floating Rate Borrowings	-	-	915.27	915.27
Sales Tax Deferral Loans	-	-	822.92	822.92
Debentures	-	-	38,484.60	38,484.60

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2017:

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	13,749.79	-	-	13,749.79
Derivatives - Forward exchange Contracts	-	108.69	-	108.69
Liabilities for which fair value has been disclosed				
Floating Rate Borrowings	-	-	840.21	840.21
Sales Tax Deferral Loans	-	-	1,082.30	1,082.30
Debentures	-	-	38,470.38	38,470.38

There have been no transfers between Level 1 and Level 2 during the period.

Note 51: Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, current investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risk and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor controls, periodically review changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Board of Directors and Audit Committee of the Company.

A. Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout most of the year ended December 31, 2018 and December 31, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in other highly marketable debt investments to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Particulars		Undiscounted		
	Carrying amount	Payable within one year	More than one year to 5 years	Total
As at December 31, 2018				
Borrowings (Long-Term)	39,036.68	-	39,052.08	39,052.08
Other Financial Liabilities (Non-Current)	91.66	-	91.66	91.66
Borrowings (Current)	915.27	915.27	-	915.27
Trade Payables	36,160.93	36,160.93	-	36,160.93
Retention Money Payable (Current)	915.53	915.53	-	915.53
Current Maturity of Long-Term Borrowings	359.30	359.30	-	359.30
Other Financial Liabilities (Current)	4,881.60	4,881.60	-	4,881.60
As at December 31, 2017				
Borrowings (Long-Term)	39,423.65	-	39,453.27	39,453.27
Other Financial Liabilities (Non-Current)	164.62	-	164.62	164.62
Trade Payables	36,539.59	36,539.59	-	36,539.59
Retention Money Payable (Current)	668.40	668.40	-	668.40
Current Maturity of Long-Term Borrowings	1,150.16	1,164.34	-	1,164.34
Other Financial Liabilities (Current)	5,064.62	5,064.62	-	5,064.62

B. Management of Market Risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

1. Currency Risk
2. Price Risk
3. Interest Rate Risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

i. Currency Risk:

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

Particulars	Foreign Currency in Lakh		
	Currency	December 31, 2018	December 31, 2017
Derivative Instruments Outstanding			
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export	USD	24.00	20.00
Foreign Exchange Exposures			
Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods.	USD	183.20	196.96
	EUR	9.28	14.09
	GBP	1.10	5.35
	AED	23.80	23.54
	AUD	4.43	2.82
	CAD	7.81	3.51
Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	USD	99.34	130.57
	EUR	2.65	1.77
	JPY	28.47	-
	GBP	0.09	0.11
Cash and Bank balance in foreign currency	USD	0.34	0.24
	EUR	0.29	0.00
	GHS	-	0.01
	Chinese Yuan	-	0.00
	JPY	-	0.01
	GBP	0.25	0.31
Derivatives taken to Cover Forecast Exposures			
Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	USD	48.00	35.00
Forward Exchange contracts taken for the forecast Capital imports.	EUR	10.00	14.71

Total Unhedged Exposure as on respective reporting dates

Particulars	Foreign Currency in Lakh	
	December 31, 2018	December 31, 2017
Currency		
USD	12.20	11.63
EUR	16.92	27.03
GBP	1.26	5.55
AED	23.80	23.54
AUD	4.43	2.82
CAD	7.81	3.51
JPY	(28.47)	0.01
GHS	-	0.01
Chinese Yuan	-	0.00

b) Sensitivity-

The sensitivity of profit or loss to changes in exchange rates by 5% (holding all other variables constant) arises mainly from foreign currency denominated financial instruments

Currency	December 31, 2018		December 31, 2017	
	Increase in Profit	Decrease in Profit	Increase in Profit	Decrease in Profit
USD	42.74	(42.74)	37.28	(37.28)
EUR	67.85	(67.85)	103.37	(103.37)
GBP	5.58	(5.58)	23.92	(23.92)
AED	22.69	(22.69)	20.54	(20.54)
AUD	10.96	(10.96)	7.04	(7.04)
CAD	20.07	(20.07)	8.91	(8.91)
JPY	0.90	(0.90)	-	-

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

The Company's exposure to foreign currency changes for all other currencies is not material.

ii) Price Risk:

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments

The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.

At December 31, 2018, the investments in debt mutual funds amounts to ₹ 2,112.18 Lakh (December 31, 2017: ₹ 13,749.79 Lakh). These are exposed to price risk.

A 1% increase in prices would have led to approximately an additional ₹ 21 Lakh gain in the Statement of Profit and Loss (2017: ₹ 137 Lakh gain). A 1% decrease in prices would have led to an equal but opposite effect

iii) Interest Rate Risk:

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. To hedge interest rate risk mix of variable and fixed instruments is judiciously applied for financing company's requirement.

a) Interest rate risk exposure

The exposure of Company's borrowing to interest rate changes at the end of the year are as follows:

Particulars	December 31, 2018	December 31, 2017
Floating Rate Borrowings	915.27	840.21
Total Borrowings	**915.27**	**840.21**

b) Sensitivity

The sensitivity of profit or loss to changes in interest rates is as follows:-

Particulars	December 31, 2018	December 31, 2017
Interest rates increase by 100 basis points* - Decrease in Profit	(9.15)	(8.40)
Interest rates decrease by 100 basis points * - Increase in Profit	9.15	8.40

* Holding all other variables constant

C) Management of Credit Risk

Trade Receivables:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. Further majority of the Company's customers are Companies with strong financial stability. All trade receivables are reviewed and assessed for default on a quarterly basis, through detailed review with the business teams.

Credit to be given to a customer is assessed based on credit quality of the customer and individual credit limits are defined in accordance with this assessment.

Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Other Financial Assets:

The Company maintains exposure in cash and cash equivalents, term deposits with banks, liquid mutual funds and derivative instrument. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. The Company's maximum exposure to credit risk as at December 31, 2018 and December 31, 2017 is the carrying value of each class of financial assets.

There is no major change as compared to previous year w.r.t to risk management and policies

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

Note 52: Capital management

For the purpose of Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, entire loans and borrowings less cash and cash equivalents, bank balance other than cash and cash equivalents and investment in liquid mutual funds.

Particulars	December 31, 2018	December 31, 2017
Borrowings	40,311.25	40,573.81
Investments in Liquid Mutual Funds	2,112.18	13,749.79
Cash and cash Equivalents	4,763.89	4,436.36
Bank balance other than cash and cash equivalents	12.46	32.90
Net debt	**33,422.72**	**22,354.76**
Equity share capital	1,510.53	1,510.53
Other Equity	54,137.26	53,396.07
Total Equity	**55,647.79**	**54,906.60**
Debt – Equity Ratio	**0.60**	**0.41**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2018 and December 31, 2017.

Note 53: Acquisition of Business of Ajanta Packaging

On June 1, 2018, the Company acquired Business of Ajanta Packaging, a partnership firm in India on Slump Purchase basis by way of cash payment to Ajanta Packaging. Ajanta Packaging is a partnership firm specialising in manufacture of Pressure Sensitive Labels.

The Company acquired business of Ajanta Packaging as it enhances its Pressure Sensitive Labels manufacturing capacity and also provides the Company with new customers and synergies in Purchasing.

The Company has measured the acquired business of Ajanta Packaging at fair value.

Assets Acquired and Liabilities assumed-
The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Assets	₹ in Lakh
Property, Plant & Equipment	3,471.10
Non-Compete	359.30
Customer Lists	1,168.10
Cash and Cash Equivalents	17.89
Trade Receivables	1,568.95
Inventories	306.85
Loans and Advances	16.17
	6,908.36
Liabilities	
Trade Payables	1,814.90
Employee Benefits Payable	72.81
Others	19.77
Deferred Tax Liability	593.65
	2,501.13
Net Assets Acquired	**4,407.23**
Purchase Consideration transferred	**9,078.46**
Goodwill arising on Acquisition	**4,671.23**

Notes to the Financial Statements

for year ended December 31, 2018

(All amounts ₹ in Lakh, unless otherwise stated)

The Goodwill of ₹ 4,671.23 Lakh comprises the value of expected synergies arising from acquisition, trained manpower and established earning capacity of the business, which has not been seperately recognised. Goodwill of ₹ 4,077.58 Lakh is tax deductible.

From the date of acquisition, business of Ajanta Packaging has contributed ₹ 5,509.21 Lakh to revenue and ₹ 683.37 Lakh to the profit before tax.

Note 54

In view of the acquisition of business of Ajanta Packaging referred to in Note 53, the figures for the current year are not comparable with corresponding figures of previous year.

Note 55

The Company, in relation to its Thane manufacturing facility, received a closure notice on November 20, 2018 from Maharashtra Pollution Control Board ('MPCB'), pursuant to the provisions of Water & Air Pollution Act, against which the Company filed an appeal with the National Green Tribunal ('NGT'). The Company submitted documentary evidence of its compliance under the Plastic Waste Management Rules, 2016, (PWM Rules) to MPCB and on December 14, 2018 withdrew its appeal before the NGT, with liberty to file a fresh appeal, which has been accepted by NGT. On January 3, 2019, the Central Pollution Control Board ('CPCB') certified the Company as 'Producer' as per the PWM Rules, notified under the Environmental (Protection) Act, 1986 covering all its manufacturing sites. In view of the actions taken, the Company expects withdrawal of the closure notice by MPCB.

Note 56

Since the Chief Financial Officer has resigned w.e.f. January 18, 2019 and the Company is still in the process of appointing a new Chief Financial Officer as required under Section 203 of the Companies Act, 2013, the financial statements have not been signed by a Chief Financial Officer as required by Section 134 of the Companies Act, 2013.

Note 57: Events after the reporting period

The Board has recommended dividend of ₹ 3 per share (December 31, 2017 - ₹ 3 per share) for the year 2018.

As per our report of even date

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Vinayak Pujare
Partner
Membership No.101143

Mumbai
February 18, 2019

For and on behalf of the Board of Directors

Murali Sivaraman
Chairman
DIN: 01461231

Dr Arup Basu
Managing Director
DIN: 02325890

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
February 18, 2019

Manufacturing Locations

Parwanoo
Khasra No. 90/1, Village Amboli,
Old Kasauli Road, Sec – 4,
Parwanoo, Dist. Solan – 173 220,
Himachal Pradesh
Tel: + 91 0179 2234038/039

Rudrapur
Plot No. 70 – 73, Sector–4, IIE Pantnagar, Rudrapur,
Dist. U.S. Nagar, Rudrapur – 263 153,
Uttarakhand
Tel: + 91 05944 250183/84/85
Fax: + 91 05944 250186

Gangtok
Parcha Khaitan No. 298, Plot No. 2276, West Pandam Block,
Gangtok Sub-Division, Majhitar, Rangpo,
East Sikkim, Gangtok – 737 136,
Sikkim.
Tel: + 91 9816064164

Ambernath
Unit I:
21/1, Chikhloli MIDC, Kalyan-Badlapur Road,
Ambernath (W), Dist. Thane – 421 505, Maharashtra
Tel: +91 – 251 – 2685300
Fax: +91 – 251 – 2683300

Unit II:
B/84, Additional Ambernath MIDC Anandnagar,
Ambernath (E), Dist. Thane – 421 506, Maharashtra
Tel: +91 – 251 – 3081200/2621246
Fax: +91 – 251 – 2621978

Silvassa
Survey No. 34, Hissa 1/3,
At Post Umarkoi, via Silvassa,
Dadra & Nagar Haveli (U.T.)
Silvassa – 396 230
Tel: +91 – 260 – 2681005/2681009
Fax: +91 – 260 – 2681003

Guwahati
Village Abhaypur,
Mouza Sila Sindurighopa,
North Guwahati, Distt Kamrup (R) – 781031, Assam
Tel: + 91 6913307133

Bengaluru
Unit I:
Plot Nos. 152, 153 & 33,
Bommasandra – Jigani Link Road Indl. Area,
Anekal Taluka, Bengaluru, Karnataka – 560 105
Tel: +91 – 080 – 30565000
Fax: +91 – 080 – 30565100

Unit II:
Plot No. 155 Bommasandra – Jigani Link Road Indl. Area,
Anekal Taluka, Bengaluru, Karnataka – 560 105
Tel: +91 – 080 – 30564700
Fax: +91 – 080 – 30565100

Taloja
P. O. Box No. 55, Plot No. V 26,
MIDC, Taloja Industrial Area Taluka Panvel,
Dist. Raigad – 410 208 Maharashtra
Tel: + 91 22 39211600
Fax: + 91 22 39211610

Mahape
A – 68 TTC Industrial Estate,
Processing Zone, Mahape
Navi Mumbai – 400709, Maharashtra
Tel:+ 91 22 2778 0303
Fax: + 91 22 2778 0301

Thane
L.B.S. Marg Majiwade,
Thane (West) – 400 601
Tel: + 91 22 21735551/21735591
Fax: + 91 22 21735599/21735650

Hyderabad
Unit I:
Plot Nos. 139 & 148, Sri Venkateshwara Co-op. Industrial
Estate, Bollaram, Medak Dist, Hyderabad – 502 325
Telangana
Tel: + 91 8458 – 279628/279616
Fax: + 91 8458 – 279464

Unit II:
Plot No.172, Survey No. 172, Bollaram Village Jinnaram
Mandal, Medak District, Hyderabad – 502 325, Telangana
Tel: + 91 – 8458 – 279110

Khopoli
Village Ransai, KM. 16
Survey Nos. 51, 52 & 53,
Pen Road, Khopoli – 410 203
Maharashtra
Tel: +91 – 2192 – 391300
Fax: +91 – 2192 – 391310

Daman
OIDC, Plot No. C-5,
Mahatma Gandhi Udyog Nagar Industrial Estate,
Dabhel, Daman – 396 210
Tel: +91 – 260 – 2240756/3248772

Baddi
Plot No. 9, Village Kunjhal,
P. O. Barotiwala, Dist. Solan,
Baddi – 173 205
Himachal Pradesh

Notes

Corporate Information

BOARD OF DIRECTORS

Mr Murali Sivaraman
Chairman

Dr Arup Basu
Managing Director

Mr Nripjit Singh Chawla
Independent Director

Mr Arunkumar Gandhi
Independent Director

Mr Olli Koponen
Non-Executive Director

Ms Sukanya Kripalu
Independent Director

Mr Jukka Moisio
Non-Executive Director

Mr S K Palekar
Independent Director

Mr Sami Pauni
Non-Executive Director

Mr D V Iyer
Company Secretary & Head - Legal

BANKERS

Standard Chartered Bank

The Hongkong and Shanghai
Banking Corporation Ltd.

State Bank of India

HDFC Bank Ltd.

AUDITORS

S R B C & CO. LLP
Chartered Accountants

REGISTERED & CORPORATE OFFICE

Unit No. 12A-06, B-Wing, 13th Floor,
Parinee Crescenzo, Plot No. C-38/C-39,
G Block, Behind MCA, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
Tel: +91 22 6174 0400
Fax: +91 22 6174 0401
website: www.ppl.huhtamaki.com

CENTRAL HEADQUARTERS

L B S Marg, Majiwade,
Thane (West) – 400 601,
Maharashtra, India
Tel: +91 22 2173 5551/2173 5591
Fax: +91 22 2173 5599/2173 5650

CUSTOMER SUPPORT OFFICES

Bengaluru
#91, West Park Road, 17th Cross,
Malleswaram, Bengaluru – 560 055
Karnataka
Tel: + 91 80 23568979/8980
Fax: + 91 80 2296522

Kolkata
5th Floor, Laha Paint House,
7 Chittaranjan Avenue,
Kolkata – 700 072, West Bengal
Tel: + 91 33 2237 2812/2234 8281
Fax: +91 33 2225 5654

Mumbai
Airmail Pen House, 3rd Floor, Tejpal Scheme,
Road No. 5, Vile Parle (East), Mumbai – 400 057
Tel: + 91 22 6692 5691/92

New Delhi
504/506, Ansal Chamber II,
6 Bhikaji Cama Palace,
New Delhi – 110 066
Tel: + 91 11 2619 4795/5641
Fax : + 91 11 26194389

R & D Centre – Thane
L B S Marg Majiwade, Thane (West) – 400 601
Tel: + 91 22 21735551/ 21735591/ 61740100
Fax: + 91 22 21735599/21735650

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/Concept, content and design at AICL (hello@aicl.in)

Huhtamaki - PPL

Huhtamaki PPL Limited

CIN: L21011MH1950FLC145537
Regd. Office: Unit No. 12A-06, B-Wing, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39,
"G" Block, Behind MCA, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
E-mail: investor.communication@ppl.huhtamaki.com, website: www.ppl.huhtamaki.com
Contact No.: 022 6174 0400 Fax: 022 61740401

NOTICE OF THE SIXTY NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of the members of Huhtamaki PPL Limited will be held on Thursday, May 9, 2019, at 4.00 p.m., at RAMA & SUNDRI WATUMULL AUDITORIUM, K C College Building, Vidyasagar Principal K M Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended December 31, 2018 together with the Reports of the Board of Directors and the Auditor's thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr Olli Koponen (DIN: 07370927), who retires by rotation and being eligible offers himself for re-appointment.

Special Business:

4. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 ("the Act") if any, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s R Nanabhoy & Co, Cost Accountants, appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of the cost records of the Company for financial year ending December 31, 2019, at a remuneration of ₹ 7,00,000/- (Rupees Seven Lakh only), plus applicable Goods and Service Tax and out of pocket expenses that may be incurred in the course of their audit, be and is hereby ratified.

5. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) as amended, Mr Murali Sivaraman (DIN: 01461231), who has given his consent for appointment as an Independent Director of the Company and has also submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and SEBI Listing Regulations and who is eligible for appointment, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five consecutive years, with effect from January 1, 2019."

6. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations the provisions and Disclosure Requirements) Regulations, 2015, Mr Sami Pauni (DIN: 08112919) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, with effect from May 9, 2019 liable to retire by rotation."

By Order of the Board
For **Huhtamaki PPL Limited**

D V Iyer
Company Secretary & Head - Legal
(ACS 13004)

Mumbai
March 26, 2019

REGISTERED OFFICE
12A-06, B-Wing, 13th Floor,
Parinee Crescenzo,
Plot Nos. C-38 & C-39,
"G" Block, Behind MCA, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

NOTES:

1. The Company's Statutory Auditors, SRBC & CO. LLP, were appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the Company held on May 7, 2015 on a remuneration to be determined by the Board of Directors. Their appointment was subject to ratification by the members at every subsequent Annual General Meeting held after the AGM held on May 7, 2015. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

   In view of the above, ratification of the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of proxy in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.

3. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto.

4. Corporate members intending to send their authorised representatives to attend and vote at the meeting are requested to send a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.

5. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, April 26, 2019 to Thursday, May 9, 2019 (both days inclusive) for determining the shareholders who are entitled to receive dividend on equity shares. In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as of Thursday, April 25, 2019 as per details furnished by the Depositories for this purpose.

6. All correspondence relating to transfer of shares, change of address, dividend mandates etc. quoting their folio numbers should be sent to the Registrar & Share Transfer Agents (R&T Agents) only at their following address:

   TSR Darashaw Ltd. (Unit: Huhtamaki PPL Limited)

   Address: 6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr E Moses Road,
   Mahalaxmi, Mumbai - 400 011, Maharashtra
   Tel: + 91 22 - 66568484 Fax: + 91 22 – 66568494
   website: www.tsrdarashaw.com,
   E-mail: csg-unit@tsrdarashaw.com

7. **Unclaimed/Unpaid Dividend & Shares:**

   Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of 7 years from the date on which such dividend was due for the payment for the first time, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not encashed their dividend warrant(s) for the Financial Year ended December 31, 2011 or for any subsequent Financial Years are requested to send their claims to the Registrar and Share Transfer Agents of the Company at their address mentioned above as early as possible failing which it would be transferred to IEPF as per the tentative dates mentioned herein below:

Sr. No.	Financial Year	Date of Declaration of Dividend	Tentative date of transfer to IEPF
1	2011	May 9, 2012	June 9, 2019
2	2012	May 10, 2013	June 11, 2020
3	2013	May 9, 2014	June 11, 2021
4	2014	May 11, 2015	June 11, 2022
5	2015	May 13, 2016	June 15, 2023
6	2016	June 15, 2017	July 17, 2024
7	2017	May 11, 2018	June 7, 2025

   Further, the Ministry of Corporate Affairs notified the IEPF Rules and amendment thereto. Pursuant to the provisions of the IEPF Rules read with Section 124(5) and Section 124(6) of the Companies Act, 2013, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to demat account of IEPF authority. It may be noted that once the unclaimed dividend/share is transferred to the IEPF as above, no claim shall lie in respect thereof with the Company. The Members/Claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF-5 (available on iepf.gov.in) along with requisite fee as decided by the Authority from time to time. Post making the online application the shareholder shall send the duly signed Form IEPF-5 along with requisite documents to the Registrar and Share Transfer Agents of the Company at their address mentioned above for verification of the claim and payment/transfer of the shares by IEPF Authority.

8. The Member/Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules and amendments thereto.

   All corporate benefits on such shares viz. Bonus shares, split of shares etc. including dividend shall be credited to the IEPF.

9. Members who hold shares in physical form -

   a) Are requested to inform R&T Agent of the Company, their e-mail address, Permanent Account Number (PAN), if any, allotted to them by the Income Tax Authorities.

   b) Can avail the facility of nomination in the prescribed form. The nominee shall be the person in whom all rights of transfer shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is mentioned in the nomination form. The facility of nomination is not available to non-individual shareholders such as Societies, Trusts, Bodies Corporates, Partnership Firms, Kartas of Hindu Undivided Families and holders of Powers of Attorney. For further details, members may please contact the Company's Secretarial Department at the Registered Office or the R&T Agent of the Company.

   c) Are requested to notify to the R&T Agent of the Company, any change in their addresses, bank details, e-mail ID, quoting their folio numbers.

   d) Are requested to note that, Securities and Exchange Board of India (SEBI) has mandated disbursement of payment of cash corporate electronically/incorporation of bank details on payment instruments. Members are therefore requested to register their complete bank details viz. name of the bank and branch, Bank Account number and account Type, MICR and IFSC code against their folio. This will also avoid any loss/interception in postal transit and also to get prompt credit of dividend through National Automated Clearing House (NACH). Members are requested to provide details of their bank account along with original cancelled cheque leaf quoting their folio numbers to the R&T Agent. Please note payment without bank details is disallowed.

   e) Under multiple folios are requested to submit their application to R&T Agents for consolidation of folios into a single folio.

10. Members holding shares in dematerialised form:

    a) may contact their Depository Participant(s) (DP) for recording nomination in respect of their shares.

    b) Are requested to intimate all changes pertaining to their bank details, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their DP only. Changes intimated to the DP will then be automatically reflected in the Company's records.

    c) Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.

    d) Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

11. SEBI vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated June 8, 2018, amended Regulation 40 of SEBI Listing Regulations pursuant to which after December 5, 2018, transfer of securities could not be processed unless the securities are held in dematerialised form with a depository. The said deadline has been extended by SEBI to March 31, 2019. Members holding shares in physical form are requested to dematerialise their holdings at the earliest as it will not be possible to transfer shares held in physical mode after the extension of the deadline, announced by SEBI.

12. Members are requested to bring their copies of the Annual Report and attendance slip to the Annual General Meeting.

13. Route Map showing directions to reach to the venue of the 69th Annual General Meeting is given at the end of this Notice.

14. All Documents referred to in this Notice and Statement setting out material facts are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 noon up to the date of 69th Annual General Meeting.

15. The 69th Annual Report of the Company circulated to the Members, will be made available on the Company's website www.ppl.huhtamaki.com and also on the website of respective stock exchanges at www.bseindia.com and www.nseindia.com.

16. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Rule 20 of Companies (Management and Administration) Rules, 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) of the Institute of Company Secretaries of India (ICSI) the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities and for security

and enabling the members to cast their vote in a secure manner. The procedure to be followed by the members for e-voting is as follows:

(i) The voting period begins on Monday, May 6, 2019 at 10.00 a.m. and ends on Wednesday, May 8, 2019 at 5.00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. Thursday, May 2, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting, thereafter.

(ii) Shareholders who have already voted through remote e-voting would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com

(iv) Click on "Shareholders/Members" tab.

(v) Now Enter your User ID

a) For CDSL: 16 digits beneficiary ID,

b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• Members who have not updated their PAN with the Company/Depository Participants are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field or the demat account/folio number in the PAN field.
	• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.
	• If both the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Huhtamaki PPL Ltd> on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten his password, then Enter the User ID and the image verification code and click on "forgot password" and enter the details as promoted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non-Individual Shareholders and Custodians -

- Non-Individual shareholders/Institutional members and custodians (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates;
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com;
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on;
- The list of accounts linked in the login should be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote; and
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

General Information on e-voting:

1. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Thursday, May 2, 2019, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or
2. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiniser, through electronic media i.e. onsite evoting or "Ballot Paper/Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. The Facility for Voting at meeting venue shall be decided by the Company i.e. onsite voting or "Ballot Paper/Polling Paper".
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The Company has appointed Ms Malati Kumar, Practising Company Secretary (COP: 10980) or failing her Ms Alpana Pobi, Practising Company Secretary (COP: 16131) of M/s S N ANANTHASUBRAMANIAN & CO., Company Secretaries, as Scrutiniser to scrutinise the voting and remote e-voting process and the voting at the Meeting in a fair and transparent manner.
5. The consolidated results of remote e-voting and voting at the meeting along with the Scrutinisers Report shall be placed on the Company's website www.ppl.huhtamaki.com and on the website of CDSL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchange(s) where the shares of the Company are listed.

Statement Pursuant to Section 102(1) of the Companies Act, 2013:

Item No. 4

The Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the appointment of M/s R Nanabhoy & Co., Cost Accountants (Firm Registration No. 7464), as Cost Auditors to conduct audit of cost records of the Company for financial year ending December 31, 2019.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor has to be approved by the members of the Company.

Accordingly, consent of the Members is being sought by way of an Ordinary Resolution as set out at Item No. 4 of the Notice for approval of the remuneration amounting to ₹ 7,00,000/- (Rupees Seven Lakh only), plus applicable Goods and Service Tax and out of pocket expenses to the Cost Auditors.

Your Board of Directors recommend passing of the Ordinary Resolution as set out in this Notice.

None of the Directors or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

Item No. 5

The Board of Directors at their meeting held on November 1, 2018 based on recommendations of Nomination & Remuneration Committee and pursuant to provisions of Section 161 of the Act and subject to approval of members in General Meeting, appointed Mr Murali Sivaraman (DIN: 01461231) as an Independent Director (Additional) of the Company not liable to retire by rotation, to hold office for a term of five consecutive years, with effect from January 1, 2019. Mr Murali Sivaraman (DIN: 01461231) pursuant to Section 160 of the Companies Act, 2013 holds his office till the date of the ensuing AGM. Mr Murali Sivaraman (DIN: 01461231) has submitted a declaration that he meets the criteria of Independence under Section 149 (6) of the Act read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director at the forthcoming Annual General Meeting of the Company. Copy of the letter of appointment as Independent Director is available for inspection by Members at the Registered Office of the Company.

It is proposed to appoint Mr Murali Sivaraman (DIN: 01461231) as Independent Director of the Company under Section 149 of Companies Act, 2013 and read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office for a term of five consecutive years, with effect from January 1, 2019.

Mr Murali Sivaraman (DIN: 01461231) has given his consent to act as Director and is not disqualified from being appointed as Director in terms of Section 164 of the Act and in the opinion of the Board, fulfills the conditions for appointment as an Independent Director as specified in the Act and the Rules made thereunder. Detailed information about Mr Murali Sivaraman (DIN: 01461231) is provided in the Annexure to this notice.

Copy of the draft letter for appointment of Mr Murali Sivaraman (DIN: 01461231) as an Independent Director of the Company setting out the terms and conditions are available for inspection by members at the Registered Office of the Company and is also available on the website of the Company.

Accordingly, the Board of Directors recommends the resolution as set out in Item No. 5 of the Notice of AGM for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, except Mr Murali Sivaraman (DIN: 01461231)) or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

Item No. 6

The Board of Directors of the Company at their meeting held on February 18, 2019 based on recommendation of Nomination & Remuneration Committee and pursuant to provisions of Section 161 of the Act, appointed Mr Sami Pauni (DIN: 08112919) as an Non-Executive Director (Additional) with effect from February 18, 2019. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr Sami Pauni (DIN: 08112919) holds his office till the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director at the forthcoming Annual General Meeting of the Company.

It is proposed to appoint Mr Sami Pauni (DIN: 08112919) as Non-Executive Director liable to retire by rotation with effect from May 9, 2019.

Mr Sami Pauni (DIN: 08112919) has given his consent to act as Director and is not disqualified from being appointed as Director in terms of Section 164 of the Act and Rules made thereunder.

Detailed information about Mr Sami Pauni (DIN: 08112919) is provided in the Annexure to this notice.

Accordingly, the Board of Directors recommends the resolution as set out in Item No. 6 for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, except Mr Sami Pauni (DIN: 08112919) or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

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By Order of the Board
For **Huhtamaki PPL Limited**

D V Iyer
Company Secretary & Head - Legal
(ACS 13004)

Mumbai
March 26, 2019

REGISTERED OFFICE
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
Plot Nos. C-38 & C- 39,
“G” Block, Behind MCA, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

Annexure

Profile of the Director being appointed/re-appointed as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 –

Name of Director	Mr Olli Koponen (DIN: 07370927)	Mr Murali Sivaraman (DIN: 01461231)	Mr Sami Pauni (DIN: 08112919)
Date of Birth	19/01/1959	21/04/1961	10/06/1974
Nationality	Finnish	Indian	Finnish
Date of Appointment	17/12/2015	01/01/2019	18/02/2019
Qualification	Master's Degree in Engineering - Automation & Information Technology	Fellow Member of the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad	Masters Degree in Law
Expertise in specific field	He has worked with Systecon Oy (1984-90) before joining Huhtamaki Oyj in the year 1990. He has held several roles and presently holds the position as Executive Vice President - Flexible Packaging.	Mr Murali Sivaraman is presently the Chairman and Director, Signify Innovation India Ltd., (previously known as Philips Lighting India Limited). In his previous role, he served as President of Philips Lighting Growth Market and Executive Vice President of Philips Lighting. During his tenure with Philips, he has successfully completed and integrated 2 acquisitions and has worked with Marketing, Innovations and Supply Teams, spread across the globe. He also worked with Akzo Nobel (formerly ICI) for appx. 20 years in global positions and also had brief stints in Software Consulting Business.	Mr Sami Pauni has a Masters Degree in Law and is Senior Vice President, Corporate Affairs and Legal, Group Legal Counsel - Huhtamaki. He has worked in different legal and corporate roles in Huhtamaki Oyj.
Name of other companies in which he holds Directorship*	Nil	**Signify Innovation India Ltd.: -** Chairman	Nil
Name of other companies in which he holds Chairmanship/ Membership of Committees of Board$	Nil	**Signify Innovation India Ltd.:** Audit Committee - Member Stakeholder Relationship Committee - Member	Nil
No. of Shares held in Huhtamaki PPL Ltd.	Nil	Nil	Nil

Note:

* excludes directorships held in private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, foreign companies and Companies under Section 8 of Companies Act, 2013.

$ includes Chairmanship/membership of the Audit Committee and the Stakeholders Relationship Committee of only public limited companies, whether listed or not.

Huhtamaki PPL Limited

CIN : L21011MH1950FLC145537
Registered Office: Unit No. 12A-06, B-wing, 13th Floor, Parinee Crescenzo,
Plot Nos. C-38 & C-39, "G" Block, Behind MCA, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
E-mail: investor.communication@ppl.huhtamaki.com website: www.ppl.huhtamaki. com
Contact No. 022 6174 0400 Fax: 022 61740401

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered address :

E-mail ID :

Folio No./Client ID* : DP ID*

I/We being the member(s) of .... shares of Huhtamaki PPL Limited, hereby appoint:

1. Name:
   Address:
   E-mail ID:
   Signature: or failing him

2. Name:
   Address:
   E-mail ID:
   Signature: or failing him

3. Name:
   Address:
   E-mail ID:
   Signature: or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/behalf at the 69th Annual General Meeting of the Company, to be held on Thursday, May 9, 2019, at 4.00 p.m. at RAMA & SUNDRI WATUMULL AUDITORIUM, K C College Building, Vidyasagar Principal K M Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Ordinary Business	For	Against
1	Adoption of the Audited Financial Statements of the Company for the financial year ended December 31, 2018 together with the Reports of the Board of Directors and the Auditors thereon		
2	Declaration of Dividend on equity shares		
3	Re-appointment of Mr Olli Koponen, (DIN: 07370927) as Non-Executive Director, liable to retire by rotation		
4	Ratification of Cost Auditors Remuneration for FY19		
5	Appointment of Mr Murali Sivaraman (DIN: 01461231) as a Non-Executive Independent Director of the Company		
6	Appointment of Mr Sami Pauni (DIN: 08112919) as Non-Executive Director of the Company		

As witness my/our hand(s) this .... day of ...., 2019

Signature of Shareholder ....

Signature of proxy holder(s) ....

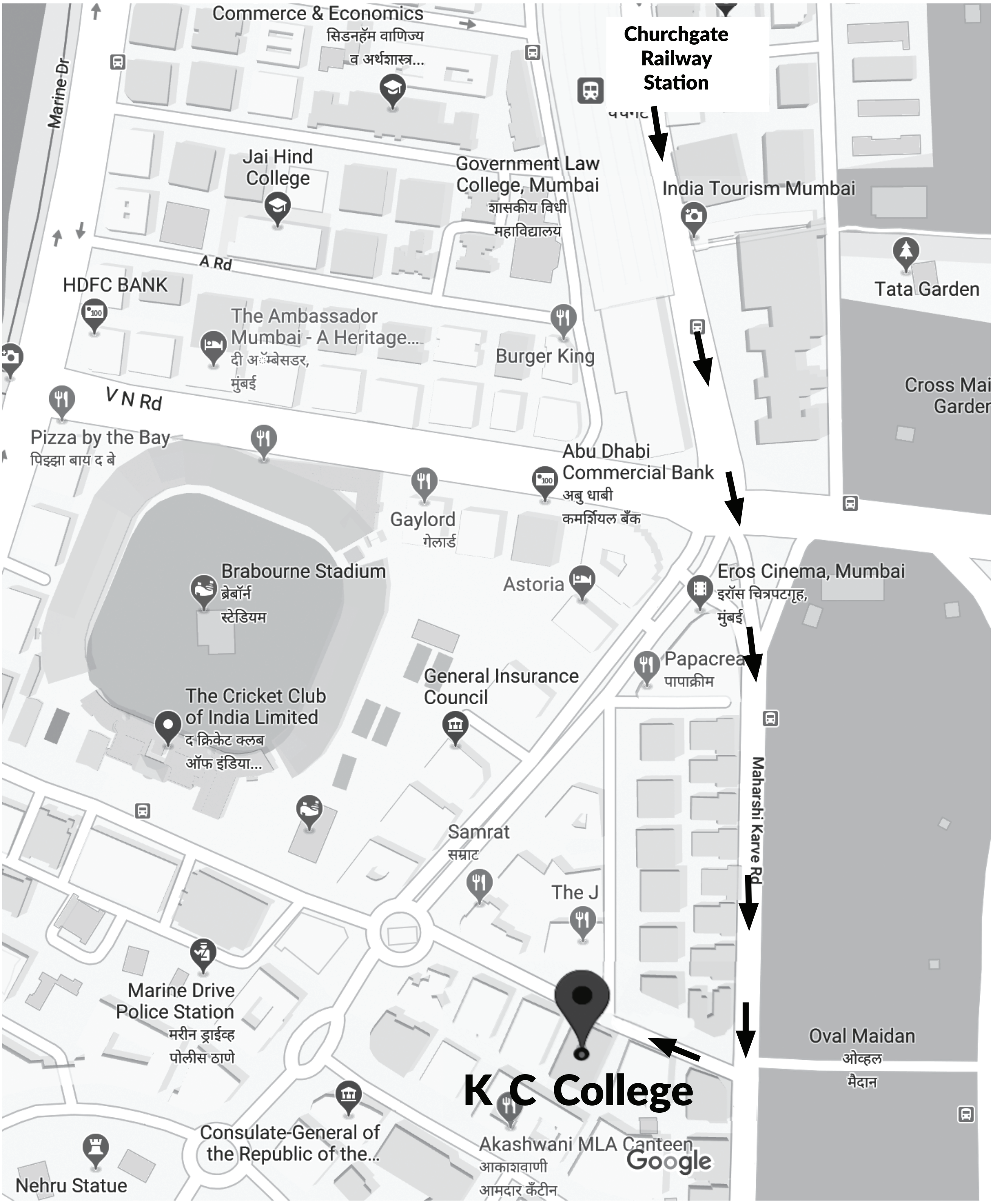
Affix Revenue stamp of ₹ 1/-

Notes:

1. The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the Annual General Meeting.
2. A proxy need not be a member of the Company.
3. * Applicable for shareholders holding shares in dematerialised form.

Route Map to Annual General Meeting Venue

Location: Rama and Sundri Watumull Auditorium at Kishinchand Chellaram College (K C College), 124, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 **Landmark: Oval Maidan**



Huhtamaki PPL Limited

CIN No: L21011MH1950FLC145537
Registered Office: Unit No. 12A-06, 13th Floor, B-Wing, Parinee Crescenzo, Plot Nos. C-38 & C-39,
"G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051
Email: investor.communication@ppl.huhtamaki.com, website: www.ppl.huhtamaki.com
Contact No. 022 6174 0400 Fax – 022 61740401

ATTENDANCE SLIP

A shareholder/proxy holder wishing to attend the meeting must bring the Attendance Slip to the Meeting and hand over the slip duly signed at the Hall entrance.

I/We hereby record my/our presence at the 69th Annual General Meeting of the Company on Thursday, May 9, 2019, at 4.00 p.m. at RAMA & SUNDRI WATUMULL AUDITORIUM, K. C. College Building, Vidyasagar Principal K. M. Kundnani Chowk, 124, DinshawWacha Road, Churchgate, Mumbai - 400 020.

IF SHAREHOLDER, PLEASE SIGN HERE	IF PROXY, PLEASE SIGN HERE

Electronic Voting Particulars		
Electronic Voting Sequence Number (EVSN)	**User Id**	**Password**
190402001		

Note: Please refer to the instructions printed under the Notes to the Notice of the 69th Annual General Meeting of the Company. The voting period starts at 10.00 a.m. on Monday, May 6, 2019 and ends at 5.00 p.m. on Wednesday, May 8, 2019. The e-voting module shall be disabled by CDSL for voting thereafter.