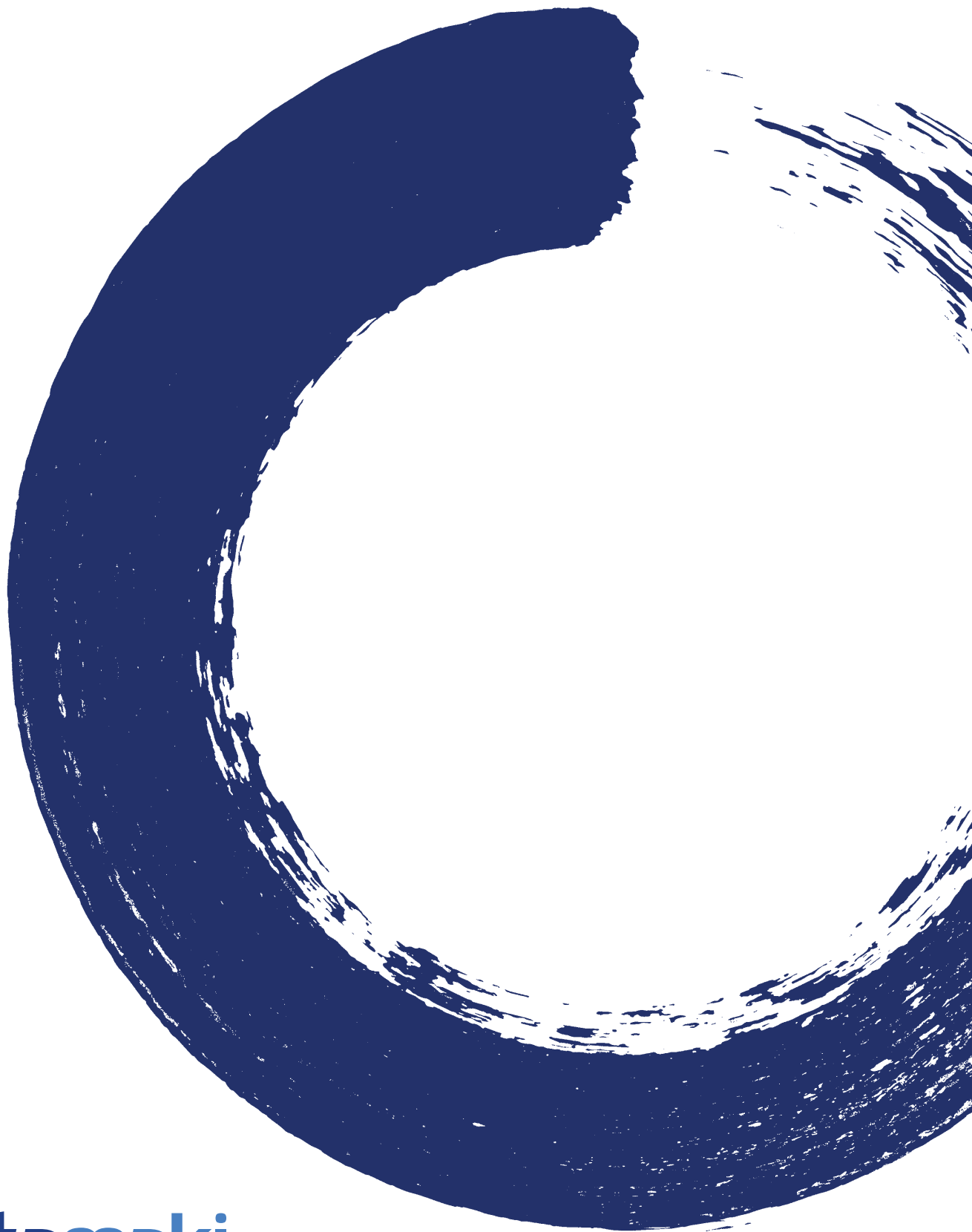
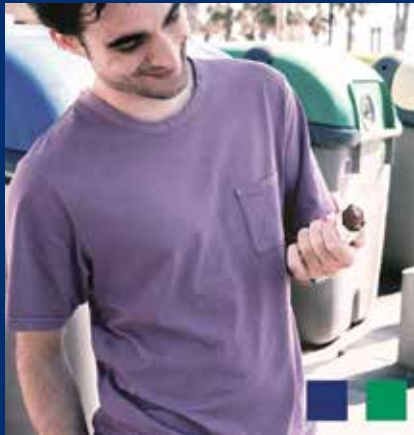


Huhtamaki India Ltd. Annual Report 2020



Huhtamaki

What's inside?



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and the way forward

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Highlights 2020

Rs. 24,627 mn

Revenue

Rs. 1,437.1 mn

Earnings before Interest and Tax (EBIT)



How we are resetting
for the future

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Rs. 959.9 mn
Profit after Tax (PAT)

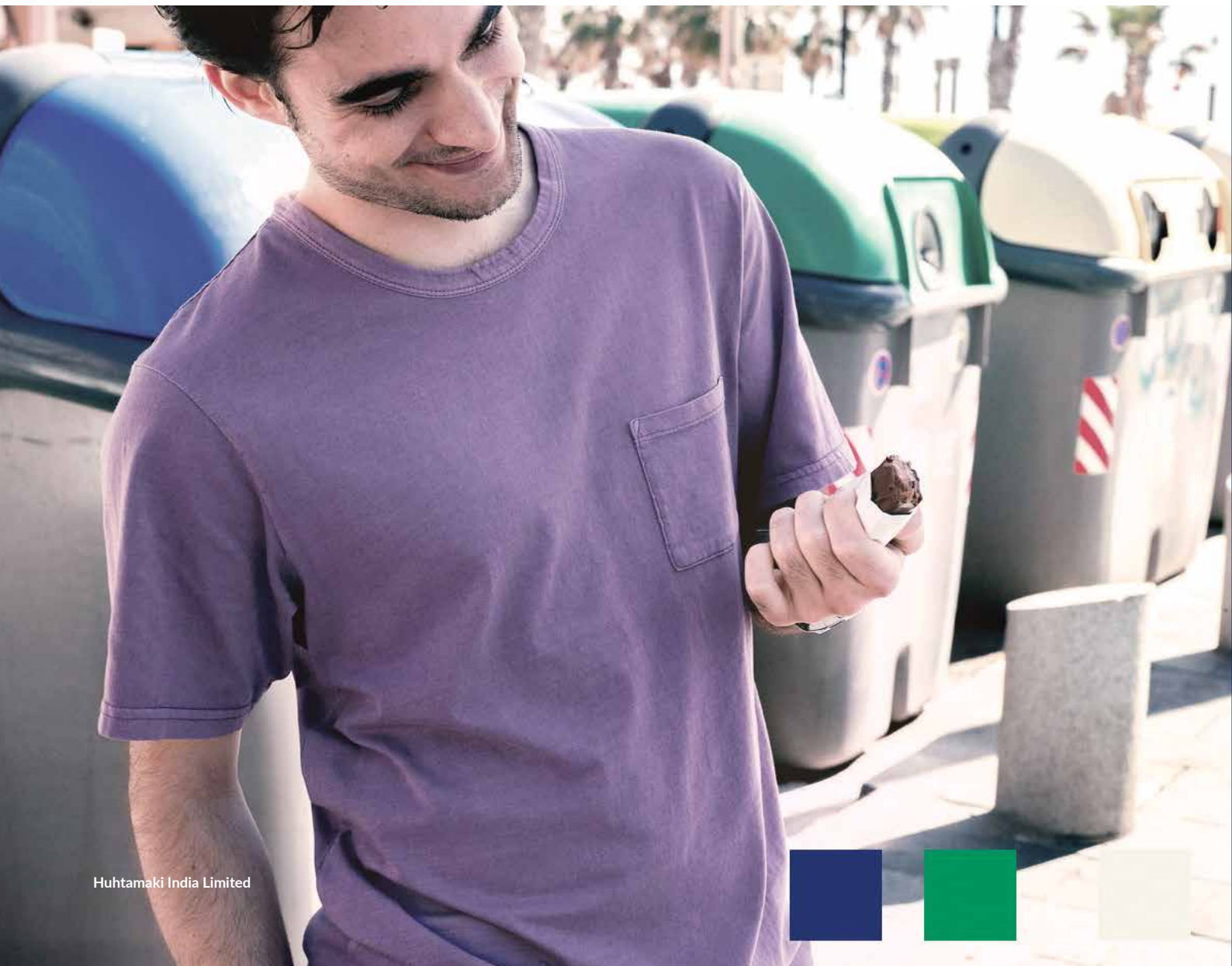
Rs. 12.7
Earnings per Share (EPS)

About us

Protecting food, people and the planet

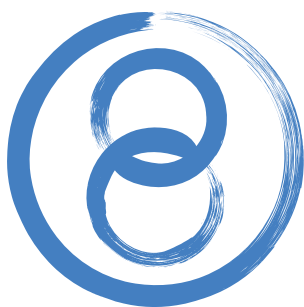
Huhtamaki India Limited is a leading one-stop provider of primary consumer flexible packaging and decorative labelling solutions in India. We are part of Huhtamäki Oyj, a 100-year-old Finland-headquartered global specialist in sustainable food-on-the-go and food-on-the-shelf packaging.

With a rich history and Nordic heritage, Huhtamaki operates in 36 countries and 81 sites around the world. Backed by a passionate team of approximately 19,000 employees, we are working on developing smart next-generation packaging that protects food, people and the planet, and are embedding sustainability in everything we do.



Values

Values are the foundation of our actions, guiding us each day in our collaborations with partners, to explore new opportunities and grow together.



Care

We care for each other, our customers, partners and communities. We care for the future of our planet, embedding sustainability in everything we do.



Dare

We dare to innovate, grow and have an impact. We are a diverse and entrepreneurial team seeking new opportunities with our customers.



Deliver

We commit and deliver solutions to our customers, with integrity and as a team. We are ambitious and strive for high performance.

Strengths

Designing packaging solutions that create and sustain market differentiation	A rich culture of innovation that enriches packaging solutions in line with global standards	State-of-the-art integrated manufacturing capabilities	R&D expertise to develop sustainable solutions	Focus on high-quality, convenient, safe and secure consumer packaging	A passionate and experienced team	Distinguished leadership and management expertise
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Awards and recognitions

 <p>World Star Awards 2021</p>	 <p>SIES SOP Star Awards 2020</p>	 <p>The Economic Times Polymers Awards 2020</p>
High barrier bulk bag with extreme drop resistance	Sticker-in-laminate	Recyclable see-through snack pack
Recyclable mono-paper air-fragrance pocket	Alu-free retortable easy peel lid	

About us

Footprint

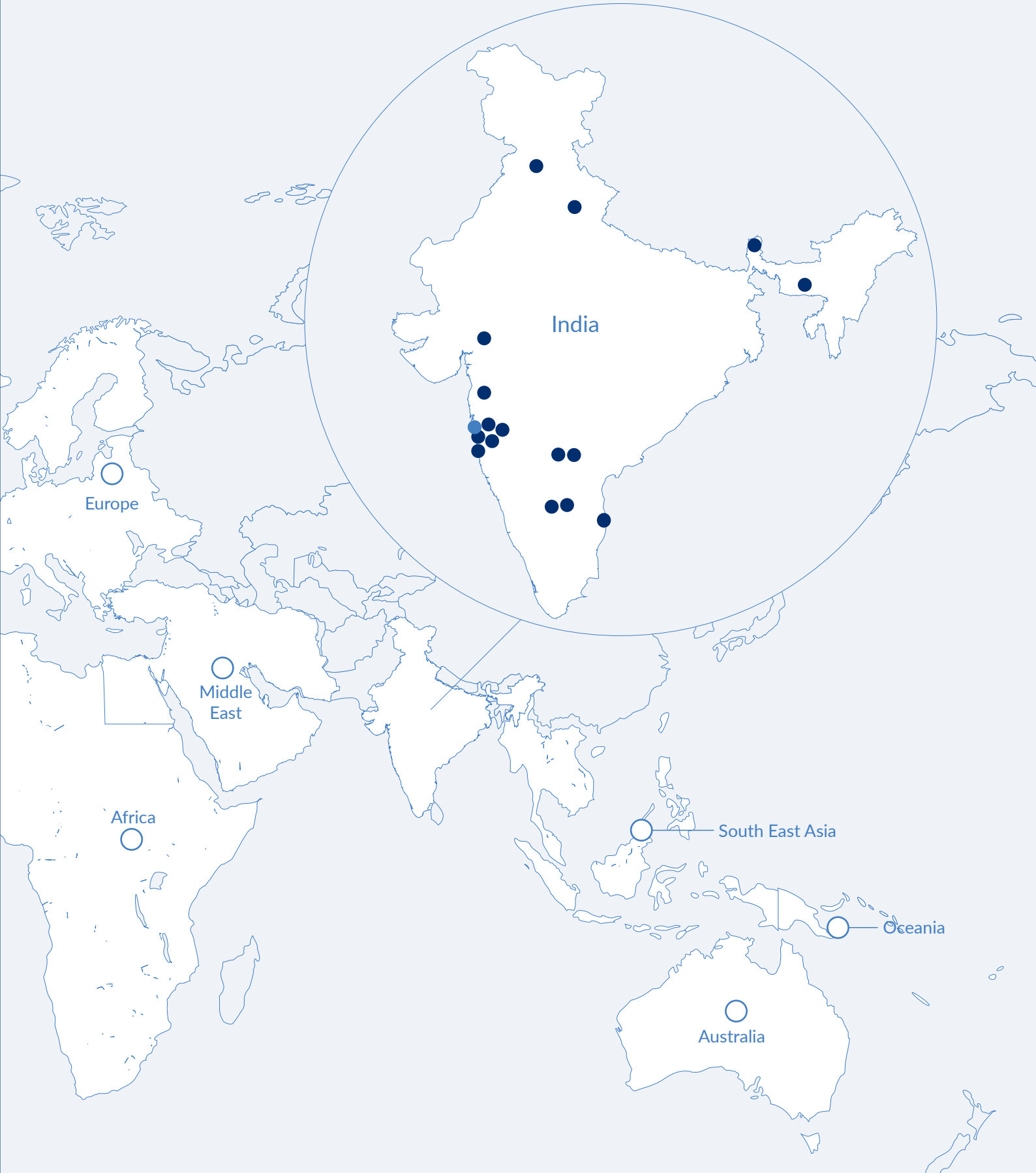
Our robust infrastructure and R&D centre equipped with energy-efficient machinery help us cater to customer demands for sustainable packaging solutions, not only in India, but also across the globe.

16

Manufacturing facilities

<p>● Manufacturing locations</p> <ul style="list-style-type: none"> • Baddi (Himachal Pradesh) • Rudrapur (Uttarakhand) • Gangtok (Sikkim) • Guwahati (Assam) • Daman • Silvassa (Dadra and Nagar Haveli) • Taloja, Thane, Mahape, Khopoli, Ambernath (Five plants in Maharashtra) • Two plants in Hyderabad (Telangana) • Sri City (Andhra Pradesh) • Two plants in Bengaluru (Karnataka) 	
<p>● R&D centre</p> <p>Khopoli (Maharashtra)</p>	
<p>○ Export presence</p> <ul style="list-style-type: none"> • North America • South America • Africa • South East Asia • Europe • Oceania • Australia 	





Journey

From humble beginnings to high ambitions

From a small candy factory in a barn in Finland to a global major in sustainable packaging solutions, Huhtamaki India has come a long way.

Huhtamäki Oyj



In 1920, a young visionary, Heikki Huhtamäki, set up a confectionary factory in rural Finland. Known as O/Y Huhtamäen Tehtaat – A/B Huhtamäkis Fabriker, the Company made 46 different types of candy mostly by hand and produced wooden boxes and containers for these delicacies. Over the years, through various acquisitions, the Company expanded into

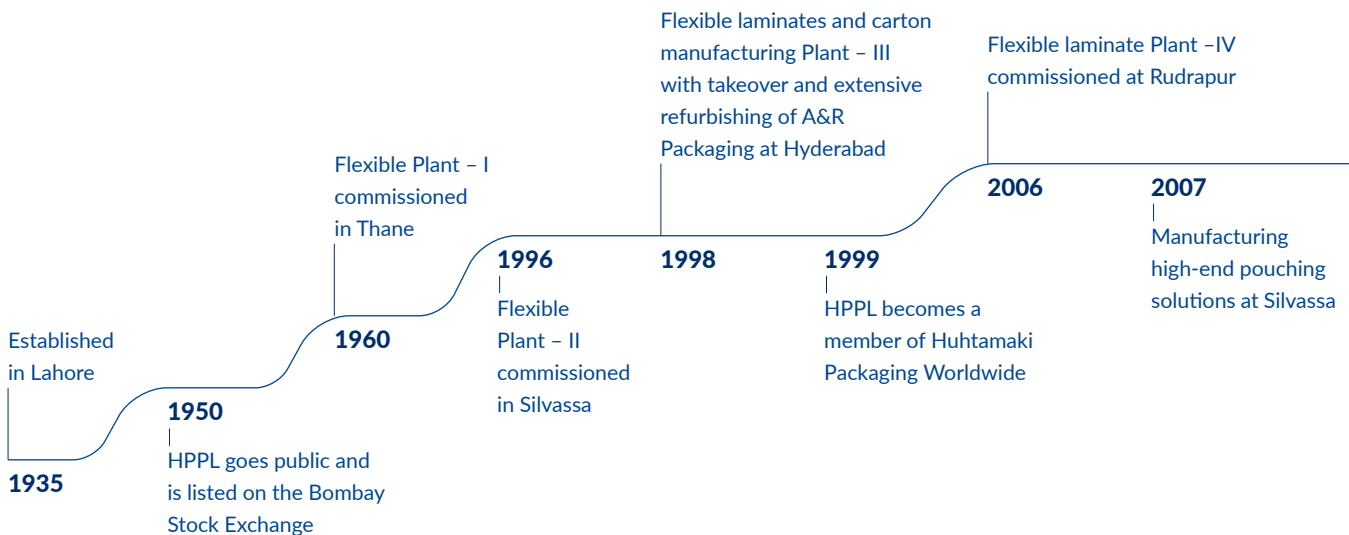
packaging food products, pharmaceuticals and cosmetics. By mid-1960s, Huhtamäki had a full-fledged packaging business, making it a leader in the European cup market.

In the 1970s, the Company transformed into a pure consumer packaging manufacturer and in 1975, was renamed to Huhtamäki Oyj. In the 2000s, the Company moved from rigid plastic consumer goods to moulded fiber products, flexible packaging and foodservice products.

Since then, we have followed our founder's spirit of adventure in exploring new opportunities across the world and then there was no looking back.

Today, Huhtamäki has 81 manufacturing units and 24 sales offices in 36 countries. It operates in three business segments – Fiber and Foodservice Europe-Asia-Oceania (packaging for fresh food and drinks), North America (catering to disposables and food-to-go packaging) and Flexible Packaging (multilayer films and foils for food).

Huhtamaki India



Celebrating 100 years of Huhtamaki

On November 12, 2020, Huhtamaki celebrated its centenary at all its plants and offices across the globe.

The Company proudly announced its rebranded presence in India, from Huhtamaki PPL to Huhtamaki India. The new identity will help the value-chain experience one identity and impression of Huhtamaki, everywhere in the world.



Product portfolio

Solutions that make a difference

We work with leading companies across the globe to help them find the right packaging solutions. Our wide range of flexible packaging and labelling solutions not only enhance our customers' brand presence but also protect their products. What sets us apart from our peers is our commitment to make our packaging consistently safe and sustainable — by using resource and energy-efficient packaging materials and technology.

Food



Markets we cater to

- Biscuits and snacks
- Cereals
- Confectionery
- Dairy and baby food
- Ice-cream
- Ready meals
- Soups and sauces

Our packaging solutions

- High and moderate barrier pouches and roll-form laminates
- See-through packs, recyclable laminates and pouches
- Single-serve sachets, cold seal laminates, shaped pouches and twist wraps
- Lidding solutions and stand-up pouches
- Flow wraps, foil-based laminates for cone sleeves and flow wraps for ice-cream
- Retort pouches, microwaveable and retort lidding
- 3-side seal packs

Beverages



Markets we cater to

- Coffee
- Tea
- Juices and beverages
- Alcoholic beverages
- Powdered beverages and nutritional drinks

Our packaging solutions

- High-barrier solutions for single-serves and pocket shot pouches, shaped spouted pouches
- Moderate-barrier roll form laminates, stand-up pouches, 5-panel and 6-panel pouches
- Thermoforms, shaped spouted pouches, wrap-around labels
- Moderate and High-barrier laminates, shaped spouted pouches, wet strength and pressure-sensitive labels, metallised paper labels
- Shaped spouted pouches, shrink sleeves
- Recyclable pouches and roll-form laminates

Healthcare



Markets we cater to

- Tablet packaging
- Blister lidding foils
- API and bulk drugs
- Oral suspension powders, OTC products, creams and gels
- Medical devices

Our packaging solutions

- Cold form laminates
- Lidding solutions
- Bulk bags
- High-barrier and extrusion laminates, pressure-sensitive labels, multi-layered PS labels
- Sterile and specialised pouches
- Sachets and tube laminates

Personal and home-care



Markets we cater to

- Soaps
- Shampoos
- Creams and gels
- Cosmetics
- Hair colourants
- Toothpastes

Our packaging solutions

- Roll form soap wrappers, stand-up spouted pouches for liquid soaps and handwashes
- Roll form laminates for single-serve sachets, pressure-sensitive labels
- Roll form laminates, pressure-sensitive labels and SS
- Tube laminates, shrink sleeves
- Pressure-sensitive labels, tube laminates, shrink sleeves
- Outer flow wraps, high-barrier laminates, paper-based secondary packaging
- Tube laminates, high-barrier roll form laminates
- Recyclable soap wrappers, sachets and pouches

Pet food



Markets we cater to

- Dry pet food
- Wet pet food

Our packaging solutions

- Retort pouches, biodegradable standup zipper pouches, high-barrier roll form laminates
- High-barrier laminates

Other non-food solutions



Markets we cater to

- Agro seeds, fertilisers and chemicals
- Batteries
- Industrial lubricants, components and raw materials
- Gift wraps

Our packaging solutions

- Bulk bags, roll form laminates, stand-up pouches
- Metallised labels and shrink sleeves
- Spouted pouches, moderate barrier roll form laminates
- Holographic gift wraps

Product portfolio

Tube laminates



Beauty care

Our packaging solutions

- EVOH-based barrier laminates
- Polyester-based barrier laminates
- Metallised polyester-based laminates
- Aluminium barrier laminates of all thicknesses
- Double barrier laminates (Aluminium and EVOH)

Oral care

Our packaging solutions

- EVOH-based barrier laminates
- Aluminium barrier laminates of all thicknesses

Pharma

Our packaging solutions

- EVOH-based barrier laminates
- Polyester-based barrier laminates
- Metallised polyester-based laminates
- Aluminium barrier laminates of all thicknesses
- Double barrier laminates (Aluminium and EVOH)

Labelling solutions



Food

Our packaging solutions

- Pressure-sensitive labels
- Shrink sleeves

Beverage

Our packaging solutions

- Shrink sleeves
- Wrap-arounds
- Pressure Sensitive and Wet strength

Personal and homecare

Our packaging solutions

- Pressure-sensitive labels
- Shrink sleeves
- Wrap-arounds

Healthcare or Pharma

Our packaging solutions

- Pressure sensitive labels
- Shrink sleeves

Specialised technologies and capabilities



Promotions and security solutions

Our packaging solutions

- Point-of-sale (POS) banners
- Tattoos
- Sticker in Laminate
- Registered holograms
- Camouflage impressions

Digital printing solutions

Our packaging solutions

- Short-run printing
- Limited edition packages
- Seasonal promotions

Specialised pouching solutions

Our packaging solutions

- Shaped pouches
- Stand-up pouches with closures such as zippers and spouts
- 5- and 6-panel pouches
- Bio-degradable pouches

Rotogravure cylinders

Our packaging solutions

- High-quality rotogravure cylinders for flexible packaging and other speciality applications
- Electromechanical and laser-engraving capabilities
- Catering to hot-melt, cold-seal, tactile UV and embossing needs

Recyclable solutions



Markets we cater to

- Confectionery
- Chocolates
- Biscuits
- Snacks
- Tea and coffee
- Powdered beverages
- Dry soup
- Jams, sauces, dry pet food and ketchups
- Soaps and shampoo
- Detergents
- Air fresheners
- Other personal and home-care products
- Sustainable tablet packaging

Our packaging solutions

- Roll form recyclable laminates with polyolefins, mono PP and mono PE structures
- Bulk packaging
- Paper-based outer bags
- Double-gusseted bags
- Flow wraps
- Roll form barrier laminate for sachets
- 3-side seal packs
- 5-panel pouches
- Push Tab® - Blister packaging for tablets

Business model

Our foundation for sustainable growth

Our resources



Parent Company Support

- Knowledge sharing on new technologies
- Global customer access



Skilled workforce

3,468 employees



Manufacturing and other assets

- 16 state-of-the-art plants
- R&D Centre at Khopoli



Innovation focus

Rs. 11 million invested in R&D



Sustainable solutions

Advancement of the Blueloop® platform

What we do

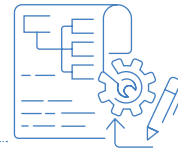
1

Understanding customer needs



2

Planning



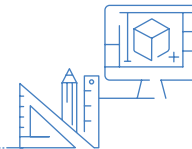
3

Procurement of raw materials



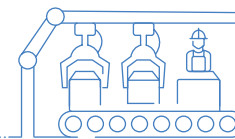
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Product design and development



5

Production



6

Sales



Our activities

Key enablers

Efficient leadership and management

[Read more on page 22]

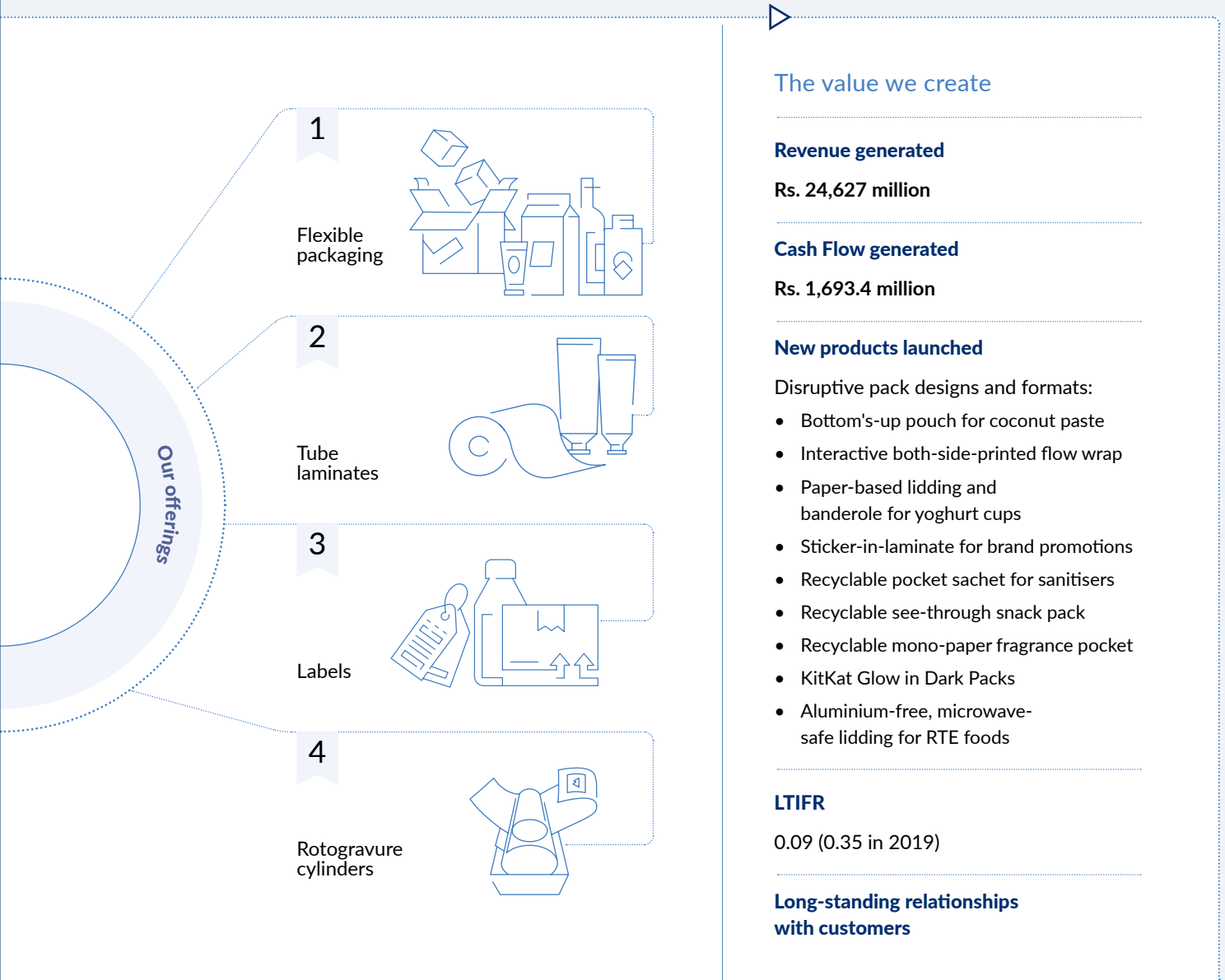
Manufacturing excellence

[Read more on page 26]

Judicious investments

[Read more on page 24]

Our business model is focused on developing sustainable flexible packaging and labelling solutions for our customers. Supported by our unique combination of talented people, unique capabilities, scale and reach, we deliver solutions that protect food, people and the planet, while creating sustainable value for our stakeholders.



<p>Innovation [Read more on page 28]</p>	<p>Digitisation [Read more on page 32]</p>	<p>Customer-centricity [Read more on page 25]</p>	<p>Efforts toward sustainability [Read more on page 34]</p>
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Board of Directors

Experienced leadership



Mr. Murali Sivaraman
Chairman (Independent Director)

Profile

An accomplished business leader who has worked for most of his career with global multinational companies, including Philips and Akzo Nobel (formerly ICI) in India, Singapore, China, Canada and UK

Positions currently held: Independent Director on the Boards of Bharat Forge Limited and ICICI Lombard General Insurance Company Limited

Education: Chartered Accountant, Cost & Works Accountant, PGDM from IIM (Ahmedabad) and Advanced Management Program from Harvard



Mr. Ashok Kumar Barat
Independent Director

Profile

- An active contributor to public life and dialogue
- Has held leadership positions in various Indian and multinational organisations, both in India and overseas – Hindustan Lever Limited, RPG Group, Pepsi, Electrolux, Telstra and Heinz
- Held position as Managing Director and Chief Executive Officer of Forbes & Company Limited
- Advises companies on 'Strategy', 'Performance Improvement' and Governance initiatives

Positions currently held: Member, Managing Committee of ASSOCHAM; Past President, Council of EU Chambers of Commerce in India; Certified Mediator empanelled with the Ministry of Corporate Affairs, Government of India; Independent Director on the Board of Directors of few prominent Companies such as Bata India, Birlasoft Limited, Cholamandalam Investment & Finance Co. Ltd., Cholamandalam Financial Holdings Ltd., DCB Bank Ltd. and Mahindra Intertrade Ltd.

Education: Fellow, Institute of Chartered Accountants of India; Fellow, Institute of Company Secretaries of India; Associate Member of the Institute of Chartered Accountants of England & Wales and CPA (Australia)



Ms. Seema Modi
Independent Director

Profile

- She was the first woman Managing Director of Heinz India Private Limited
- Over 30 years of experience in reputed organisations such as Heinz, Parle and Colgate
- Credited with driving consistent double-digit growth

Positions currently held: Director – Commercial, Marketing, Supply Chain and Display at Trent Hypermarket Private Limited, Independent Director of SEAMEC Limited

Education: Post-graduate in Organic Chemistry from Mumbai University and MBA from Narsee Monjee Institute of Management Studies, Mumbai

Awards won: H.J. Heinz Chairman's Award 2010



Dr. Arup Basu
Non-Executive Director

Profile

- Has almost two decades of senior-level industry experience. Held the position of President and Chief Technology Officer at Tata Chemicals Limited (TCL) and was responsible for new business, technology and innovation
- Served as the Chief Operating Officer of TCL – Indian Operations and as the Vice President of Manufacturing and Head of the Haldia Works, West Bengal. During this tenure, he was a member of Board for the Magadi Soda Company, Kenya and a member of the Global Chemicals Council with manufacturing operations spread across Kenya, the UK and the US
- Worked for Accenture, where he was responsible for business development and managing large-scale projects for clients in the industrial space
- Worked in a variety of roles at the Indian Aluminium Company and at Tata Motors

Education: Ph.D. 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. Also has an International Baccalaureate Diploma from United World College (UWC) of Atlantic, Wales, UK



Mr. Sami Pauni
Non-Executive Director

Profile

Heads the global functions of legal, compliance and risk management for the Huhtamaki Group

Positions currently held: Executive Vice President, Corporate Affairs and Legal, Group Legal Counsel, and member of the Global Executive Team of Huhtamäki Oyj; Secretary of the Huhtamaki Board; member of the Market Practice Board of Securities Market Association in Finland, and a member of the Legal Affairs Committee of the Confederation of Finnish Industries EK

Education: Master's degree in Law and Business Administration (MBA)



Mr. Sudip Mall
Managing Director

Profile

- Has more than 25 years of extensive end-to-end domain knowledge of the consumer goods industry and senior leadership experience in managing businesses in India and international markets
- Is a seasoned business leader with a track record of building and growing businesses in emerging Asian markets (South and South East Asia) with leading multinational firms
- Worked as a General Manager, Greater Indonesia Cluster, where he held the strategic and end-to-end P&L responsibility for a cluster of ASEAN and North Asia markets. Prior to this, Sudip worked for the LEGO Group in Singapore as the Director heading Emerging Asia businesses

Education: Post Graduate Diploma in Business Management from XLRI – Xavier School of Management and Bachelor of Technology degree in Mechanical Engineering from the Indian Institute of Technology, Varanasi, India



Mr. Ranjeev Lodha
Executive Director & Chief Financial Officer

Profile

- Has over 30 years of experience in the areas of financial reporting and consolidation, mergers and acquisitions, divestments, investor relations, treasury, strategic finance, controlling and adoption of ERP systems
- Worked in multiple roles at Tata Chemicals Ltd. (TCL) and Mahindra and Mahindra Ltd.

Education: Member of the Institute of Chartered Accountants of India and of The Institute of Certified Management Accountants, Australia

Key performance indicators

Maintaining strong business performance

The year 2020 has been an extremely challenging year with the outbreak of COVID-19 that not only impacted the lives of individuals, societies, but also had a significant adverse impact on global economies, including India.

Given that the operations of Huhtamaki India constitute a critical part of the supply chain for Essential Commodities, the Company was responsible to keep its factories running, while adhering to all safety norms and COVID protocols, with a blend of measures such as Work From Home (WFH), social distancing, sanitisation and continuous monitoring of the health and safety of the workforce, which were the top most priority for the Company.

The second wave continues and safety of all people is Companies top priority. We have to bring out two aspects - Company is a critical part of Essential Commodities and hence had the duty to keep the factories running, however safety and COVID norms were top most priority with a blend of WFH, Social Distancing, Sanitization and other Safety measures taken.

In 2020, we continued to focus on top-line growth, while strengthening our strategy to deal with the challenging macroeconomic environment. We also took keen steps towards our sustainability goals. We are confident that with continued focus on these goals, and community development initiatives, we could help transform the future of packaging and bring about positive change.

2020 Highlights

24,627
Revenue (in Rs. million)

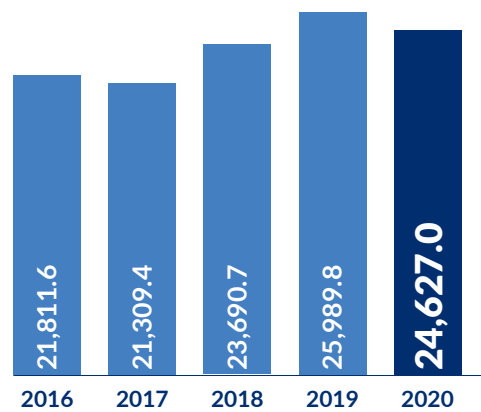
2,416.4
EBITDA (in Rs. million)

959.9
Profit After Tax (PAT)
(in Rs. million)

12.7
Earnings Per Share
(EPS) (in Rs.)

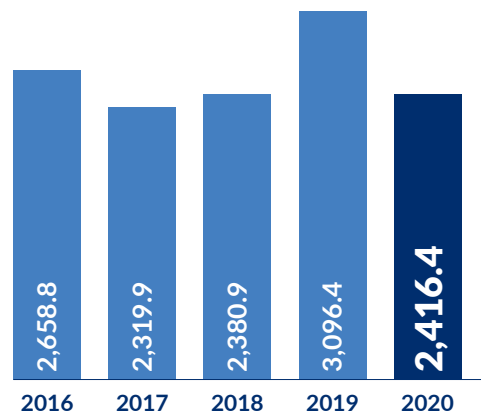
Revenue from operations

3.9%
5-YEAR CAGR
-5.2% y-o-y GROWTH



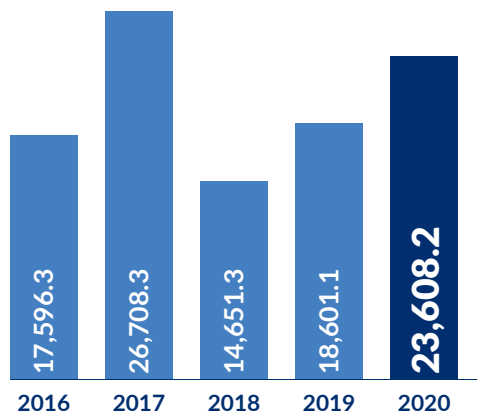
EBITDA

-0.4%
5-YEAR CAGR
-22% y-o-y GROWTH



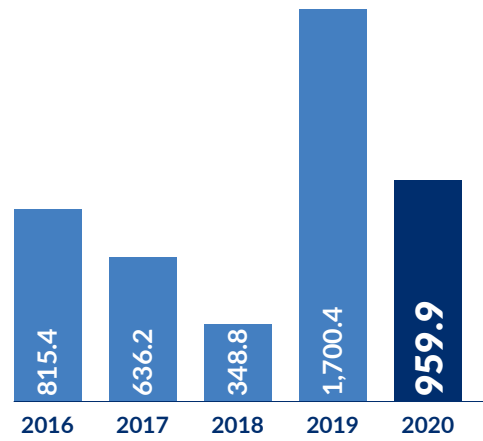
Market capitalisation

6.3% (Rs. in million)
 5-YEAR CAGR
 26.9% y-o-y GROWTH



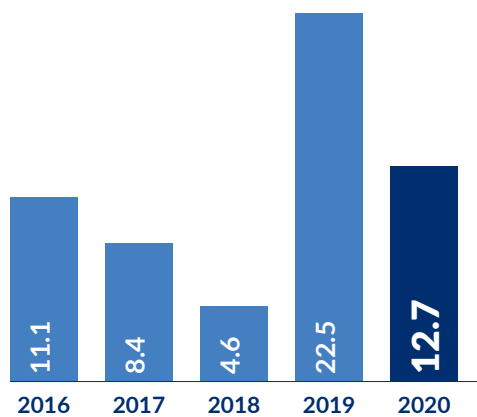
Profit after tax (PAT)

4.5% (Rs. in million)
 5-YEAR CAGR
 -43.5% y-o-y GROWTH



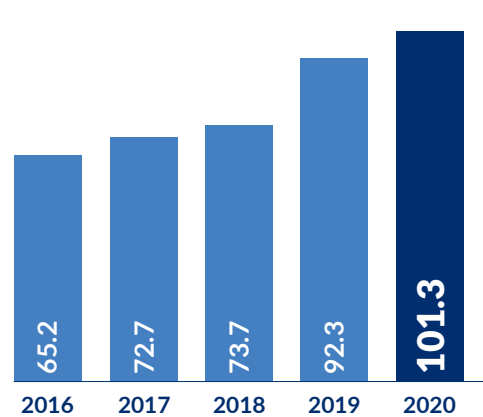
Earnings per share (EPS)

3.7% (Rs.)
 5-YEAR CAGR
 -43.5% y-o-y GROWTH



Book value per share

4.6% (Rs.)
 5-YEAR CAGR
 9.7% y-o-y GROWTH



Message from the Managing Director

Ready for the future



Sudip Mall
Managing Director

Dear Stakeholders,

The year 2020 could perhaps be regarded as a turning point in history. Momentous and chaotic, this year marked one of those rare moments when the old-world order was swept away to make room for newer and better things.

At Huhtamaki India Limited, we used the crisis as an opportunity to assess our organisation and our leadership team for strengths and weaknesses. This year, our agenda was to 'reset for the future' by recalibrating our business to be ready for the challenges and opportunities.

A turning point for the Indian packaging industry and us

With the spread of the novel coronavirus (COVID-19), safety assumed paramount importance. As the infection rates rose, consumer demand for packaged food and other essentials continued to increase.

These unprecedented times not only called for a rise in the demand for packaging, but also reaffirmed our commitment to safeguarding food, people and the planet.

We serve as a crucial supply-chain link within the food & healthcare industries. We, therefore, took all the necessary steps to continue producing high-quality packaging materials and to ensure continuity of supply:

- Staff from most departments worked from home
- Production staff maintained all Covid protocols
- Thermal thermometers were made available at entrances of our offices and production facilities and the temperature of employees was monitored on entry and exit from the premises
- Safety instruction have been put up in all our facilities
- Senior managers ensured that employees followed all safety norms



A quick glance at our financials

- Revenue from operations decreased by 5.2% to Rs. 24,627.0 million (Rs. 25,989.8 million in 2019)
- EBIT was Rs. 1,437.1 million (Rs. 2,227.1 million in 2019)
- EPS was Rs. 12.7 (Rs. 22.5 in 2019)
- The Board of Directors proposed a dividend of Rs. 3.0 per share (the same as in 2019)

Resetting for a sustainable future

Today, consumers and companies alike are looking for more environment-friendly and sustainable packaging solutions. To cater to their needs, we are contributing to the 2030 Sustainability Strategy of Huhtamäki Oyj. Our ambition is to be the first choice in sustainable packaging solutions, enabling well being and convenience for people around the world. To drive systemic change, we are:

- Prioritising renewable sources and recycling
- Innovating for sustainability
- Embedding digitalisation across our processes
- Partnering to develop collection and recycling infrastructure
- Driving change in consumer behaviour through education

To build agility and resilience in the organisation and realign our policies and processes for the post-COVID-19 world, we are reimagining seven key levers of the organisation:

- 1. Investments:** We are increasing our investments in automation and expansion.
- 2. Customer-centricity:** We will continue to exceed customer expectations with our improved products.
- 3. Manufacturing excellence:** We have undertaken various initiatives to continue to strive for manufacturing excellence.
- 4. Innovation:** We are innovating for impact and sustainability.
- 5. Digitisation:** We are leveraging digitalisation for circular and sustainable manufacturing.
- 6. Sustainability:** We are embedding sustainability in everything we do and striving to make packaging more circular.

By realigning our focus, we hope to increase the efficiency of our operations and conduct our business in a responsible and sustainable manner.

A team that makes it possible

Developing talent is a core element of the 2030 Sustainability Strategy and is key to our future success. To meet tomorrow's challenges, we must build strategic capabilities in areas such as innovation and digitalisation. We are, thus, nurturing the potential of our people and continuing to build a high-performance atmosphere.

Our team is equally passionate about developing sustainable packaging solutions for the world. Despite the pandemic, our people worked relentlessly to ensure unhindered supplies to our customers. I would like to extend my sincere gratitude to them. They are the founding block of our success today and tomorrow.

Eyes on the horizon

The Indian packaging industry is expected to boom in the near future. Factors such as growing population, increasing income, strong growth in organised retail and surge in e-commerce are expected to boost the industry. We are prepared to meet the rising consumer needs and drive positive change through our 2030 Strategy.

As I take on the reigns of the business as the Managing Director, I would like to thank Dr. Arup Basu, who was managing the flexible packaging business of Huhtamäki India for the last three years, for bringing the Company to such heights of success.

Finally, I would like to thank each and every one of you for supporting our efforts to be a sustainable packaging solutions company. Together, we aspire to deliver sustainable growth and continue maintaining the positive momentum for a successful future.

With regards,
Sudip Mall

With renewed focus





We know it is not enough to focus only on our internal sustainability goals. To create meaningful change, we need to look beyond ourselves and focus on the larger picture – of providing sustainable packaging solutions, enabling well-being and convenience for people around the world.

We must develop packaging that makes a real difference.

We must produce solutions that extend beyond products to protect food, people and the planet.

We must Grow. Evolve. Change.

We are playing a key role in fulfilling Huhtamäki Oyj's 2030 sustainability ambition – of being the first choice in sustainable packaging solutions.

As a step in this direction, we have resolved to reset for the future by bringing about a transformation in the levers that drive us:

Organisation design	→ 22
Investments	→ 24
Customer-centricity	→ 25
Manufacturing excellence	→ 26
Innovation	→ 28
Digitisation	→ 32
Sustainability	→ 34

Organisation design

Rebranding presence, reorganising structure

The global food packaging industry is working hard to find lasting solutions that meet evolving needs of environment-friendly packaging. At Huhtamaki India Limited, we have set ambitious targets to make our products and processes more sustainable.

As it is said, to bring about any large-scale impact, change must first take place from within. This year, we undertook a strategic restructuring of the organisation to prepare ourselves for future challenges and opportunities.

After strategic planning, we made some decisions this year to ensure we stay focused on our long-term vision.





Change in identity

We renamed ourselves from Huhtamaki PPL Limited to **Huhtamaki India Limited** wef November 11, 2020. Our new identity will allow us to leverage Huhtamaki's global brand reputation and goodwill, while shaping a clear understanding of our reach and offerings by geography, among customers and partners. It also informs our stakeholders that as one Huhtamaki, we are taking advantage of our vast manufacturing network, expertise and operational synergies to deliver high-quality, innovative and sustainable products with the highest levels of transparency and integrity.

Change in leadership

Dr Arup Basu, consequent to his taking up the global role as "President – Flexible Business, ceased to be the Managing Director of the Company effective, January 31, 2020 and occupied the position as Executive Director, effective February 1, 2020, in which capacity he continued to lead the Company along with his global role, until 3rd January, 2021.

Mr Sudip Mall joined the Company as Managing Director from 4th January, 2021. Mr. Mall is a seasoned business leader with a track record of growing and building businesses in emerging Asian markets with several leading global consumer goods firms.

Change in architecture

We consolidated all activities of the business through one central, integrated structure across Business Units (BUs). Supply chain reorganisation is also underway.

We have extended our R&D centre capabilities at Khopoli along with equipping the plant with energy-efficient and high-output machines to enable more productivity and timely deliveries. The label factory at Parwanoo, Himachal Pradesh has now been consolidated into one large factory in Baddi. We are focusing on expanding our geographical coverage with more capable and larger units across India.

Growing synergies

The change in organisation architecture will allow us to leverage Huhtamäki Oyj's synergies of legacy, innovation, goodwill, trust, strong customer relationships and thought-leadership leadership.

It will also provide us with the advantage of:

- Following global best practices in manufacturing, safety and quality
- Operating as One Huhtamaki and developing long-term solutions through global R&D knowledge sharing and developments, sourcing and allocation, and superior service coverage
- Specialising in three distinct technologies – paper and board conversion, moulded fiber and flexibles – to offer holistic innovations to customers

Investments

Redirecting investments for immediate value accretion

We aspire to pursue scale in our business through organic investments and mergers and acquisitions.

Since this year was affected by the pandemic, the capital expenditure was lower in 2020 than in the previous year. However, we decided to invest in one printing line and one blown film line at our Khopoli plant for growth and business expansion. We also invested in a pouching machine at the Khopoli plant to make special types of pouches for niche applications.



Acquisition of Mohan Mutha Polytech Private Limited (MMPPL)

In January 2020, we acquired the flexible business of MMPPL, a comprehensive packaging solutions provider for marquee clientele in the domestic and export markets. The acquisition of MMPPL's manufacturing site located in Sri City will help us improve our agility in South India.

The acquisition has allowed us to expand our portfolio to include cold seal laminates, peelable films and collision shrink films. The acquisition also consists of state-of-the-art manufacturing infrastructure, with best-in-class equipment. Further, the strategic location of Sri City offers us the leverage to tap the flexible packaging market in Andhra Pradesh and other regions in South India through sea route. This year, we also invested in downstream supporting equipment for enhancing the capacity of the Sri City plant.

Customer-centricity

Reinforcing commitment to customer-centricity

2020 has been a challenging year. Consumer trends are rapidly changing, giving rise to new opportunities for packaging innovations in diverse markets. As a customer-centric organisation, our focus remains on developing innovative, more sustainable solutions that our customers want and consumers expect.

We have long-standing relationships with India's top FMCG & Pharma companies, who value us as a trusted and reliable partner and appreciate our high-quality product standards and strong product innovations.



How are we a customer-centric organisation?

- With our pan-India presence and global network, we are well positioned to support our customers wherever they operate
- With the introduction of the lockdown, being part of the essential commodities supply chain, we were amongst the first to restart operations to meet our customer deliveries and expectations
- With the new normal, there is a spike in snacks, personal care and hygiene products, which a majority of our FMCG customers cater to. We have ventured together with our customers in this journey to offer protective and functional packaging for consumer comfort and convenience
- To cater to the rising demand for hand sanitisers, we packaged them in the smallest units for better reach and affordability
- We added a new dimension to convenience in the 'ready to eat' food category with our high-performance smart pack design that delivers the value of quick food service with no hassles. It eases the consumer experience especially among migrants, working mothers and millennials with hectic lifestyles and a diminished ability or willingness to cook multiple meals in a day
- We will continue to grow by scaling up our core businesses, expanding in emerging markets, developing sustainable solutions and food delivery packaging while focusing on long-term innovations and ventures
- We are digitalising our operations, running our manufacturing more efficiently and simplifying the way we work globally to achieve world-class operational performance
- We are accelerating innovation in line with our customer needs to grow in India's flexible packaging market
- The new organisational architecture seamlessly supports customer supply and service by forecasting demand, assessing capacity and line balancing to meet customer needs in the expected timeframe. The Planning team at the manufacturing plants focus on order receipts and logistics delivery to ensure on-time delivery
- To better service our customers, we have an integrated process to drive DIFOT (Delivered in Full on Time) improvement, track preponements and drive optimisation. DIFOT is a key KPI for everyone in the team and is tracked weekly for continuous improvement

Manufacturing excellence

Reconfiguring our functions to improve efficiency

Our manufacturing excellence is founded on our vision, mission, values, and most of all, the commitment of our workforce.

Manufacturing high-quality flexible packaging and labelling solutions is our passion. This passion has driven us to set up state-of-the-art manufacturing facilities that are known for their use of modern technology and operational excellence.

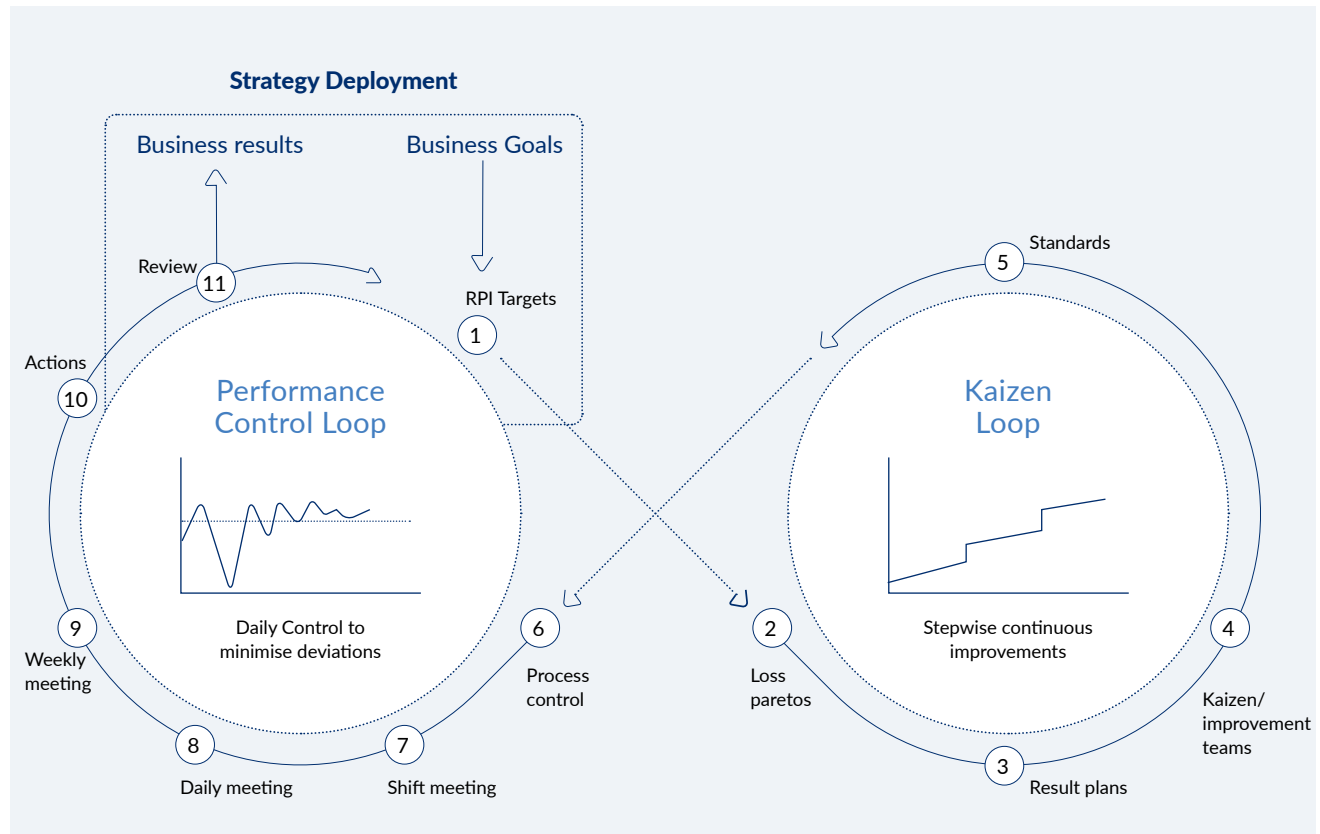
This year, we took a step to improve our manufacturing excellence by reconfiguring our plants and deploying Total Productive Manufacturing (TPM).



Total Productive Manufacturing (TPM)

Total Productive Manufacturing (TPM) is our company-wide journey to achieving zero loss through the development and involvement of employees. It focuses on continuous improvement in a sustainable way. The method acknowledges that losses exist, attackable or not, and aims at being transparent instead of hiding them.

Our TPM method follows the 11 stages of the infinite loop to establish and sustain progress:



Outcomes of TPM

Customer satisfaction	Zero customer complaints	High equipment efficiency	Improved operator ownership	Zero breakdowns	More multi-skilled workforce	Zero accidents

TPM implementation

In India, we launched a pilot TPM project called Lakshya at our Khopoli plant. It was a great success, with the team learning about cost deployment and loss intelligence, while appreciating the concept of restoring basic conditions and loss eradication.

We took our new learnings from Khopoli plant and further implemented implemented the project at our Silvassa plant. We now plan to extend the TPM project across all our plants.

Innovation

Reigniting innovation to deliver sustainable solutions

At Huhtamaki India, we focus on innovating for impact. Our experts work closely with customers to understand consumer needs and together, we develop more sustainable products by leveraging our innovative capabilities.

We imagine, explore new technologies and create solutions that reduce or eliminate barriers to recyclability. Our passion for innovation, supported by our state-of-the-art manufacturing facilities and R&D centre, ensure that we are ready for the challenges of the future.



Packaging that is safe, sustainable and convenient

From market-firsts to memorable experiences, here are a few cases of our packaging innovations this year

1. Interactive both-side printed flow wraps

Opening more routes to consumer engagement with interactive packaging and printing excellence. This pack is designed with creative assembly that employs a combination of surface and reverse printing along with Unique Random Coding. It offers the choice of multiple artwork elements inside and outside packs to expand scope for branding or promotions. Compatible with high line-speeds, it provides good seal integrity with registered cold seal. On the consumer front, it maintains clean and easy pack opening. Surprise inner messaging along with promo codes enable lead-generation in a more personalised and direct way while improving campaign engagement & measurement.

2. Paper-based lidding & banderole for yoghurt cups

This two-part pack is a first-of-its-kind for the Indian yoghurt segment. It includes a paper-based banderole to avoid direct printing on cups, saving inventory costs while offering 360-degree printability, natural aesthetics and good cup bonding. For reusability and recycle-friendliness, the banderole label leaves no residue on the cup when pulled off. With an aluminum-free lid, consumers can easily open this pack without the risk of injury. Overall, as a paper-based solution for cups, it delivers natural and fresh product cues while offering an alternative to aluminum-based lidding.

3. Sticker-in-laminate for brand promotions

Sticker in Laminate is the first-of-its-kind format in India that combines flexible packaging and labelling into one solution for dual benefits of hassle-free and secure brand promotions. With inner, food-safe pre-fixed stickers, it also offers an anti-counterfeit feature, lowers pack waste, and enables easy handling. The stickers can be pulled off easily and prevents choking hazards as a safer alternative to including free gifts within packs. FMCG brands can now explore a new medium for crafting themed promotions, reward consumer loyalty, run social media contests or take consumer engagement from offline to online in unique ways.

4. Alu-free, retort & microwavable lids with easy peel

Adding more convenience in the ready-to-eat food category in India. This aluminum-free pack is a first-of-its-kind in India to offer compatibility with multiple extreme processes – retorting, microwaving and hot water baths. Excellent barrier properties preserve product taste, texture, and aroma, enabling a shelf-life of 12 months even in ambient conditions. With high-performance materials, the lid balances easy peel functionality with seal integrity needed to withstand extreme retort processing. Its optimised design offers the value of direct heat-to-eat compared with existing cups and pouches that require additional cutlery.

5. Recyclable pocket-sachets for sanitizers

Making the choice between our health and the environment's much simpler, this pocket sachet represents an eco-friendly solution aimed at offsetting spikes in pack waste due to Covid-induced consumption. It is designed for recycling and to make sanitizers affordable and accessible to all in India. Enabling unit doses ensures not just optimal product use but also minimizes cross-contamination through multi-touch. A low SIT sealant & high-performance adhesive safely address alcohol-based product criticalities while offering superior bond and seal strength even at low temperatures. This format delivers cost and environment benefits with its light-weight, plastic use and transport efficiency versus rigid bottles of the same capacity.

6. Recyclable see-through packs for chips

Offering dual benefits of pack recyclability and transparency, this solution is designed to inspire consumer trust and communicate product freshness. Using an Alox barrier film, it enables product previews for consumer inspection and improved purchase confidence. Its barrier properties offer product shelf-life of three months. Ditching conventional full-pack branding, see-through packs help to boost product visibility at retail. This pack is designed with recycle friendly materials and runs well on existing packing lines. Overall, it serves as an attractive Point-of-Sale solution that boosts consumer confidence and eco-efficiencies.

Innovation

7. Recyclable paper-based sachet for fragrances

This two-part pack eliminates waste at source with its fully recyclable design and responsible material use. Using a primary, heat-sealable mono-paper pocket, it offers natural looks, controlled fragrance permeation, seal integrity and shelf-life of one month without pack sogginess. It also enables energy and material savings without the need for lamination of an additional film. Replacing a conventional PET/PE pack structure, the outer sachet is designed with polyolefin-based, same polymer family materials (PP/PE) for easy recyclability. EVOH added in the pack sealant balances fragrance barrier with permeability and meets prescribed limits for recyclability

9. Glow in Dark packs

This format breaks out of the ordinary to add consumer excitement especially during festivities and special occasions. With our expertise in special inks, we open opportunities for brands to add more visual appeal and user engagement through interactive packaging. Printing specific product artwork elements with glow in dark inks helps in improving message/ branding recall and word-of-mouth conversations. With creative reproductions within pack designs, our Glow in Dark offerings enhance product aesthetics and consumer experiences.

8. Bottoms Up Pouch

Serving lightweight, mess-free and sustainable alternative to rigid bottles, this Bottoms Up pouch is printed on our HP Indigo 20000 Digital Press. The pouch includes a special spout that offers ample convenience in terms of clean and controlled dosage, maximum product evacuation and less pressure needed to squeeze when compared with squeezable rigids. It enables easy, one-hand opening and reclose-ability with a convenient flip-top lid. The spout also includes an easily removable pull ring for tamper-evidence. An in-built valve maintains clean product dispensation and freshness between uses. Overall, this pouch improves eco-impacts through reductions in raw materials, energy-use and carbon footprint and opens more choices for print variability and short-runs.



Transforming packaging through Blueloop®



Huhtamaki Blueloop® is a collaborative platform launched in 2019, driving the move from a linear economy to a circular one. It is our effort to speed up innovation and make flexible packaging circular, together with our customers. Blueloop® solutions are mono-material structures made from PP, PE and paper. They build on the standard materials that are widely recycled and will have an economically viable use after collection. The solutions are available for several end applications ranging from candy and chocolates to dry foods and personal-care products.

In 2020, we launched several Blueloop® innovations, to accelerate the adoption and scale-up of circular flexible packaging:

- Major technical improvements were achieved to develop a new recyclable PP-based tube laminate, allowing the production of mono-material PP tubes with PP hinged caps predominantly for the cosmetics industry. The recyclability of this product has been externally certified by Suez, a global multinational specialising in recycling, recovery and waste management.
- Other new innovations include recyclable PE-based pouches for pet food, recyclable PP-based laminates for confectionery and recyclable paper-based laminates for tea envelopes.

R&D centre at Khopoli

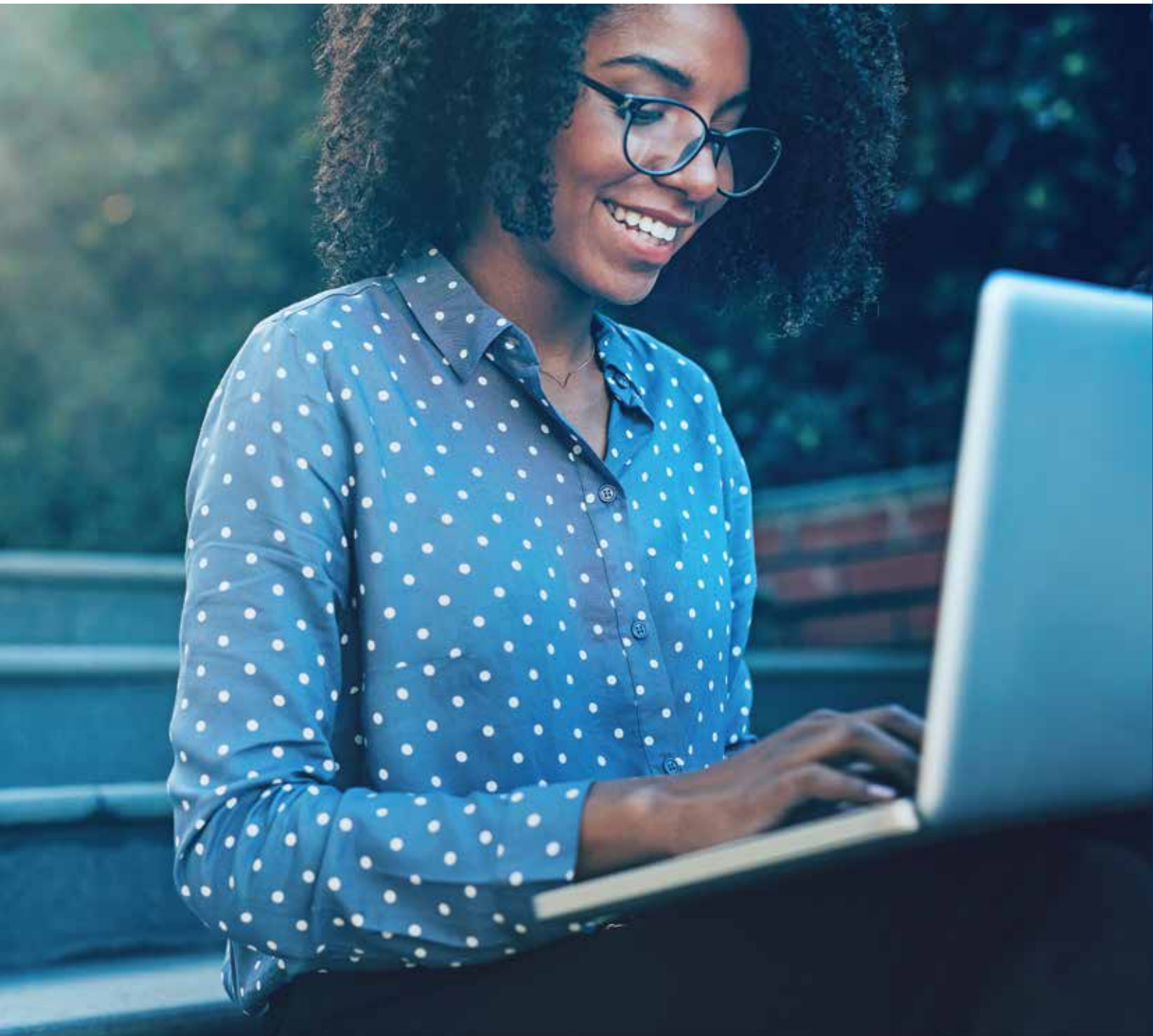
The R&D centre at Khopoli is expected to bring agility in all our innovation activities and reduce the turnaround time to meet customer demands. Our R&D testing lab is being upgraded with additional instruments to enhance efficiencies. The centre has been recognised by the Department of Science and Industrial Research (DSIR).



Digitalisation

Recalibrating digitalisation to accelerate transformation

Digitalisation is expected to have a significant influence on the future of food packaging. The demand for smart packaging that facilitates product traceability and consumer engagement is on the rise. Technology and data analytics will soon reshape the way we do business. To stay ahead of the curve in the digital tomorrow, we must become a digitally integrated organisation.





OneERP project

Under the OneERP program, the businesses of Flexibles, Tube Laminates, CI Flexo, Labels (Non-PS) and Cylinders were migrated from legacy ERP applications to Oracle ERP. In terms of locations, Taloja, Bangalore, Khopoli and Ambernath were the locations to be migrated. By coverage terms, this translated to 90% coverage of the business operations.

During the year 2020, Huhtamaki India acquired the business of Mohan Mutha Polytech Private Limited. Huhtamaki India's business processes as well as all IT systems including the OneERP went live at the acquired plant, from Day 1 of acquisition. This has probably been a first instance for Huhtamaki where all business processes supported by IT applications were live on Day 1 of an acquisition.

With the onset of the Pandemic, like the rest of India, Huhtamaki India was also pushed into adoption of work from home setup. With travel not being an option and not wanting to lose momentum, it was decided to take the OneERP project rollout to PS labels business. Thus, in the midst of a National Lockdown, a virtual project was launched to extend the OneERP to PS labels business. By the end of the year, all business processes were mapped and a plan for Training and Cutover was put in place to be executed in Q1 of 2021.



Focusing with Data Analytics

As part of digital strategy, we are also focusing on improving our data analytics capabilities.

Objectives of this initiative is to:

- Increase business insight
- Improve operational analytics capabilities
- Becoming ready for advance analytics and machine learning capabilities

As part of this project, we are working towards building "Smart Data" using "Right Technology" and making "Digital-Ready Team". Goal of this initiative is to provide growth lever to business and to improve business insight as single source of truth. It would also help us build data savvy digital and collaborative culture. Teams from various units and global functions works together to achieve this objective.

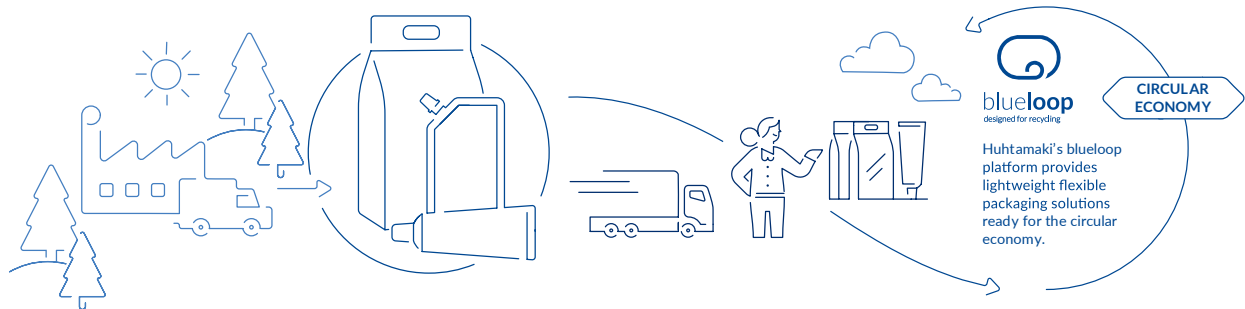
Sustainability

Retracing opportunities in circularity

Today, consumers are extremely conscious about the hygiene and safety of products they consume, and they need our packaging solutions more than ever. We, therefore, have profound responsibility as a business to protect food, people and the planet by developing safe and sustainable packaging solutions.



① Our inspiration



Our imagination of a world where packaging is renewable, recyclable, smart and carbon neutral

Strategy for driving sustainability

This year, Huhtamaki launched its 2030 Strategy, taking on a daring enterprise-wide perspective and setting an ambitious agenda for growth, competitiveness and sustainability.

Through the strategy, the Company aspires to be the first choice in sustainable packaging solutions, enabling well-being and convenience for people around the world by:

- Delivering growth
- Driving competitiveness
- Developing talent
- Embedding sustainability in everything we do

In line with the Group's 2030 strategy, we are working on the following key areas to further our sustainability agenda:

- Become 100% carbon neutral
- 100% of products designed to be recyclable, compostable or reusable
- 100% of fibre from recycled or certified sources
- More than 80% of raw materials either renewable or recycled
- 100% of electricity from renewable sources
- More than 90% of non-hazardous waste to be recycled or composted

Sustainability

Partnering for change

Several pilot projects have been undertaken that aim to bring about a change in the society.



Solar panel installation in Guwahati, Daman and Silvassa

Huhtamäki India is committed to utilising renewable energy. Towards our ambition of using only renewable energy, we installed state-of-the-art rooftop solar panels to power our plants in Guwahati, Daman and Silvassa.

~750 MT

Reduction in CO₂ emissions
(equivalent to planting ~50,000 trees)

We aim to reduce our carbon footprint using renewable energy, thereby ensuring a reduction in global warming, decreasing the burning of limited fossil fuels, curbing CO₂ emissions, preventing pollution and keeping a check on obtuse deforestation.



Partnership with WasteAid

Huhtamäki Oyj partnered with WasteAid to drive community-level circular economy initiative in India, Vietnam and South Africa for a two-year period. The project will provide financial support to WasteAid to deliver education and training on waste management and circular systems in Johannesburg (South Africa), Ho Chi Minh City (Vietnam) and Guwahati (Assam, India). This will fast-track and amplify local solutions that create value and reduce waste and pollution, in line with the United Nations Sustainable Development Goals (UN SDGs).



Mithi River clean-up in Mumbai

Huhtamäki Oyj donated Euro 600,000 to fund a project that aims to stop the flow of plastic waste into the Indian Ocean from the Mithi River in Mumbai, India. This project is run by a global partnership between the United Nations Technology Innovation Labs (UNTIL), VTT Technical Research Centre of Finland, RiverRecycle and Earth5R.

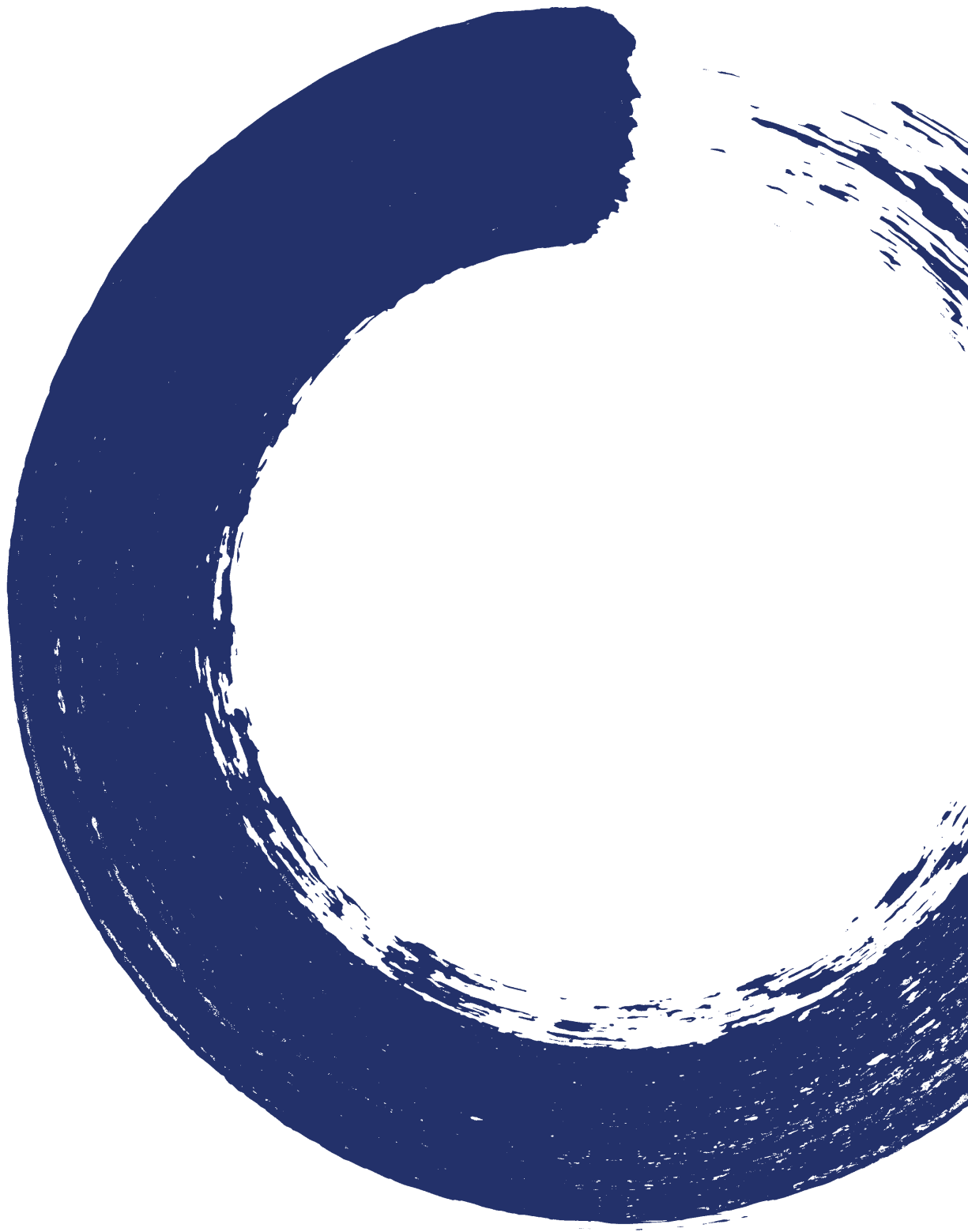
Through this project, cleaning equipment was installed in the river to lift and sort the waste for recycling. We also ran awareness campaigns on effective waste management to drive systemic change locally. Additionally, the project focused on waste analysis to develop and support ways to valorise waste, by turning it into valuable fuels, chemicals, bio-energy and bio-fertilisers.

The project is one of the initiatives funded by Huhtamäki Oyj as part of its 100-year anniversary to address global sustainability challenges and build and learn from circular economy initiatives globally.



Encouraging start-ups to accelerate circular economy

The Huhtamäki Circular Economy Start-up Program by Food System 6 is a partnership between Huhtamäki Oyj and the impact-focused start-up accelerator, Food System 6 (FS6). Together, they announced the selection of eight early-stage companies from around the world to participate in the programme. This platform aims to accelerate the development of young and promising companies working to deliver innovative sustainable solutions for waste management, sustainable packaging alternatives, new materials innovation and regenerative production models.



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Financial Highlights

(Rupees in million)

Particulars	2020	2019	2018	2017	2016
Operating Results					
Sales	24,188.0	25,476.7	23,321.1	21,003.0	21,541.0
Other Income	519.2	680.5	536.3	442.4	446.2
EBDITA	2,416.4	3,096.4	2,380.9	2,319.9	2,658.8
Depreciation & Amortisation	979.3	869.3	853.6	852.5	927.6
EBIT	1,437.1	2,227.1	1,527.2	1,467.4	1,731.2
Profit before Tax, Exceptional & Extraordinary Items	1,175.9	2,015.8	1,135.7	1,149.7	1,358.8
Exceptional & Extraordinary Items (Loss)/Profit	-	-	-	-	(25.5)
Provision for Tax	216.0	315.4	786.9	513.5	517.9
Profit for the year	959.9	1,700.4	348.8	636.2	815.4
EBDITA to Sales %	10.0%	12.2%	10.2%	11.0%	12.3%
EBIT to Sales %	5.9%	8.7%	6.5%	7.0%	8.0%
PBT to Sales %	4.9%	7.9%	4.9%	5.5%	6.2%
Earning Per Share	1.3	2.3	0.5	0.8	11.1
Equity Dividend %	150.0	150.0	150.0	150.0	150.0
Financial Position					
Equity Share Capital	151.1	151.1	151.1	151.1	145.4
Other Equity	7,498.0	6,822.4	5,413.7	5,339.6	4,946.6
Shareholders Funds	7,649.1	6,973.5	5,564.8	5,490.7	5,092.0
Loan Funds	2,477.9	2,726.0	4,031.1	4,057.4	4,354.9
Fixed Assets and Intangible Assets (Incl.Capital work in Progress)	5,771.5	4,947.4	5,221.7	4,393.4	4,666.1
Deferred Tax Assets (Net)	77.5	62.4	49.1	101.9	187.1
Investments	183.5	608.1	211.2	1,375.0	1,950.2
Other Net Assets (Current & Non-Current)	4,094.4	4,081.6	4,113.9	3,677.6	2,643.6
Capital Employed	10,127.0	9,699.5	9,595.9	9,548.1	9,446.9

Directors' Report

Your Directors have pleasure in presenting the 71st Annual Report along with the Audited Statements of Accounts for the year ended December 31, 2020.

Financial Highlights:

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

Particulars	(Rupees in million)	
	2020	2019
Net Sales	24,188.0	25,476.7
Profit before Tax & Exceptional Item	1,175.9	2,015.8
Profit before Tax	1,175.9	2,015.8
Less: Provision for Current Tax	221.9	325.3
Provision for Deferred Tax	(5.9)	(9.9)
Profit after Tax	959.9	1,700.4
Add: Balance of profit for earlier years	5,217.0	3,789.8
Profit available for appropriation	6,176.9	5,490.2
Transfer to General Reserve	Nil	Nil
Transfer to Debenture Redemption Reserve	Nil	Nil
Dividend on Equity Shares & Dividend Tax thereon	226.6	273.2
Balance Carried forward	5,950.3	5,217.0

COVID-19:

2020 has been a challenging year for each one of us. The COVID-19 pandemic has had a deep impact on individuals, societies and the business. Challenges posed due to restrictions imposed, disrupted operations during the first wave of the pandemic. During these unprecedented times, every member of the Huhtamaki India workforce displayed exemplary levels of commitment despite the challenges posed by the pandemic, in ensuring continuity of operations given that the Company's products form a key part of the supply chain for Essential Commodities, across food, healthcare and pharma segments.

Despite our best efforts, we lost few fellow colleagues to the Covid-19 pandemic. Our thoughts go out to their families and to all those whose lives have been impacted. The pandemic has tested us in many unprecedented forms. This has not only tested the resilience of our business, agility of our operations and character of our Team Huhtamaki India.

Performance:

The outbreak of corona virus (COVID-19) pandemic globally and in India caused significant disturbance and slowdown of economic activity, impacting the Company's operations and revenues. The Company registered Net Sales of Rs. 24,188.0 million, as compared to Rs. 25,476.7 million for the previous year, due to COVID-19 led subdued demand, primarily against the drop in consumption. The Company witnessed a significant drop in Profit after Tax which stood at Rs. 959.9 million as compared to Rs. 1,700.4 million for the previous year, due to lower demand for premium/discretionary SKUs, change in mix of products, subdued impact of festive

season on new launches, slowdown in economy and negative impact of the pandemic.

Dividend:

Your Directors are pleased to recommend a dividend of Rs. 3/- (Rupees Three only) per equity share (150%) having face value of Rs. 2/- each, for the year ended December 31, 2020. The said dividend will absorb an amount of Rs. 226.6 million.

The Dividend Distribution Policy of the Company is annexed to this Report as Annexure 1 and is also available on Company's website at <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

Fixed Deposits:

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

Borrowings:

The Company continued to optimise borrowings during the year by focusing on cash flows and working capital management. During the year, the Company raised bank debt to fund the acquisition of Mohan Mutha Polytech Private Limited and also resorted to availing Commercial Paper for funding Working Capital.

Your Company entered into a related party transaction with Huhtamaki Finance Company V B.V. Netherlands, to raise finance through External Commercial Borrowings (ECB) to the extent of Rs. 2,000 million at interest rate of 6.5%,

payable annually. The ECB was raised in two tranches of Rs. 1,000 million each in December 2020 and February 2021, with the objective of refinancing debt and for general corporate purposes.

The said ECB is denominated in Rupee terms and is in accordance with the rules laid down under the Companies Act, SEBI and RBI Regulations and in compliance with the test for arms length pricing.

Change of Name:

The Company changed its name from “Huhtamaki PPL Limited” to “Huhtamaki India Limited” with effect from November 11, 2020. The change of name was approved by the members by way of Postal Ballot approved on November 9, 2020. The Registrar of Companies, Mumbai has, on November 11, 2020, issued the new Certificate of Incorporation, consequent to the change in the name of the Company.

Subsidiary Companies and Financial Statements:

Your Company does not have any subsidiaries and hence details to be provided in Form AOC-1 is not required to be given.

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.flexibles.huhtamaki.in. 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 71st Annual General Meeting, subject to the opening of our Regd. Office, which is presently closed due to the covid pandemic.

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 Para 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/CEO 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 operations, performance and future outlook of the Company and its businesses are given in the Management Discussion and Analysis, and forms part of this Report.

Directors & Key Managerial Personnel:

Changes in Directorate and Key Managerial Personnel:

Mr. Sudip Mall was appointed as Managing Director of the Company w.e.f. January 4, 2021 for a period of 5 years, subject to approval of shareholders at the ensuing Annual General Meeting and Central Government.

Ms. Sukanya Kripalu stepped down as Independent Director of the Company w.e.f. May 6, 2020 on expiry of her second term of three years. The Board places on record its sincere appreciation of the contribution and guidance given by Ms. Sukanya Kripalu during her tenure as an Independent Director of the Company.

Dr. Arup Basu was assigned a global role as “President – Flexible Business effective, February 1, 2020. Accordingly, Dr. Arup Basu ceased to be the Managing Director effective, January 31, 2020 (close of Business hours) and occupied the position as Executive Director, effective February 1, 2020.

Pursuant to the appointment of Mr. Sudip Mall as Managing Director, Dr. Arup Basu stepped down from the position of Executive Director on January 3, 2021 and was appointed as an Additional Director of the Company effective January 4, 2021, subject to approval of members at ensuing Annual General Meeting and is liable to retire by rotation.

The details of the proposed appointment/re-appointment of Directors is provided in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 71st Annual General Meeting (AGM) of your Company.

During the year, Ms. Seema Modi and Mr. Ashok Kumar Barat were inducted on the Board of the Company as Independent Directors, effective January 1, 2020 and April 1, 2020, respectively.

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 and the same has been noted by the Board of Directors.

The Board of Directors are of the opinion that Mr. Murali Sivaraman, Ms. Seema Modi and Mr. Ashok Kumar Barat,

Directors' Report (Contd.)

Independent Directors of the Company who were appointed on January 1, 2019, January 1, 2020 and April 1, 2020, respectively, have the integrity, expertise and experience and have ascertained that the said Directors have cleared the proficiency self-assessment test conducted by the Institute notified under sub-section (1) of Section 150 of the Act/were exempted from appearing for the proficiency self-assessment test.

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 of Directors has undertaken an annual evaluation of its own performance, its various Committees and individual directors. The manner in which the performance evaluation has been carried out has been 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://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

Business Responsibility Report:

As per Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations, 2015) Business Responsibility Report forms part of this Report.

In line with the green initiative, Business Responsibility Report of the Company for the year ended December 31, 2020 is available on the website of the Company <http://www.huhtamaki.com/web/flexible-packaging-india/policies> and forms part of this Report and is kept at the registered office of the Company for inspection. A copy of the aforesaid report shall be made available to such shareholders who are desirous of and interested in perusing them, upon receipt of a written request from them.

Familiarisation Programme for Independent Directors:

Your Company has put in place a Familiarisation Programme for Independent Directors to familiarize them with their roles, rights, responsibilities, nature of the Industry, Company's

strategy, business plan, operations, markets, products, etc. Due to the social disruption caused by the COVID-19 pandemic and lockdown restrictions, the Company was not in a position to enable plant visits and Orientation for the newly joined directors of the Company. The details of the Company's Familiarisation Programme is available on the Company's website - web link: <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

Meetings of The Board:

During the year, eight 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 the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, BSR & Co. LLP, Chartered Accountants (BSR) were appointed as Statutory Auditors of your Company for a term of five years from the conclusion of the 70th Annual General Meeting till the conclusion of the 75th Annual General Meeting.

The Auditors' Report to the Members on the Accounts of the Company for the year ended December 31, 2020 is a part of the Annual Report. The said Audit Report does not contain any qualification, reservation, or adverse remark.

During the year 2020, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no details 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 of Directors of your Company on the recommendation of Audit Committee appointed M/s. R. Nanabhoy & Co., Cost Accountants as the Cost Auditors of the Company to conduct Cost Audit for the Financial year 2021. Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, members of the Company are required to ratify the remuneration to be paid to the Cost Auditors. Accordingly, Members approval is being sought for ratification of their remuneration as Cost Auditors of the Company for the Financial Year 2021. M/s. R. Nanabhoy & Co

have confirmed that they are free from any disqualifications as specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013. They have further confirmed their Independent Status.

Secretarial Auditor:

The Board of Directors of your Company has appointed M/s. S.N. Ananthasubramanian & Co., Company Secretaries, to conduct Secretarial Audit for the Financial year 2020 pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in prescribed format is annexed as Annexure 4 to this Report.

Annual Secretarial Compliance Report:

The Company has undertaken an audit for the financial year 2020 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

During the Year 2020, your Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India and Annual Secretarial Compliance Report in prescribed format is annexed as Annexure 5 to this Report.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

Particulars of Employees:

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. In terms of Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid information which is available for inspection by the Members at the registered office of the Company during business hours on working days of the Company and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

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://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/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 Year 2020 were in the ordinary course of 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. Hence, there were no transactions that were required to be reported in Form AOC 2 as required under Section 134(3)(h) of the Companies Act, 2013. 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 have 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, 2020.

Corporate Social Responsibility:

The CSR Policy of your Company is in alignment with the requirements of the Companies Act, 2013. 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.

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 Rs. 37.8 million, which was

Directors' Report (Contd.)

more than the statutory limits required to be spent by the Company.

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 & hygiene and preservation of environment.

The Company has formed a Trust by the name 'Huhtamaki Foundation' to work in the area of environmental sustainability, recyclability and to set up Sustainability facilities for post-consumer use flexible packaging material. The Trust has been registered with the Charity Commissioner's office at Mumbai on February 27, 2020.

CSR Report detailing the activities of CSR spending is annexed to this Report as Annexure-7

Vigil Mechanism/Whistle-blower Policy:

Your Company has over the years established a reputation for conducting business with integrity and displays zero tolerance for any unethical behaviour. 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 Audit Committee of the Board oversees the functioning of this policy. Protected disclosures can be made by a whistle-blower through several channels to report actual or suspected frauds and violation of Company's Code of Conduct and/or Ethics Policy. The whistle-blower Policy can be accessed on the Company's website <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/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, anti-corruption, and code of conduct, 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.

During the year the Company received one complaint under Whistle-Blower/Vigil mechanism, which is under investigation. There were two pending complaints carried over from the previous year which has been disposed of during the year.

Risk Management & Internal Financial Controls:

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimisation procedures which are periodically reviewed to ensure that

risk including the Information technology and Cyber Security risk, is controlled/mitigated by the Executive Management. The Company has also formulated Risk Management Policy to review and control risk. The Company has also constituted a Risk Management Committee which oversees and monitor implementation of Risk Management Policy, validate the process and procedure of Risk Management and Risk Mitigation and periodically review and evaluate the Company's Risk Management Policy.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are given in the Management's 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, annual audit plan is rolled out after the same is approved by the Audit Committee. The Audit Plan is aimed at evaluation of the efficacy and adequacy of internal control system and compliance thereof, robustness of internal processes, policies and accounting procedure 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 observations & corrective actions thereon are presented to the Audit Committee for their review.

Annual Return:

The Extracts of the annual return of the Company for Financial year 2020 has been placed on the website of the Company and can be accessed at link <https://www.huhtamaki.com/en-in/flexible-packaging/investors/financials>

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, 2020, 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, 2020, 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 have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) that the proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Human Resources and Particulars of Employees:

The Company continues to focus on safeguarding its business and its people. The Company continues to carry out thorough clean-up and sanitising of all its factories/offices and repeat disinfection on a regular basis, screening of all workmen, staff, visitors, temperature measurement, personal hygiene, hand sanitisation, mask distribution, arranging soap and paper tissues, ensuring strict adherence of social distancing at workplace like shared areas, cafeteria and break timings, shift start times, locker rooms, etc.

The Company also introduced remote work practices following the local guidelines issued by the authorities from time to time. Post easing of lockdown restrictions, the Company adopted a "Reset and Return to work" issuing guidelines on various aspects like hand and respiratory hygiene, social distancing, office space occupancy, compulsorily wearing of masks, using public transportation, etc. The Company continues to closely monitor the COVID-19 situation and the behaviour of the virus and regularly reviews its guidelines to ensure that its plants functioning is not disrupted by taking all precautionary measures and maintaining pandemic preparedness.

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 Management & Discussion Analysis (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 business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Further, members may please note that due to the ongoing covid pandemic, our offices are closed due to implementation of Work From Home for employees, the Company is closely monitoring the pandemic situation and will open its offices up, once it feels that it is safe for employees to resume working from office. In the light of the above, any member interested in obtaining such information may please write to the Company Secretary at the Registered Office of the Company and the same will be furnished on request.

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

The Company is an equal opportunity provider and continuously strives to build a work culture which promotes the respect and dignity of all employees across the organisation. In order to provide women employees a safe working environment at workplace and also in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated a well-defined policy on prevention, prohibition and redressal of complaints relating to sexual harassment of women at workplace. All women who are associated with the Company either as permanent employees or temporary employees or contractual persons including service providers at company

Directors' Report (Contd.)

sites are covered under the above policy. The said policy has been uploaded on the website of Company for information of all employees. 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 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 has not received any complaint under POSH Regulations. There was one complaint pending carried over from the previous year which has been disposed of during the year.

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;
- Neither the Executive Director nor the Whole-time Directors of the Company receives remuneration or commission from any of its subsidiaries;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;
- There have been no material changes and commitments, if any, 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;

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.

By Order of the Board
For **Huhtamaki India Ltd.**

Murali Sivaraman, Chairman
(DIN: 1461231)

Date: February 24, 2021

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 to its shareholders, from time to time.

2. Factors/Parameters to be considered while Declaration of Dividend –

The Company will broadly take into consideration the following financial parameters and/or internal and external factors to determine whether or not to declare dividend or to determine the quantum of dividend to be declared. 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 as may be permitted by law, 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 to Directors' Report (Contd.)

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 Machine, utility and Infrastructure. Regular focus and efforts are made to improve machine efficiency and accuracy by modernisation or replacement of Plant & Machinery of high-end Technology.

Some of the key initiatives for conserving energy during 2020 were:

- Installation of Solar Plant at Guwahati/Daman & Silvassa.
- Replacement of Old Scroll Chillers with New Technology Energy Efficient Screw Chiller resulted into Energy Conservation.
- Replacement of Conventional Light with LED Lights in Plants in saving of electricity consumption.
- Variable Frequency Drive (VFD) for ventilation units resulted into energy conservation.
- Under the Re-configuration of Plants, we had shifted Flexo Operation to Silvassa & Ambernath Plant is shut.

B. Technology Absorption, Adaption & Innovation:

Your Company continued its R&D efforts in technologies & products that will help in its continued growth. To support this effort, a dedicated combined R&D set up was built in Khopoli plant to bring the agility in Innovation and product development activity.

Sustainability is part of strategy of your Company and our ambition is to be the first choice in flexible packaging solutions, enabling well-being and convenience for people all around the world. To meet our ambition and priority on sustainability your Company:

- Actively build public awareness of flexibles as the solutions;
- Continue to invest in sustainable packaging solutions;
- Embed sustainability in operations; and
- Pilot projects in circularity.

To meet the growing demand from our customers on food safety, your Company worked very closely with

all supply chain associates to ensure that all input raw materials are totally safe for packaging of food and all government introduced FSSAI standards with respect to packaging for food safety are fully complied.

With the help of dedicated NASP (New Applications, Structures, Products/Processes) activity, a strong new product pipeline is helping your Company to maintain its technology leadership in the market.

Your Company has earned new recognition in the “personal care” and “in-transit” categories at the prestigious WorldStar 2021 Awards platform. Our winning entries are a recyclable mono-paper fragrance pocket and high-barrier bulk bag with extreme drop performance, nominated in household and transit categories, respectively.

Inspite of COVID-19 pandemic and resultant disruptions, your Company has been recognised and have received 2 awards comprising of WorldStar awards and SIES SOP Star Awards, in Printing.

The Company has been recognised for its innovative efforts by several packaging organisations and was awarded with 2 awards for the year under review, details of the awards are mentioned below:

Name of the Award	Products
WorldStar Awards 2021	High barrier bulk bag with extreme drop resistance, Recyclable monopaper air fragrance pocket
SIES SOP Star Awards	Sticker in laminate for brand promotions, Alu-free retortable easy peel lid

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

	(Rupees in million)
(a) Capital	Nil
(b) Recurring	11.6
Total	11.6

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.

Your Company continue to successfully introduce easy to recycle laminate under Blue Loop umbrella with our customers and got good business potential across all customer base.

Your Company has also completed final provisional specifications for 2 patents in the year under review.

D. Foreign Exchange Earnings & Outgo:

- (a) Foreign exchange earnings from the exports of the Company's products & services amounted to Rs. 6,997.7 million.
- (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 Rs. 4,098.9 million

By Order of the Board
For **Huhtamaki India Ltd.**

Murali Sivaraman, Chairman
(DIN: 1461231)

Annexure to Directors' Report (Contd.)

Annexure – 3

Nomination and Remuneration Policy of Huhtamaki India 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 India 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' interests, 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 Regulation 19 of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

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 Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, 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/KMP/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 Rs. One Lac 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, 2020

[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 India Limited
(formerly Huhtamaki PPL Limited)
CIN: L21011MH1950FLC145537
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
C-38/39, G-Block, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.

We have conducted Secretarial Audit of the compliance with the applicable statutory provisions and adherence to good corporate practices by **Huhtamaki India Limited (formerly known as 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, 2020** 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, 2020** 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 financial 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, 2018;
 - (c) The Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not Applicable, as there was no reportable event during the Financial year under review;**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable, as the Company has not issued any shares/ options to Directors/ Employees under the said regulations during the Financial year under review;**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable, as there was no reportable event during the Financial Year under review;**
 - (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 Financial year under review;**

Annexure to Directors' Report (Contd.)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable as there was no reportable event during the Financial Year under review**; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018 – **Not Applicable as there was no reportable event during the Financial year under review**;
- (vi) The Management of the Company has identified that the following laws as specifically applicable to the Company:
1. The Petroleum Rules, 2002;
 2. The Legal Metrology Act, 2009, Rules and Regulations thereunder;
 3. The Environment (Protection) Act, 1986 and Rules thereunder;
 4. The Environment Impact Assessment Notification, 2006;
 5. The Food Safety and Standards (Licensing & Registration of Food Businesses) Regulations, 2011;
 6. The Batteries (Management and Handling) Rules, 2001;
 7. The Food Safety and Standards Act, 2006;
 8. The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;
 9. The Plastic Waste (Management & Handling) Rules, 2011;
 10. The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000.
 11. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
 12. The Solid Waste Management Rules, 2016;
 13. The Bio-Medical Waste Management Rules, 2016;
 14. The E-Waste (Management) Rules, 2016.

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 have been informed that the Company is in the process of collating data for the purpose of filing Form 1A as required under Rule 4A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified w.e.f. August 20, 2019 the due date of filing of which was December 31, 2019 and is expected to file the same shortly.**

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;

The Company has re-designated Mr. Arup Basu (formerly Managing Director of the Company) as Whole-time Director w.e.f. February 1, 2020 and has appointed, subject to statutory approvals, Mr. Sudip Mall as the Managing Director of the Company w.e.f. January 4, 2021.

- Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent seven days in advance before the meeting except where the consent of directors was received for circulation of agenda and notes to agenda at a shorter notice. 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 unanimously.

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 have occurred which have a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. The Company has vide a Special Resolution dated November 9, 2020 passed by Postal ballot and vide Certificate of Change of Name issued by the Ministry of Corporate Affairs dated November 11, 2020, changed the name of the Company from **Huhtamaki PPL Limited to Huhtamaki India Limited.**
2. The Board of Directors have authorised the Company to raise Rs. 2,000 million by way of External Commercial Borrowings from Huhtamaki Finance Company V. B. V.,

Netherlands out of which Rs. 1,000 million was received on December 14, 2020 and remaining amount was received on February 8, 2021.

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

ICSI Unique Code No.: P1991MH040400

Peer Review Cert. No.: 606/2019

S. N. Ananthasubramanian

Partner

FCS: 4206 I COP No.: 1774

ICSI UDIN:

February 16, 2021 | Thane

Annexure – A

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

Our Secretarial Audit Report for the year ended December 31, 2020 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

ICSI Unique Code No.: P1991MH040400

Peer Review Cert. No.: 606/2019

S. N. Ananthasubramanian

Partner

FCS: 4206 I COP No.: 1774

ICSI UDIN:

February 16, 2021 | Thane

Annexure to Directors' Report (Contd.)

Annexure – 5**Annual Secretarial Compliance Report
For the financial year ended December 31, 2020**

To,
The Board of Directors,
Huhtamaki India Limited
(Formerly known as Huhtamaki PPL Limited)
CIN: L21011MH1950FLC145537
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
C-38/39, G-Block, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051.

Sir/Madam,
Annual Secretarial Compliance Report for the Financial Year 2020

We have been engaged by **Huhtamaki India Limited (Formerly known as Huhtamaki PPL Limited)** (hereinafter referred to as 'the Company') bearing **CIN: L21011MH1950FLC145537** whose equity shares are listed on National Stock Exchange of India Limited (Symbol: HUHTAMAKI) and BSE Limited (Security Code: 509820) to conduct an audit in terms of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, read with SEBI's Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 and to issue the Annual Secretarial Compliance Report thereon.

It is the responsibility of the management of the Company to maintain records, devise proper systems to ensure compliance with provisions of all applicable SEBI Regulations and circulars/guidelines issued thereunder from time to time and to ensure that the systems are adequate and are operating effectively.

Our responsibility is to verify compliances by the Company with provisions of all applicable SEBI Regulations and circulars/guidelines issued thereunder from time to time and issue a report thereon.

Our audit was conducted in accordance with Guidance Note on Annual Secretarial Compliance Report issued by the Institute of Company Secretaries of India and in a manner which involved such examinations and verifications as considered necessary and adequate for the said purpose.

Annual Secretarial Compliance Report is enclosed.

S. N. Ananthasubramanian

Partner

FCS: 4206 | COP No.: 1774

February 16, 2021 | Thane

**Secretarial Compliance Report
Huhtamaki India Limited for the year ended December 31, 2020**

We have examined:

- (a) all the documents and records made available to us and explanation provided by **Huhtamaki India Limited (formerly known as Huhtamaki PPL Limited)** (“the listed entity”),
- (b) the filings/submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/filing, as may be relevant, which has been relied upon to make this certification

for the year ended **December 31, 2020** (“Review Period”) in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/guidelines issued there under, have been examined, include:-

- (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not applicable as there was no reportable event during the Financial year under review;**
- (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable as there was no reportable event during the Financial year under review;**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **Not applicable as there was no reportable event during the Financial year under review;**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable as there was no reportable event during the Financial year under review;**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-convertible and Redeemable Preference Shares) Regulations, 2013 – **Not applicable as there was no reportable event during the Financial year under review;**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/guidelines issued thereunder;

Based on the above examination, we hereby report that, during the Review Period:

- a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars/guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
1.	Sch III, Part A [4 (h)] of LODR—The listed entity shall disclose to the exchanges the Financial Results within 30 minutes of the closure of the meeting.	The Financial Statements except the Auditors’ Report were submitted within 30 minutes of the closure of the Board Meeting.	The Auditors’ Report was submitted on February 26, 2020.

- (b) The listed entity has complied with SEBI Circular **CIR/CFD/CMD1/114/2019** dated **October 18, 2019** with respect to changes in terms of appointment of Statutory Auditors. The listed entity has included the clauses in the terms of the appointment of Statutory Auditors as provided in the Circular during the appointment of Statutory Auditors made at the 70th Annual General Meeting held on June 30, 2020.

Annexure to Directors' Report (Contd.)

- c) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder in so far as it appears from our examination of those records;
- (d) The following are the details of actions taken against the listed entity/its promoters/directors/material subsidiaries either by SEBI or by Stock Exchanges (*including under the Standard Operating Procedures issued by SEBI through various circulars*) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any.
NIL				

- (e) The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable

For **S. N. ANANTHASUBRAMANIAN & CO.**

Company Secretaries

ICSI Unique Code No.: P1991MH040400

Peer Review Cert. No.: 606/2019

S. N. Ananthasubramanian

Partner

FCS: 4206 | COP No.: 1774

ICSI UDIN:

February 16, 2021 | Thane

Annexure - 6

Details pertaining to remuneration as required 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 of Managerial Personnel) Rules, 2014]

- I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

				(Rupees in million)
Sr No	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year (FY)	% increase in Remuneration in the Financial Year 2020	Ratio of remuneration of each Director to median
1.	Dr. Arup Basu Managing Director	349.32	20.00%	76.4:1
2.	Mr. Ranjeev Lodha* CFO	194.92	89.65%	42.6:1
3.	Mr. D V Iyer Company Secretary	59.71	18.57%	13.1:1

Notes:

- The Managing Director and Executive Director & CFO of the Company are entitled to shares under the "Share Ownership Plan" of Huhtamäki 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, as per Ind AS, the Company has recognised reversal of Rs. 0.6 million which were accrued in earlier years with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.
- Remuneration paid to Independent Directors consists only sitting fees and Commission for FY 2020 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.
 - The percentage increase in median remuneration of employees of the Company during the financial year was 9%.
 - The number of permanent employees on the rolls of Company as on December 31, 2020 were 3,468.
 - Average percentage increase made in the salaries of employees other than managerial personnel in the financial year was 9%, while the increase in the remuneration of managerial personnel was also 9%. 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.
 - It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

By Order of the Board
For **Huhtamaki India Ltd.**

Murali Sivaraman, Chairman
(DIN: 1461231)

Annexure to Directors' Report (Contd.)

Annexure - 7

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2020

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://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

2. The Composition of the CSR Committee is as under –

- I) Mr. Murali Sivaraman – Chairman
- II) Mr. Sami Pauni – Member
- III) Dr. Arup Basu – Member

3. Average net profit of the Company for last three financial years – Rs. 1,391.6 million

4. Prescribed CSR Expenditure (Two percent of amount as in Item No. 3) – Rs. 27.8 million

5. Details of CSR spent during the Financial Year –

- a. Total amount spent for the financial year – Rs. 37.8 million
- b. Total amount unspent, if any – NIL
- c. Manner in which the amount was spent during financial year, is detailed below:

Amount Spent by the Company (In million) –

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 up to the reporting period	Amount spent: Direct or through implementing agency
1.	Conversion of Aanganwadi into Nandghar	Promotion of Education	Silvassa (U T of Dadra & Nagar Haveli)	1.9	1.9	1.9	Direct
2.	Contribution to PM CARES Fund	Promotion of Healthcare	Bengaluru (Karnataka) Hyderabad (Telangana) Gangtok (Sikkim) Daman (Daman and Diu) Silvassa (U T of Dadra & Nagar Haveli) Chennai (Tamil Nadu) Maharashtra	5.6	5.6	5.6	Direct
3.	Contribution towards COVID-19 related activities	Promotion of Health Care	Taloja (Maharashtra) Khopoli (Maharashtra) Guwahati (Assam) Rudrapur (Uttarakhand) Silvassa (U T of Dadra & Nagar Haveli) Delhi	3.0	3.0	3.0	Direct
4.	Contribution to State Management Disaster Funds	Promotion of Health Care	Taloja (Maharashtra) Mahape (Maharashtra) Ambernath (Maharashtra) Khopoli (Maharashtra) Thane & Vile Parle (Maharashtra) Parwanoo (Himachal Pradesh) Baddi (Himachal Pradesh) Guwahati (Assam) Sricity (Andhra Pradesh)	1.3	1.3	1.3	Direct

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 up to the reporting period	Amount spent: Direct or through implementing agency
5.	Contribution to the Trust for work in the area of preservation of environment including in the area of environmental sustainability and recyclability and set up Sustainability facilities for post-consumer use flexible packaging material.	Environment Sustainability	Khopoli (Maharashtra)	26.0	26.0	26.0	Huhtamaki Foundation
				37.8	37.8		

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 – NA

The CSR Committee confirmed 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 India Ltd.**

Murali Sivaraman, Chairman
(DIN: 1461231)

Company's Philosophy on Code of Governance

Huhtamaki India Limited (HIL) believes that good Corporate Governance is essential to achieve long-term corporate goals and enhance stakeholder' value. Thus, HIL's philosophy on Corporate Governance is aimed at the attainment of 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 HIL'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 HIL'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

The Directors present the Company's Report on Corporate Governance for the year ended December 31, 2020.

1. Board of Directors:

The Board of Directors of the Company (the Board) comprises of a combination of Executive and Non-executive Directors. The Board of Directors, as on December 31, 2020 comprised of 6 (Six) Directors, of which 2 (Two) were Executive Directors, 1 (One) Non-executive Director and 3 (Three) of them being Independent Directors. As on December 31, 2020, the Chairman of the Board was Non-executive Independent Director and more than one-third of the Board members were Independent Directors. 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 FY2020/Tenure	No. of Board Meetings attended	Attendance at last AGM
1.	Mr. Murali Sivaraman	Non-executive, Independent	8	8	Yes
2.	Ms. Seema Modi	Non-executive, Independent	8	8	Yes
3.	Mr. Ashok Kumar Barat [%]	Non-executive, Independent	4	4	Yes
4.	Ms. Sukanya Kripalu [*]	Non-executive, Independent	4	4	NA
5.	Mr. Olli Koponen [^]	Non-executive	1	0	NA
6.	Mr. Sami Pauni	Non-executive	8	7	Yes
7.	Dr. Arup Basu ⁺	Executive	8	8	Yes
8.	Mr. Ranjeev Lodha	Executive	8	8	Yes

[%] Mr. Ashok Kumar Barat was appointed as an Additional Independent Director w.e.f. April 1, 2020 for a period of five years, whose appointment was approved by the shareholders at their meeting held on June 30, 2020.

^{*}Ms. Sukanya Kripalu ceased to be an Independent Director w.e.f. May 6, 2020, consequent to having completed her second term as an Independent Director.

[^]Mr. Olli Koponen stepped down as Non-executive Director w.e.f. January 31, 2020.

⁺Dr. Arup Basu was re-designated as Managing Director to Executive Director w.e.f. February 1, 2020, pursuant to his appointment as President – Flexible Packaging and as Member of Global Executive Team of Huhtamäki Oyj.

A. Inter-se Relationship among The Directors:

None of the Directors of the Company are *inter-se* related to each other.

B. Resignation of Independent Directors and Reasons thereof:

During the year 2020, Ms. Sukanya Kripalu, ceased to be an Independent Director w.e.f. May 6, 2020, consequent to completion of her second term as an Independent Director.

C. Board Meetings:

During the year 2020, 8 (Eight) Board Meetings were held, i.e. on January 31, 2020, February 17, 2020, February 18, 2020, March 18, 2020, May 15, 2020, August 14, 2020, October 23, 2020 and November 24, 2020 with time gap not exceeding 120 days between any two such meetings. The Annual General Meeting was held on June 30, 2020.

Corporate Governance (Contd.)

D. Directorship and Committee Membership/Chairmanship:

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, 2020		
		Committee positions in other Companies (excluding HIL) ²		
		Member	Chairman	Total
Mr. Murali Sivaraman	2	1	Nil	1
Ms. Seema Modi	1	1	1	2
Mr. Ashok Kumar Barat	7	3	4	7
Dr. Arup Basu	Nil	Nil	Nil	Nil
Mr. Sami Pauni	Nil	Nil	Nil	Nil
Mr. Ranjeev Lodha	Nil	Nil	Nil	Nil

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

²Committee 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.

E. Directorship in listed companies:

Sr. No.	Name of the Director	Name of the Company
1.	Mr. Murali Sivaraman	1. Bharat Forge Limited 2. ICICI Lombard General Insurance Company Limited
2.	Ms. Seema Modi	1. SEAMEC Limited
3.	Mr. Ashok Kumar Barat	1. Bata India Limited 2. Cholamandalam Financial Holdings Limited 3. Cholamandalam Investment & Finance Company Limited 4. Birlasoft Limited 5. DCB Bank Limited

F. 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.

During the year, the Board periodically reviewed reports placed by the management with respect to compliance with various laws applicable to the Company. The Internal Auditor also reviewed compliance status and reported to the Audit Committee.

2. Committees of The Board:

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

1. 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.

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 FY2020
Mr. Murali Sivaraman – Chairman*	Member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India, MBA from Indian Institute of Management, Ahmedabad and Advanced Management Programme from Harvard	7/7
Ms. Sukanya Kripalu [§] – Member	MBA from the Indian Institute of Management, Kolkata	2/2
Mr. Ashok Kumar Barat – Chairman [%]	Member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and CPA (Australia).	5/5
Dr. Arup Basu – Member	Ph.D. 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. International Baccalaureate Diploma from United World College (UWC) of Atlantic, Wales, UK.	7/7

*Mr. Murali Sivaraman was Chairman of Audit Committee till June 30, 2020.

[§] Ms. Sukanya Kripalu ceased to be a member of Audit Committee w.e.f. May 6, 2020, consequent to her cessation, having completed her second term as an Independent Director.

[%] Mr. Ashok Kumar Barat was appointed as a Member of Audit Committee w.e.f. May 15, 2020. Further, Mr. Ashok Kumar Barat was appointed as Chairman of Audit Committee w.e.f. July 1, 2020.

During the Year 2020, 7 (Seven) Audit Committee meetings were held on February 17, 2020, March 18, 2020, May 15, 2020, August 14, 2020, September 22, 2020, October 23, 2020 and November 24, 2020. The time gap between any two consecutive meetings of the Audit Committee was not more than 120 days.

A. Terms of Reference:

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:

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 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;
- Approval of appointment of the CFO (i.e. the Whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience, background, etc. of the candidate; and
- 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

Corporate Governance (Contd.)

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 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 thereon;
- 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; and
- Carrying out any other function as mentioned in the terms of reference of the audit Committee as per Securities and Listing Regulations, as amended from time to time.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held in 2020 for addressing the shareholders queries. The Executive Director, CFO, the Statutory Auditors and the Internal Auditor 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.

M/s. B S R & Co., LLP, Chartered Accountants, are the Company's Statutory Auditors. They are responsible for performing an independent audit of the financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

2. Stakeholders Relationship Committee:

The Committee comprises of two Non-executive Independent Directors and one Non-executive Director.

The composition of the Committee is given hereunder:

Name of the Director	Meetings attended/ held during FY2020
Ms. Seema Modi – Chairperson [%]	3/3
Mr. Murali Sivaraman – Member	4/4
Mr. Sami Pauni – Member	3/4
Ms. Sukanya Kripalu – Chairperson [*]	1/1

[%] Ms. Seema Modi was appointed as a Member and Chairperson of Stakeholders Relationship Committee w.e.f. May 15, 2020.

^{*} Consequent to cessation of Ms. Sukanya Kripalu as an Independent Director w.e.f. May 6, 2020, she ceased to be the Member of Stakeholders Relationship Committee.

The Meetings of Stakeholders Relationship Committee were held on February 17, 2020, May 15, 2020, August 14, 2020 and October 23, 2020.

A. Terms of Reference:

- Resolving the grievances of the security holders of the Company, including complaints relating to transfer/transmission of shares, non-receipt of Annual Report, and non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

- Performing any other functions and activities related to this terms of reference as requested by the Board of Directors; and
- Performing any other functions as required to be done by the Stakeholders Relationship Committee as per the provisions of the Companies Act, 2013, Listing Regulations as amended from time to time and any other laws or regulations from time to time.

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/RTA endeavours to reply to all letters/complaints received from shareholders within a week of receipt of the same.

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.

B. Details of Stakeholders Complaints received during 2020:

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	0	0	0	0
Total	0	0	0	0

3. Corporate Social Responsibility Committee:

The Committee comprises of 3 members. The Chairman of the Committee is an Non-executive Independent Director of the Company.

Name	Meetings attended/ held during FY2020
Mr. Murali Sivaraman - Chairman	4/4
Dr. Arup Basu - Member	4/4
Mr. Sami Pauni - Member	3/4

The Meetings of Corporate Social Responsibility Committee were held on February 17, 2020, March 18, 2020, August 14, 2020 and November 24, 2020.

A. Terms of Reference:

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 <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-andpolicies/policies/>

4. Nomination & Remuneration Committee:

The Nomination and Remuneration Committee comprises of two Independent Directors and one Non-executive Director. The composition of the Committee and their attendance at the meeting(s) for the Financial year 2020 is given hereunder:

Name of the Director	Meetings attended/ held during FY2020
Ms. Seema Modi, Chairperson%	2/2
Mr. Murali Sivaraman, Member	5/5
Mr. Sami Pauni **	4/5
Ms. Sukanya Kripalu, Chairperson#	3/3
Mr. Olli Koponen, Member*	0/1

%Ms. Seema Modi was appointed as Chairperson of Nomination & Remuneration Committee w.e.f. May 15, 2020.

**Mr. Sami Pauni was appointed as a Member of Nomination & Remuneration Committee w.e.f. January 31, 2020.

#Consequent to cessation of Ms. Sukanya Kripalu as an Independent Director w.e.f. May 6, 2020, she ceased to be the Member of Nomination & Remuneration Committee.

*Consequent to stepping down of Mr. Olli Koponen as a Non-executive Director w.e.f. January 31, 2020, he ceased to be the Member of Nomination & Remuneration Committee.

During the year five meetings of Nomination and Remuneration Committee were held on January 31, 2020, February 17, 2020, March 18, 2020, August 14, 2020 and November 24, 2020.

A. Terms of Reference:

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:

Corporate Governance (Contd.)

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on Board Diversity;
- 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;
- Recommending to the Board, all remuneration, in whatever form, payable to senior management;
- 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;
- Deciding whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
- Performing any other functions as required to be done by the Nomination & Remuneration Committee

as per the provisions of the Companies Act, 2013, the Listing Regulations, any other laws or regulations from time to time and any other functions and activities related to terms of reference as requested by the Board of Directors.

B. 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.

C. Skills/ Expertise/ Competencies Identified in the context of the business:

In terms of requirement of Listing Regulations, the Board has identified the following skills/expertise/competencies of the Directors as given below:

Skills	Murali Sivaraman	Ashok Kumar Barat	Seema Modi	Sami Pauni	Arup Basu	Ranjeev Lodha
Knowledge on Company's Business and Major Risk	✓	✓	✓	✓	✓	✓
Knowledge on Business Strategy, Sales & Marketing	✓	✓	✓	✓	✓	✓
Knowledge on Financial Control & Risk Management	✓	✓	✓	✓	✓	✓
Understanding of socio political economic & Regulatory Environment	✓	✓	✓	✓	✓	✓
Knowledge of Industry in which the Company Operates	✓	-	-	✓	✓	✓
Knowledge on Corporate Social Responsibility	✓	✓	✓	✓	✓	✓

D. Remuneration to Executive Directors:

The remuneration paid to Dr. Arup Basu, Executive Director and Mr. Ranjeev Lodha, Executive Director & CFO in FY2020 was as under:

(Amount in Rs.)				
Nature of Complaint	Salary	HRA	Perquisites	Total
Dr. Arup Basu	29,861,815	3,600,000	1,469,948	34,931,763
Mr. Ranjeev Lodha	14,278,680	2,425,500	2,787,634	19,491,814

Notes:

- 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.
- 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.
- The Executive Director and Executive Director & CFO of the Company are entitled to shares under the "Share Ownership Plan" of Huhtamäki Oyj (the ultimate Holding company) which entitles him 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 of the shares charged to the Company. Further, as per Ind AS, the Company has recognised reversal of Rs. 6,02,814/- which were accrued in earlier years with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.

Name of Director	Dr. Arup Basu	Mr. Ranjeev Lodha
Date of contract	September 18, 2017	August 8, 2019
Term of Contract	Five Years w.e.f. November 1, 2017	Five Years w.e.f. August 8, 2019
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.

E. Remuneration to Non-executive Independent 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 2020 are as follows:

(Amount in Rs.)			
Names of the Directors	Board Meetings	Committee Meetings	Total
Ms. Sukanya Kripalu	200,000	210,000	410,000
Mr. Murali Sivaraman	350,000	590,000	940,000
Ms. Seema Modi	400,000	130,000	530,000
Mr. Ashok Kumar Barat	200,000	280,000	480,000
Total	1,150,000	1,210,000	2,360,000

Commission to the Non-executive Independent Directors of the Company for the year 2020 is as follows:

Names of the Directors	Amount in Rs.
Mr. Murali Sivaraman	3,500,000
Ms. Sukanya Kripalu	800,000
Ms. Seema Modi	2,500,000
Mr. Ashok Kumar Barat	1,900,000
Total	8,700,000

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.

5. Share Transfer Committee:

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

Corporate Governance (Contd.)

The meetings of the Share Transfer Committee were held on January 24, 2020, February 10, 2020, October 23, 2020 and December 2, 2020.

The report of the Practicing 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 Stakeholders Relationship Committee and taken note of by them as required under the applicable law.

A. Share Transfer System:

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

6. Risk Management Committee:

Pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), as amended, top 500 Listed Companies by Market Capitalisation as on December 31, 2019 needs to constitute a Risk Management Committee. The Company was amongst the top 500 Listed Companies & hence the Company was required to constitute Risk Management Committee. The functions of Risk Management Committee as per LODR are as follows:

- Framing, overseeing and monitoring implementation of Risk Management Policy;
- Validating the process and procedure of Risk Management and Risk Mitigation;
- Periodically reviewing and evaluating the Risk Management Policy.

Further, as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Risk Management Committee shall consist of Board members and senior executives of the Company, with, with majority being Board members. The Risk Management was constituted on February 17, 2020.

The Risk Management Committee comprises of two 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 2020 is given hereunder:

Name of the Director	Meetings attended/ held during FY2020
Mr. Ashok Kumar Barat – Chairman*	1/1
Ms. Seema Modi – Member^	1/1
Dr. Arup Basu – Member	1/1
Mr. Sami Pauni	1/1

*Mr. Ashok Kumar Barat was appointed as Chairman of Risk Management Committee w.e.f. May 15, 2020.

^Ms. Seema Modi was appointed as Chairperson of Risk Management Committee w.e.f. February 17, 2020.

7. Independent Directors:

One meeting of Independent Directors as required under Regulation 25 of the Listing Regulations was held on February 17, 2020 which was attended by all the Independent Directors of the Company.

The Independent Directors of your Company fulfil the conditions as specified in SEBI Listing Regulations and the Companies Act, 2013 and are independent of the management. None of the Directors of your Company are related to each other. None of the Directors of your Company holds any share in the Company. In line with the amended SEBI Listing Regulations, the Company has obtained a certificate from Mr. S. N. Ananthasubramanian, Company Secretary in practice, confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

A. 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://www.huhtamaki.com/globalassets/flexible-packaging/india/investors-india/news--announcements/2021/details-of-familiarisation-programe-2020.pdf>

3. Management:

A. Disclosure by Management:

The particulars of transactions between the Company and its related parties as per the Accounting Standard are set out in Note 47 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.

B. CEO Certification:

Mr. Sudip Mall, Managing Director and Mr. Ranjeev Lodha, Executive Director & CFO have 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 24, 2021. A copy of this certificate is provided as Annexure A to this report.

C. Declaration of compliance with 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://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>. The Company has received affirmation of compliance from Directors and Senior Managerial Personnel of the Company for the financial year ended December 31, 2020. A declaration to this effect signed by the Managing Director of the Company is provided as Annexure B to this report.

D. 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 2020. The Company has a declared policy on Related Party Transactions. The same is posted on website of the Company at <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>.

E. Prevention of Insider Trading Regulations:

The Company has notified and adopted the HIL 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 (PIT). Further, the Company has implemented a software for monitoring the Compliance under PIT. The Compliance Officer is responsible for the purpose of these Regulations. The said HIL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>.

F. 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 Rs. 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.

G. 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. The Company has also constituted a Risk Management Committee to oversee and monitor implementation of Risk Management Policy, validate the process and procedure of Risk Management and Risk Mitigation and periodically review and evaluate the Company's Risk Management Policy.

H. 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 <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>. The Whistle-Blower Policy covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the

Corporate Governance (Contd.)

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.

I. Material Subsidiary Policy:

The Company has adopted Policy for determination of Material Subsidiary and the same has been posted on the Company's website <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

J. Dividend Distribution Policy:

The Company has adopted Dividend Distribution Policy for dividend distribution and the same has been posted on the Company's website <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

K. Payment of fees to Statutory Auditors:

The details of total fees for all the services paid by the Company and its subsidiaries, on a consolidated basis, to previous statutory auditors S R B C & Co. LLP for doing Limited Review for the first quarter ended March 31, 2020 and B S R & Co. LLP Statutory Auditors for FY2020 are as follows:

Payment of Fees to SRBC & Co. LLP

Sr. No.	Type of Services	Amount (Rs. in million)
1.	Fees for Limited Review for Quarter ended March 31, 2020	2.0
2.	Reimbursement of Expenses	0.1
	Total	2.1

Payment of Fees to BSR & Co LLP

Sr. No.	Type of Services	Amount (Rs. in million)
1.	Statutory Audit Fees for the Year ended December 31, 2020	12.5
2.	Reimbursement of Expenses	0.4
	Total	12.9

L. Adoption/non-adoption of non-mandatory requirements of regulation 27 read with part E of schedule II of the listing regulations:

- The Company has Non-executive Chairman;
- 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;

- Mr. Manish Idnani has been designated as Internal Auditor w.e.f. April 7, 2020.
- The Company has separated post of Managing Director and Chairman.

4. Appointment/Re-appointment of Directors:**A. Appointment or Re-appointment of Directors:**

Pursuant to the Articles of Association of the Company, at every Annual General Meeting of the Company, one-third of the directors, whose office is subject to retirement, are liable to retire.

Mr. Sami Pauni being longest in office shall retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

The Board by way of Circular resolution passed on January 3, 2021, based on recommendations of the Nomination and Remuneration Committee, approved appointment of Dr. Arup Basu, who stepped down from the position of Executive Director w.e.f. January 3, 2021 as Additional Director and re-designated him as Non-executive Director of the Company w.e.f. January 4, 2021, liable to retire by rotation and his appointment is subject to approval of shareholders at the ensuing AGM.

The Board at its meeting held on November 24, 2020, based on recommendation of Nomination & Remuneration Committee approved appointment of Mr. Sudip Mall as Additional Director to hold position as Managing Director of the Company for a period of 5 years w.e.f. January 4, 2021 and his appointment is subject to approval of shareholders at the ensuing AGM and Central Government.

B. Brief resume of the above-mentioned directors

Mr. Sami Pauni has a Master's Degree in Law (LL.M) and Business Administration (EMBA) and is Executive Vice President, Corporate Affairs and Legal, Group General Counsel, and member of the Global Executive Team of Huhtamaki. Since 2006, he has headed global functions of legal, compliance, risk management, corporate responsibility and sustainability of Huhtamaki Group and been located both in Finland and India. He is also the Secretary of Huhtamaki Board. Before Huhtamaki, he was an Attorney at Roschier Attorneys Ltd. between 2001-2006. Mr. Pauni is a member of the Market Practice Board of Securities Market Association in Finland, and a member of the Legal Affairs Committee of the Confederation of Finnish Industries EK and a member

of the Finnish Committee of the International Chamber of Commerce (ICC).

Dr. Arup Basu holds a Ph.D. 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 over two decades of senior level industry experience.

Prior to joining our Company on November 1, 2017, Dr. Arup Basu worked with Tata Chemicals Ltd. (TCL) as President & Chief Technology Officer and was responsible for new business, technology and innovation. At TCL, he 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.

He has also worked with 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.

Mr. Sudip Mall brings in more than 25 years of extensive E2E domain knowledge of consumer good industry and senior leadership experience in managing businesses in India & International markets. He is a seasoned business leader with a track record of building and growing businesses in emerging Asian markets (South & South East Asia) with leading MNC firms such as Campbell Soup/Arnott's, LEGO, Mondelez/Kraft and ConAgra.

In his most recent assignment at the Arnott's Group in Jakarta, Sudip worked as a General Manager, Greater Indonesia Cluster, where he held the Strategic & E2E P&L responsibility for a cluster of ASEAN & North Asia markets. Prior to this, Sudip worked for the LEGO Group in Singapore as the Director heading Emerging Asia businesses.

He started his career at Cadbury India after graduating from XLRI – Xavier School of Management with a Post Graduate Diploma in Business Management. Over the years, he progressed through multiple roles in sales, trade marketing, sales strategy, marketing and handling key markets and brands.

He joined Kraft Foods to set up the market entry strategy for India before moving on to head its business in the Philippines. He holds a Bachelor of Technology degree in Mechanical Engineering from the Indian Institute of Technology, BHU, Varanasi, India.

5. General Body Meetings:

A. Annual General Meetings –

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

Year	Date	Time	Location	Special Resolutions passed
2017	08.05.2018	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	Nil
2018	09.05.2019	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	Nil
2019	30.06.2020	2.00 p.m.	Video Conferencing/Other Audio Visual Means	Nil

B. EGM/Court Convened Meeting: Nil

C. Postal Ballot: During the Financial Year 2020, the Company has conducted Postal Ballot for passing of Special Resolution for approving the Change of Name of the Company from Huhtamaki PPL Limited to Huhtamaki India Limited and alteration in Memorandum and Articles of Association pursuant to change of name of the Company.

D. Means of Communication:

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

Corporate Governance (Contd.)

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: <https://www.huhtamaki.com/en-in/flexible-packaging/investors/financials/quarterly-results/>. 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.

6. General Shareholder Information:

A. Annual General Meeting: (Refer Note below@)

Day & Date	Time	Venue
June 29, 2021	11.00 a.m.	By Video Conference and Audio Visual Means @

B. 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 2021	April 23, 2021 (Friday)
June 2021	July 22, 2021 (Thursday)
September 2021	October 21, 2021 (Thursday)
December 2021	Second/Third week of February, 2022

@In accordance with the General Circular No.02/2021 dated January 13, 2021 the 71st Annual General Meeting of the Company has been scheduled on June 29, 2021 @ 11.00 a.m. via video conference mode.

C. Book Closure Date:

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Friday, June 11, 2021 to Tuesday, June 22, 2021 ^ (both days inclusive).

D. Dividend Payment Date:

Dividend at the rate of Rs. 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 July 6, 2021 to:

- 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, June 10, 2021^; and
- 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, June 10, 2021^.

E. Dividend history of the Company:

Year	AGM Date	Dividend Rate Rs. (%)
2017	08.05.2018	Rs. 3.00 (150%)
2018	09.05.2019	Rs. 3.00 (150%)
2019	30.06.2020	Rs. 3.00 (150%)

F. Credit Ratings:

Sr. No.	Instrument	Rating Agency	Ratings Assigned
1.	Long-Term Bank Facilities	CRISIL Limited	CRISIL AA-Stable
2.	Short-Term Bank Facilities	CRISIL Limited	CRISIL AA+

Note:

^The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, June 11, 2021 to Tuesday, June 22, 2021 (both days inclusive) the record date being June 10, 2021 - The said date will be reckoned for determining the shareholders who are entitled to receive dividend.

G. Listing:

The Company's shares are listed on BSE Limited (BSE) and 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	HUHTAMAKI

The ISIN of Company's equity shares is INE275B01026

Annual Listing fees for 12 months ended March 31, 2021 have been paid to BSE and NSE.

Company Identification Number (CIN):

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.

H. Stock Data:

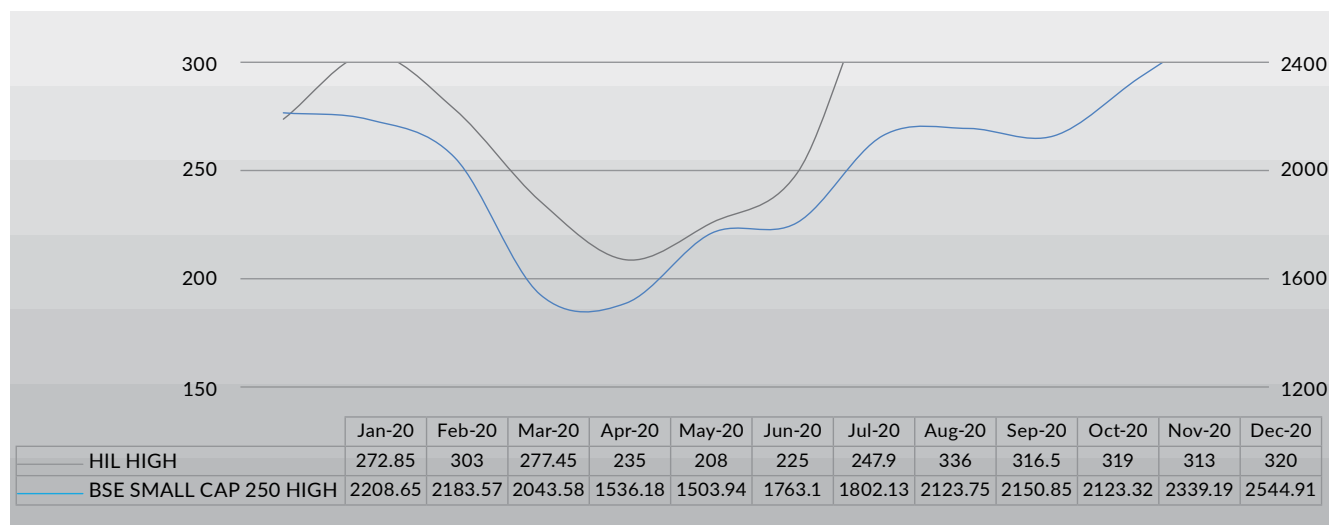
The table herein below gives the monthly high and low prices and volume of the Company's shares traded at the BSE and NSE during the period January 2020 to December 2020:

Month & Year	BSE			NSE		
	High (Rs./share)	Low (Rs./share)	Volume (No. of Shares)	High (Rs./share)	Low (Rs./share)	Volume (No. of Shares)
Jan-20	272.85	245.00	38,039	272.00	245.00	652,307
Feb-20	303.00	245.25	185,139	305.00	244.80	3,026,243
Mar-20	277.45	165.00	80,014	278.00	161.90	1,194,395
Apr-20	235.00	195.30	120,439	235.00	194.55	1,951,589
May-20	208.00	174.60	99,161	208.50	174.00	1,181,143
Jun-20	225.00	189.50	315,459	232.45	186.10	3,226,918
Jul-20	247.90	200.00	185,209	247.90	199.00	3,007,697
Aug-20	336.00	232.10	615,857	337.60	239.65	8,767,903
Sep-20	316.50	241.00	276,499	316.65	252.75	4,452,513
Oct-20	319.00	269.25	160,512	319.00	268.00	2,973,881
Nov-20	313.00	268.15	133,913	314.00	270.25	2,637,968
Dec-20	320.00	271.50	166,529	320.00	270.10	2,285,021

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:



I. Distribution of Shareholdings:

Following is the distribution pattern of shareholding of the Company as on December 31, 2020:

Distribution of Shareholdings 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	24	3,015,063	3.99
4.	NRI's & OCB's	610	709,073	0.94
5.	Bodies Corporate/NBFC	492	3,822,554	5.06
6.	Banks/Financial Institutions	2	5,330	0.01
7.	Insurance Companies	0	0	0
8.	Mutual Funds	10	1,055,964	1.40
9.	Resident Individuals	23,042	16,088,095	21.30
10.	Trust	0	0	0
11.	IEPF	1	271,858	0.36
	Total	24,182	75,521,934	100.00

Corporate Governance (Contd.)

Distribution of shareholdings by number of shares held:

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Up to - 500	20,246	83.72	2,280,548	3.02
501 - 1000	1,741	7.20	1,376,282	1.82
1001 - 2000	989	4.09	1,483,047	1.96
2001 - 3000	396	1.64	994,977	1.32
3001 - 4000	170	0.70	603,474	0.80
4001 - 5000	147	0.61	694,978	0.92
5001 - 10000	257	1.06	1,902,655	2.52
10001 and above	236	0.98	66,185,973	87.64
Total	24,182	100.00	75,521,934	100.00

J. List of top ten shareholders:

Following is the List of Top Ten Shareholders (other than Promoters) of the Company as on December 31, 2020:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1.	NTASAIN DISCOVERY MASTER FUND	2,250,000	2.98
2.	PLUTUS WEALTH MANAGEMENT LLP	1,250,000	1.66
3.	AMAR BANSILAL CHHAJED	1,112,958	1.47
4.	SHREE CAPITAL SERVICES LIMITED	925,900	1.23
5.	JITESH BABULAL CHHAJED	573,521	0.76
6.	SEEMA RAHUL CHHAJED	545,421	0.72
7.	HABROK INDIA MASTER LP	395,224	0.52
8.	IDFC EMERGING BUSINESS FUND	389,363	0.52
9.	UTI-MNC FUND	326,448	0.43
10.	CHINMAY G PARIKH	268,590	0.36
	Total	8,037,425	10.65

K. 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, 2020.

L. Dematerialisation of Shares:

As on December 31, 2020, 99.27% 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 breakup of shares in physical and demat form as at December 31, 2020:

Mode of Holding	Number of Shareholders	Number of shares	Percentage
Physical	653	548,898	0.73
Dematerialised	23,529	74,973,036	99.27
Total	24,182	75,521,934	100.00

M. 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.

N. Details of public funding obtained in the last three years:

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

O. Electronic clearance scheme (ECS) for dividend:

To avoid risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of the ECS facility where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. Shareholders who desire receipt of their dividend through ECS can obtain the form from the Registrar & Transfer agent of the Company.

Shareholders may also submit their bank details to Registrar and Transfer Agent. This will enable the Company to incorporate this information on dividend warrants to minimise the risk of fraudulent encashment.

P. Transfer of 'Underlying Shares' into Investor Education and Protection Fund (IEPF) (in cases where unclaimed dividends have been transferred to IEPF for a consecutive period of seven years):

In terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained 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 12,383 Equity Shares of Rs. 2/- each fully paid up to IEPF Account.

Q. 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 will 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.

Registered Office:

Huhtamaki India Limited
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.flexibles.huhtamaki.in
Email: investor.communication@huhtamaki.com

R. Disclosure as per the Sexual Harrassment 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 Internal Complaints Committees (ICC). The details on complaints filed during the year 2020 are as follows:

Sr. No.	Particulars	Details
1.	Number of Complaints filed during the financial year 2020	0
2.	Number of Complaints disposed during the financial year 2020	1
3.	Number of Complaints pending as on end of the financial year 2020	0

S. Address for Correspondence with the Company:

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

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

Registrar and Transfer Agent (RTA) (For Shares)

TSR Darashaw Consultants Private Limited,
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli West,
Mumbai – 400 083

Tel: + 91 22 66568484
Fax: + 91 22 66568494
Website: www.tsrdarashaw.com
E-mail: csg-unit@tsrdarashaw.com

7. 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.

8. Compliance Officer:

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

9. Locations:

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

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.

Corporate Governance (Contd.)

Annexure A

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

To,
The Board of Directors
Huhtamaki India Limited

February 24, 2021

We the undersigned, in our respective capacities as Chief Executive Officer (MD) and Chief Financial Officer of Huhtamaki India Limited, certify that in the preparation of the Financial Accounts for the year ended December 31, 2020:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief, we 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 our 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) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
- (d) We 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 we 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.

Mr. Sudip Mall
Managing Director
(DIN: 01681697)

Mr. Ranjeev Lodha
Executive Director & CFO
(DIN: 07478890)

Annexure B

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

The Members of
Huhtamaki India 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, 2020.

For Huhtamaki India Ltd.

Mr. Sudip Mall

Managing Director
(DIN: 01681697)

Mumbai
February 24, 2021

Independent Auditors' Report

Independent Auditors' 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 India 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 India limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the 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, 2020. 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 provide a reasonable assurance in the form of an opinion whether, the Company has complied with conditions of Corporate Governance as specified in the Listing Regulations.
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 with respect to executive and Non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on December 31, 2020 and verified that at least one women director was on the Board during the year;
 - iv. Obtained and read the minutes of the following committee meetings held from January 1, 2020 to December 31, 2020:
 - (a) Board of Directors Meeting;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.

- vii. Obtained the schedule of related party transactions during the year and balances at the year end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. 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

9. Based on the procedures performed by us as referred in paragraphs 7 and 8 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 as at December 31, 2020, referred to in paragraph 1 above.

Other matters and Restriction on Use

10. 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.
11. 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 B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Amar Sunder

Partner

Membership No. 078305

UDIN: 21078305AAAAAQ7705

Mumbai

February 24, 2021

Management Discussion and Analysis

1. About Huhtamaki India Limited

We are one of India's leading manufacturer of primary consumer packaging and labelling materials, known for our pioneering efforts in flexible packaging. We are part of the Finnish global food packaging specialist Huhtamäki Oyj. Packaging now plays a considerable role in food safety and convenience. Our focus continues to be to embed sustainability across our operations and make packaging more circular.

We have 16 manufacturing sites and five sales offices across India. Supported by our packaging expertise, we have been successfully developing innovative packaging solutions. Our overarching objective is to deliver meaningful brand experiences for consumers with a long-term focus and to embed sustainability across our operations. Over the years, we have emerged as a 'one-stop-destination' for all packaging requirements.

1.1 Celebrating 100 years

From a local candy factory in Finland, Huhtamaki has evolved to a global leader in food packaging today. On November 12, 2020, the Company proudly celebrated 100 years its existence at all its plants and offices across the globe.

Huhtamaki also donated 3 million euros to circular economy initiatives to address global sustainability challenges and build circular economy initiatives.

2. Global economy

On February 11, 2020, the World Health Organisation (WHO) declared the outbreak of the novel coronavirus diseases (COVID-19) a 'global pandemic', which would require unprecedented worldwide effort to combat. To prevent the rapid surge in infections, governments of

almost all countries severely restricted travel, mandated extreme 'social distancing' measures and reduced demand-supply chains to only those that are 'essential'.

Despite challenges posed by the 'Global Lockdown' across large parts of the world, there were credible reasons to be hopeful. Testing was progressively ramped up, treatments improved and vaccine trials proceeded at a rapid pace. Countries began rolling back trade restrictions on medical equipment to enhance financial assistance for vulnerable countries. However, the lockdowns resulted in a rise in unemployment, slowdown in the services sector, slump in manufacturing activity and declining trade – thus severely impacting the global economy.

According to the International Monetary Fund (IMF), world economy is projected to grow at -4.4% in 2020, a drastic contraction compared to 2.9% in 2019, owing to the Global Lockdown.

During May and June, several countries relaxed the lockdown to bring back normalcy in social life and economic activity. As a result, the global economy gradually started clawing back from the depths it had fallen to in April. Once the lockdown in China eased in April, public investment helped boost activity. Moreover, a rise in external demand for medical equipment and equipments to support the shift to work from home bolstered China's exports. US and Europe also set out on the path to recovery with government stimulus supporting businesses and households. In developing countries, recovery turned out to be an uphill task due to a sharp fall in consumption, collapse in investment and impact on exports due to soft external demand.

Global economic growth

Particulars	(%)	
	Actual 2020	Projection 2021
World output	-4.4	5.4
Advanced economies	-8.0	4.8
US	-8.0	4.5
Euro area	-10.2	6.0
Japan	-5.8	2.4
UK	-10.2	6.3
Other advanced economies	-4.8	4.2
Emerging market and developing economies	-3.0	5.9
China	1.0	8.2

(Source: International Monetary Fund, World Economic Outlook, June 2020)

25 MILLION
JOBS
THREATENED
BY THE
PANDEMIC

(Source: International Labour Organization)

i The World Bank Group, one of the largest sources of funding and knowledge for developing countries is deploying up to \$160 billion in financial support to help countries protect the poor and vulnerable, support businesses, and bolster economic recovery (Source: The World Bank).

2.1 Outlook

According to the World Bank, economic output is expected to expand 4% in 2021. However, it remains more than 5% below pre-pandemic projections. Global growth is projected to moderate to 3.8% in 2022, weighed down by the severe damage that the pandemic has wrought on global growth. In particular, the impact on investment and human capital is likely to erode growth prospects and key development goals. Recovery across geographies is likely to strengthen as business confidence, consumption and trade gradually improve, supported by ongoing vaccination (Source: Global Economic Prospects, January 2021).

3. Indian economy

India's economy was in a deceleration phase even before the COVID-19 pandemic hit the country. Private consumption collapsed due to which firms began shelving their investments. The economy was facing significant decrease in industrial output, fall in tax revenues and a massive reduction in power demand, before the impact of the lockdown was felt.

India recorded its first case of the virus on January 30, 2020. As cases continued to rise, the Government of India imposed a nationwide lockdown on March 24, 2020. Except for some essential services and activities,

ECONOMIC
OUTPUT
EXPECTED
TO EXPAND
4% IN 2021

(Source: World Bank)

27%

Decline in private consumption in Q1 2020-21
(Source: MoSPI and Express Research Group)

47%

Decline in investments by private businesses in Q1 2020-21
(Source: Credit Suisse)

the rest of India's \$2.9 trillion economy remained shut during the lockdown period. It was considered one of the strictest lockdowns, bringing India's economic activity to a grinding halt. According to the Reserve Bank of India (RBI), the country marked a growth of 4% in 2020-21 after contracting to 23.9% in the April-June quarter of the same fiscal year.

The Finance Ministry announced a ₹20 lakh crore economic stimulus package focusing on boosting manufacturing and strengthening supply chains. A relief of ₹1.70 lakh crore under the Pradhan Mantri Garib Kalyan Yojana was well-timed to target migrants and casual workers. The additional allocation of ₹10,000 crore in the latest package for Pradhan Mantri Garib Kalyan Rozgar Yojana would further boost job creation in the rural sector and supplement rural incomes. The government rolled out the third tranche of the Atmanirbhar Bharat package on the eve of Diwali. Its multi-sector focus on the labour market, stressed sectors, social welfare, manufacturing, housing, infrastructure, exports and agriculture is a significant step towards faster revival of the economy, restoration of lost jobs and creation of new ones.

3.1. FMCG market

According to Nielsen, India witnessed an unprecedented 40% decline in FMCG sales in 2020 following severe and extended lockdowns, restrictions on manufacturing units, social distancing norms and store closures. Leading FMCG players either shut down or scaled down manufacturing operations. However, essential products such as packaged food and beverages witnessed a spike in demand as consumers at home continued to stock up packaged foods and staples. The demand for soaps and other cleaning agents has peaked in the aftermath of the pandemic as an increasing number of people are adopting hygiene practices and becoming health conscious.

Management Discussion and Analysis (Contd.)

India's hand sanitiser market grew fourfold after the onset of the pandemic following unprecedented focus on health and hygiene across all sections of society. This has led to a widening demand-supply gap and highly inflated product prices. Therefore, several regional manufacturers are expanding their production capacities to comply with the regulations laid down by the Government of India and state governments.

Improving consumer living standards, along with growing product availability across several online and offline distribution channels, have also bolstered the market for hand sanitisers in India. In a developing economy like India with a huge aspiring population, the concept of hygiene has expanded much beyond personal usage. It is now becoming a way of life for millions of people. This trend has led to several product formats aimed at sanitising surroundings, both indoors and outdoors, such as sprays, anti-bacterial wipes, fruits and vegetable washes/cleaners, and fabric disinfectants.

Towards the end of 2020, the Indian FMCG industry displayed signs of recovery aided by businesses opening up in a phased manner. Rural and semi-urban markets also continued to drive growth for the sector.

3.2. Pharmaceutical market

Despite the challenges posed by the pandemic on supply chains, the domestic pharmaceutical industry is likely to grow at 7-9% in 2020-21. The reasons are inelastic demand for drugs, continued investments in innovation and supply chains that are largely restored across geographies. Additionally, major breakthroughs on the vaccine front are likely to translate into significant headroom for growth.

3.3. Outlook

In the initial phase of the COVID-19 pandemic, the government's policy initiatives were geared towards restoring normal functioning and mitigating stress. Post phased unlocking of the economy, the focus is being oriented towards supporting the recovery and preserving the solvency of businesses and households. Encouraging news on vaccine development has underpinned optimism on the outlook.

Although the economy is now passing through a stress test and has contracted, proactive policy measures by regulators and the government continue to ensure smooth functioning of businesses, domestic markets and financial institutions.

The challenges that face the country are to flatten the COVID-19 curve, restore employment, especially for displaced migrants, rebuild supply chains, repair and revive the stricken economy and return life to normalcy.

3.3.1. FMCG market

India's FMCG market is expected to witness significant growth after stabilising to pre-COVID levels. As disposable income increases, mid- and high-income consumers in urban areas will shift their purchase trend from essential to premium products. Domestic and multinational FMCG players can rely on India as a strategic sourcing hub for cost-competitive product development and manufacturing to cater to international markets. The pandemic has marked a major shift in consumer shopping behaviour from traditional mom-and-pop stores to online. This trend will continue to boost the e-commerce segment, which is forecasted to contribute 11% to the overall FMCG sales by 2030 (Source: Nielsen).

India's hand sanitiser market is projected to surpass \$280.10 million by 2030. Rising awareness about healthy lifestyle and wellness, shifting consumer preference towards convenient hygiene products and rising disposable income will continue to drive market growth. The paranoia induced by the COVID-19 pandemic is here to stay, which will further drive demand.

3.3.2. Pharmaceutical market

India's pharmaceutical sector is expected to grow to \$100 billion, while the medical device market is expected to grow \$25 billion by 2025 (Source: India Brand Equity Foundation). Medicine spending in India is projected to grow 9-12% over the next five years, as the country is poised to become one of the top 10 countries in terms of medicine spending. Better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise.

The Government of India has taken several steps to reduce costs and bring down healthcare expenses. Faster introduction of generic drugs into the market has remained in focus and is expected to benefit Indian pharmaceutical companies. In addition, the thrust on rural health programmes, life saving drugs and preventive vaccines also augurs well for the pharma industry.

4. Industry overview

4.1 What is flexible packaging?

According to the Flexible Packaging Association, flexible packaging is any package or any part of a package whose shape can be readily changed. Common examples of flexible packaging are bags and pouches. Flexible packaging is produced from paper, plastic, film, aluminium foil, or any combination of those materials, and includes bags, pouches, labels, liners, wraps, rollstock, and other flexible products.

4.2 Benefits of flexible packaging

Flexible packaging is versatile, sustainable and efficient in conserving resources. A number of industry trends, challenges, and opportunities are driving continued innovation and adoption of flexible packaging across numerous sectors.

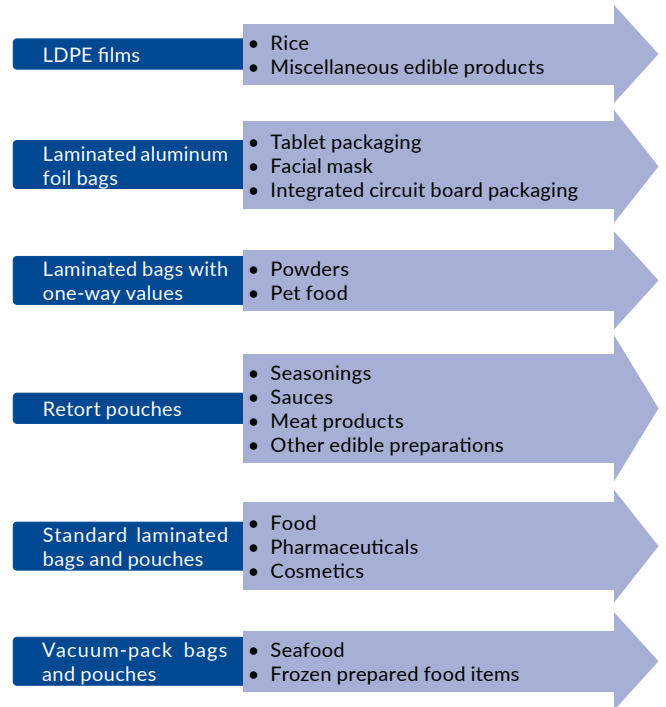
4.3 Uses of flexible packaging

Myriad flexible packaging solutions are used for a wide range of products:

4.4 Global flexible packaging industry

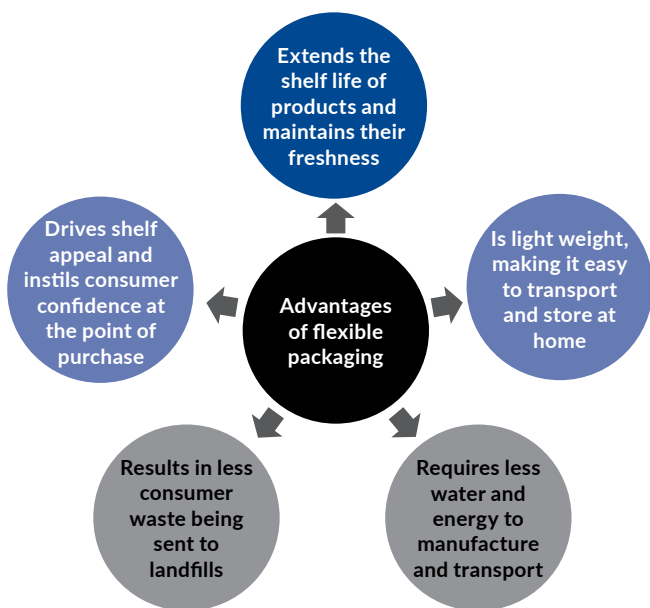
The global flexible packaging market witnessed high growth primarily due to the increasing demand for food, beverages and pharmaceutical products worldwide, especially during the COVID-19 pandemic (Source: GlobeNewswire). With people resorting to panic-buying and bulk stocking amid fears of lockdowns, the demand for flexible packaging is on the rise.

Food industry players in several affected countries are ramping up production on government mandate, to avoid supply-side shocks and shortages and maintain



uninterrupted supply. The global pharmaceutical industry is also driving the growth of the flexible packaging industry. There is rising demand for drugs, personal protective equipment (PPEs), household essentials, and healthcare and medical goods. This, in turn, is propelling the demand for flexible packaging solutions to facilitate timely delivery of raw materials and finished goods to their respective end users.

In terms of both value and volume, the pouches segment is expected to lead the flexible plastic packaging market by 2025. Rising demand for lightweight and convenient packaging solutions across end-use industries, increasing demand from manufacturers in the food, beverage and pharmaceutical industries, coupled with the growing e-commerce sector, are driving the pouches segment. The global cosmetics and personal care segment is projected to drive growth for flexible packaging. With several industry players migrating from rigid to flexible packaging owing to its eco-friendly nature, the demand is expected to remain robust.



ⁱ The global flexible plastic packaging market is projected to grow from \$160.8 billion in 2020 to \$200.5 billion by 2025, at 4.5% CAGR from 2020 to 2025 (Source: MarketsandMarkets).

Management Discussion and Analysis (Contd.)

The flexible packaging market of Asia-Pacific is projected to grow at the highest CAGR from 2020 to 2025 due to the strong demand for the flexible plastic packaging products from countries such as China, India and Japan. Rising demand for processed food is expected to fuel growth in the flexible plastic packaging market in the region.

Japan is expected to provide high-growth opportunities to the flexible packaging market due to the increased demand for packaged food from the elderly population (above 65 years). A large middle-class population with high disposable incomes is bolstering the demand for flexible packaging in Latin America. Expansion of supermarkets in Europe has resulted in significant demand for shelf-ready shrink packaging.

As the demand for convenient products increases, so does the demand for flexible packaging. Manufacturing it requires fewer resources and energy, thus making it cost-effective compared to other forms of packaging. It also increases the shelf life of the product. Growing concerns regarding the use of bio-degradable plastics for flexible packaging and its impact on the environment have driven manufacturers to develop sustainable packaging options that are safe and secure. Governments all over the world are encouraging the use of sustainable packaging to minimise waste and encourage the development of recyclable and sustainable solutions.

POUCHES
SEGMENT TO
LEAD THE
FLEXIBLE
PACKAGING
MARKET BY
2025

(Source: GlobeNewswire)

4.5. Indian flexible packaging industry

Amid the pandemic, the demand for packaging for groceries, healthcare products and e-commerce transportation has increased exponentially. The demand for vacuum packaging, trays and protective films including PVC film and shelf life-extending modified atmospheric packaging is on the rise. At the same time, the demand for industrial and luxury packaging has declined. The demand for healthcare packaging and related substrates has increased as consumers are increasingly purchasing dietary supplements such as vitamins and essential supplies as a precautionary measure.

Flexible packaging remained in high demand, as FMCG players made a variety of ready-to-cook and packed food products. A range of personal hygiene products such as sanitisers, cleaning items, one-time-use hand sanitiser pouches and PPEs were also introduced in the market. Besides, more and more people are ordering their edible items online to ensure safety and comply with social-distancing norms. This has propelled the flexible packaging market, while also catalysing the development of anti-counterfeit packaging solutions. The trend of e-packaging is soon catching up. It ensures that products are untouched or require minimum human handling.

The sustainability aspect and the increasing awareness of eco-friendly packaging is driving the demand for flexible packaging. Innovative technologies are being used to recycle monolayer and multilayer plastics such as a combination of polyester, metallised layers, polyethylene and polypropylene. The government is also rolling out favourable policies to promote recyclability and sustainability. Post recycling, the multi-layer plastics could be used to make roads, crates, dividers, furniture and so on.

5. Operational review

5.1. Operations

5.1.1. Change in the name of the Company

Effective November 11, 2020, Huhtamaki PPL Limited was renamed to Huhtamaki India Limited. The rebranding will enable Huhtamaki India to take advantage of Huhtamaki's global brand reputation and goodwill. It will allow us to use the expertise of Huhtamäki Oyj to continue delivering high-quality, innovative and sustainable products.

INDUSTRY TO PROGRESS AT A CAGR OF 12% DURING 2020-2024

(Source: MarketReserach.com)

Further, the name Huhtamaki India emphasises that the Company is an integral part of Huhtamäki Oyj and will boost the India business. This represents the idea of one Huhtamaki and will strengthen our investors' trust in us.

5.1.2. Change in leadership

After 30 years in various positions in Huhtamaki, Olli Koponen, previously President, Flexible Packaging, retired in 2020. He left behind him an impressive legacy at Huhtamaki. Arup Basu was appointed President, Flexible Packaging, as of February 2020. Arup Basu served as Managing Director of Huhtamaki's Flexible Packaging business in India since 2017 and continued to head the Indian business until the nomination of Sudip Mall, who joined Huhtamaki as Managing Director of Huhtamaki India effective January 4, 2021. Sudip Mall is a seasoned business leader with a track record of growing and building businesses in emerging Asian markets with several leading consumer goods firms.

5.1.3. Consolidation of business units

To reaffirm our commitment towards protecting food, people and the planet, we undertook significant organisational restructuring this year. We consolidated all activities of the business through one central, integrated structure across Business Units (BUs). Supply chain reorganisation is also underway.

We have our R&D centre in Khopoli and equipped it with energy-efficient, high-output machines to enable faster production and timely delivery. In line with our Manufacturing footprint our consolidation agenda, we have closed Ambernath Flexible site. The label factory in Parwanoo, Himachal Pradesh has been consolidated into one large factory in Baddi. We remain focused on being geographically widespread, within reach of our customer supply locations, and in tune with a critical scale and size of Flexible Packaging factory set up that works for all the stakeholders.

5.1.4. Realigning our focus

As a step towards being more future ready, we are realigning our focus on the seven levers that form the foundation of our organisation:

1. **Organisation design:** This year, we undertook a strategic restructuring of our organisation. Our initiatives – from changing the name and leadership to modifying our organisational architecture – will hold us in good stead to mitigate risks and capitalise on opportunities.
2. **Investments:** We are focusing on preparing ourselves for a post-COVID world by increasing our investments in automation and expansion.
3. **Customer centricity:** With our improved products and solutions, we aspire to exceed customer expectations every time. We will continue to build on our strong partnerships and great products so that our customers only consider Huhtamaki as their first choice.
4. **Manufacturing excellence:** Through initiatives such as Enterprise Resource Planning (ERP), use of appropriate risk management tools and adherence to global benchmarks of quality, hygiene and safety, we continuously strive to achieve manufacturing excellence.
5. **Innovation:** We believe in innovating for impact and collaborate with partners to develop innovative solutions.
6. **Digitalisation:** We are unearthing new ways to use digitalisation to deliver circular and sustainable manufacturing.

Management Discussion and Analysis (Contd.)

7. **Sustainability:** We are leaving no stone unturned in making packaging smarter and more sustainable with better end-of-life management.

5.2. Impact of the pandemic on Company operations

As the pandemic impacted lives and businesses alike, our priority was to safeguard our people. We deployed stringent safety measures (refer to the Prioritising safety section) and our factories adhered to all safety protocols, screening and social distancing. We operated our factories with ~50% staff as workers migrated back to their villages amid the fear of the pandemic. As 60% of the beverage and ice cream sales take place during the hot months of March to May, the lockdown reduced sales for these products by 85%, thereby impacting our business.

While the gradual unlockdown began in June, rise in COVID cases in key customer plants disrupted operations. Our Taloja plant was shut down for most part of July owing to a spike in cases among our workers.

In the fourth quarter of 2020, we witnessed a steep decline in sales and EBIT. However, we reported steady overall growth during the year.

During the year, the Board of Directors focused on developing the Company's long-term strategy and supported management in efforts to limit the impact from COVID-19. The Board also continued to follow development and strengthening of people capabilities and resources, sustainability initiatives as well as innovation and digitalisation activities.

5.3. Business highlights

5.3.1 Acquisition of MMPPL

In January 2020, we undertook Project Magpie – the acquisition of the flexible packaging business of Mohan Mutha Polytech Private Limited (MMPPL). MMPPL is located in Andhra Pradesh's Sri City, which is one of India's smart integrated business cities. The acquisition will allow us to upgrade our manufacturing and supporting infrastructure, improve service levels to existing customers, get marquee domestic and international clients on board, improve our capability to serve customers in South India and strengthen our expansion potential.

MMPPL has approximately 160 employees and its net sales in 2018 were approximately EUR 9 million. The debt-free purchase price was approximately EUR 10

million. The acquisition was completed on January 10, 2020 and since then the business has reported as part of the Flexible Packaging business segment.

5.3.2. Impact of the pandemic on the labelling business

The portfolio of the labelling business division is traditionally dominated by beverages and personal care. The demand for these products is high during the summers – with people purchasing beverages (cola, water and alcoholic drinks such as beer) and personal care products such as talcum powder on a large scale. The sudden lockdown resulted in a shutdown of our customers' bottling units and our factories. As a result, the beverage and personal care segments were severely affected and failed to gain momentum. Our labelling business was impacted due to our materials being stuck in transit. Our labelling products, especially the shrink sleeves, were damaged due to their heat-sensitive nature. The shutdown of supplier units, unavailability of shipping containers and port congestions delayed our imported raw materials such as shrink films.

Due to people's increased focus on hygiene, the demand for sanitisers, homecare products and laundry and detergent products peaked and tapered off. The erratic and unpredictable demand, with customers providing less visibility and shorter lead times to full in their market space, affected our business. Furthermore, raw material prices started showing an upswing towards the end of 2020.

Despite these challenges, we are boosting our competitive advantage, iterating our strengths and strategising to adapt in a post-COVID world. We are focusing on further improving our products and services, investing in the right technology and building a more robust business model to be able to mitigate risks and challenges and leverage opportunities in the future.

5.4. Total Productive Manufacturing

Total Productive Manufacturing (TPM) is a Company-wide method to achieve zero loss through the development and involvement of employees. It focuses on continuous improvement in a sustainable way. The method acknowledges that losses exist, attackable or not, and aims at being transparent instead of hiding them.

TPM builds on the four pillars of operational excellence at Huhtamaki:

1. Seek
 - Deployments organised by loss, making sure we always choose the right subject
 - Loss intelligence systematically improved, allowing more granularity and higher focus
2. Improve
 - Simpler method used, allowing higher involvement at all levels
 - Teams not concentrated on BB, allowing more teams to happen at same time
 - Teams running systematically in waves, targeting eradication of failure modes
3. Train
 - Visibility of skill gaps linked with losses and systematically addressed
 - Trainings are modular, organised per curriculums and linked to career path
4. Maintain
 - Hold the gains assured by the process control system – with daily meetings – and shift handover
 - Autonomous maintenance develops operators and allows loss prevention

In India, we launched our pilot TPM project called Lakshya in the Khopoli plant. It was a great success, with the team learning about cost deployment and loss intelligence, while appreciating the concept of restoring basic conditions and loss eradication. We took the learning from the Khopoli plant and implemented the project at our Silvassa plant as well. We now hope to take the TPM project from the pilot phase to the expansion and stabilisation phases across all our plants. Our ambition is to establish TPM advanced Huhtamaki factories that have high-performance teams, zero loss mindset, operator-centric approach and outstanding results.

5.5. Exports business

In 2020, exports grew by 17.3% over the previous year. We introduced soup cubes to new locations such as the Caribbean, Africa and Asia. Demand for packaging increased due to increased sales in the food segment (majorly tomato paste, milk powder and beverages) and in the personal care segment. The demand for

these products further spikes as consumers resorted to stockpiling during these unpredictable times.

During the second half of 2020, unavailability of shipping containers led to serious consignment delays and customer dissatisfaction. On a few occasions, these delays resulted in customers resorting to take their consignment by air at their own cost. Congestion at trans-shipment ports also contributed to the delays. However, softening of raw material prices and weakening of INR against all major currencies such as USD, GBP and EUR resulted in higher EBIT numbers for 2020.

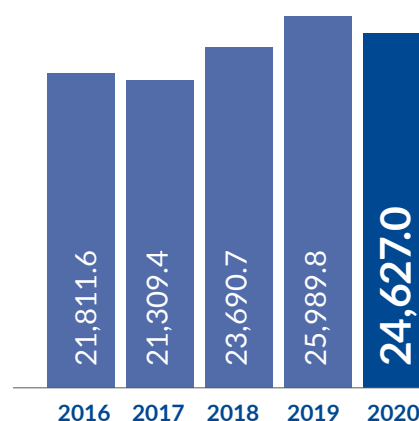
6. Financial review

In 2020, Huhtamaki India reported revenue from operations (net of GST) of ₹24,627.0 Mn as against ₹25,823.7 Mn in 2019. We recorded an EBITDA of ₹2,416.4 Mn as against ₹3,096.4 Mn in 2019. We registered a CAGR of 3.9% over the last five years. The average return on equity for 2020 is 12.5% compared to 24.38% in 2019. Our market capitalisation as on December 31, 2020 stood at ₹23,608.2 Mn.

6.1. Revenue from Operations

Led by the unprecedented lockdowns, driven by the outbreak of COVID-19, activity remained largely muted at the customer end. The Company's manufacturing facilities also remained closed during the lockdown period. Together they contributed to a dip in the top line. Nevertheless, the bounceback in the latter half of the year, helped the Company set off the losses and maintain the yearly turnover similar to the previous year, with a marginal moderation of 5%.

Revenue from Operations (₹)



Management Discussion and Analysis (Contd.)

6.2. Profit before tax (PBT) and profit after tax (PAT)

Operating profit (EBITDA) and Profit after tax witnessed a 22% and 43.5% reduction respectively, driven by a dip in the topline, with a fairly stable fixed cost trend.

6.3. Earnings per share (EPS) and dividend

The EPS for 2020 was ₹12.71, owing to as against ₹22.52 in 2019. We have proposed a dividend of ₹3 per equity share of face value of ₹2 each, for the year 2020.

6.4. Reserves and surplus, capital expenditure and fixed assets

At the end of the 2020, reserves and surplus were at ₹7,498.0 Mn as against ₹6,822.5 Mn at the end of 2019. Our fixed assets at the end of 2020 were at ₹ 5,771.5 Mn as against ₹4,947.3 Mn at the end of 2019. Capital expenditure during 2020 was ₹ 1,231.8 Mn.

6.5. Debt working and capital returns

Gross debt as at December 31, 2020 was ₹19,477.9 Mn compared to ₹20,726.0 Mn as at December 31, 2019, a reduction of 9.1% y-o-y.

Net debt as on December 31, 2020 was ₹ 1,623.3 Mn as against ₹1,673.1 Mn on December 31, 2019.

Capital returns

Particulars	Year	
	2019	2020
Inventory	1,818.6	2,287.8
Debtors	6,184.7	5,338.0
Current liabilities	7,016.0	6,322.5
Loans and advances	703.0	916.9
Cash flow from operations	2,845.2	1,693.4
Return on net worth (RoNW) (%)	24.4%	12.5%
Return on capital employed (RoCE) (%)	23.0%	14.2%

7. Focus areas for 2021

In the upcoming year, our aim is to turn around performance by focusing on three primary areas:

- Driving cost competitiveness by:
 - Optimising manufacturing footprint through the India transformation project
 - Declaring a war on waste
 - Undertaking end-to-end productivity drive
 - Rolling our zero-based budgeting (ZBB) – the management prepares budget by taking the base as zero each year and strategically allocates funds to

different activities by ranking them based on priority and efficiency

- Driving commercial excellence to enable growth by:
 - Redefining sales strategy
 - Restructuring the organisation for focus on business development
 - Improving price competitiveness
 - Commercialising ideas related to innovation and sustainability
- Developing people strategy as a competitive advantage by:
 - Building a customer-centric organisation culture to deliver executional excellence
 - Developing fit-for-purpose capabilities in must-win areas
 - Leveraging digitalisation and analytics

8. People

With the COVID challenge impacting our lives in 2020, the Company rose to the occasion and took all necessary steps to assure the well-being and safety of our colleagues who reported at the factories and other places of work to help maintain the supply of packaging. During this critical period, we scaled-up our doggedness, creativity and customer centricity as never before, stretching to reach essential packaging materials for food, pharmaceuticals, personal/home hygiene products to our fellow citizens in India and also around the world.

Our COVID – 19 key people responses included:

- Focusing on smart working:** Establishing work from home for office staff and providing the required infrastructure, reducing large meetings, adapting the travel policies, and setting up online work mechanisms.
- Enhancing health and hygiene:** Adopted new hygiene and health habits (hand sanitization, masks and face shields), Improve workplace hygiene (fumigation, tunnels and regular cleaning), monitoring employee health (thermal checks) and guaranteeing social distancing.
- Managing workforce:** Travel arrangements and proper shift management with social distancing, optimizing manpower utilization, setting up an agile COVID assist emergency response team to help the

affected employees and their family members and managing employee downtime.

4. **Communicating well:** Educating employees and managers on COVID – 19, posters/ e mails/ flyers, setting of an agile Crisis Management Team (CMT) for daily reviews, daily COVID Coordination meetings, regular issuance of circulars, town hall meetings and messages from the senior leadership team.
5. **Utilisation of the digital interface:** Office 365 for virtual meetings, exchanging information and collaborating between the teams. Our Global HRIS system W2HO helped in managing all employee lifecycle processes, which also included online hiring, onboarding, induction and separations. Knowledge sharing through E-learning, virtual training and meetings through online platform helped in maintaining the learning & development focus for employees. Our local HRIS system Paysquare, facilitated online attendance management, leave management & payroll processes and this was complemented by seamless exchange of data between to two HRIS system, through API based integration.

All these efforts only reinforced the recognition which had been conferred to the Company by the Great Place to Work Institute. Huhtamaki was certified as a Great Place To Work, April 2020 – March 2021.



The Company also ushered in a high-performance work culture with a strong focus on meritocracy. The people processes focused on differentiating performance. Additionally, workforce planning and purposive efforts towards manpower optimization led to a decrease in the headcount from 3,781 in January 2020 to 3,468 in December 2020.

The focus on employee Health & Safety continued with setting up of Huhtamaki Machine Safety Standards at the plants backed up with the rigorous Daily Safety Tour by the Plant Heads & Safety Officers, Behaviour Based Safety Campaigns, regimen of Fire & Mock drills, Internal & Inter Plant Safety audits, Weekly EHS Review Meetings for Safety related critical and constraints points and other Improvement initiatives.

In year 2020, our 13 Plants were recognized and Awarded with “Zero Accident Club Membership” in various Clubs (Diamond, Platinum, Gold, Silver & Bronze).



The Company believes in creating workspaces where a diverse set of people can contribute and thrive. This will continue to be our thrust area as we would continue responding to the changing needs of our customers and work towards providing a framework that is best suited towards creating long lasting collaborative relationships.

9. Risk management

At Huhtamaki India, we follow the Enterprise Risk Management (ERM) framework, which has the globally accepted COSO (Committee of Sponsoring Organisations) Internal Control – Integrated framework embedded in it. In compliance with the framework, we have charted a robust risk management policy that helps us take informed decisions in a dynamic business environment and minimise the risk of macro uncertainties.

The purpose of risk management is to identify potential events that may affect achievement of organisation strategy and business objectives and to manage such risks to be within the organisation risk appetite. The Board periodically assesses all facets of risks in the operating landscape of the organisation.

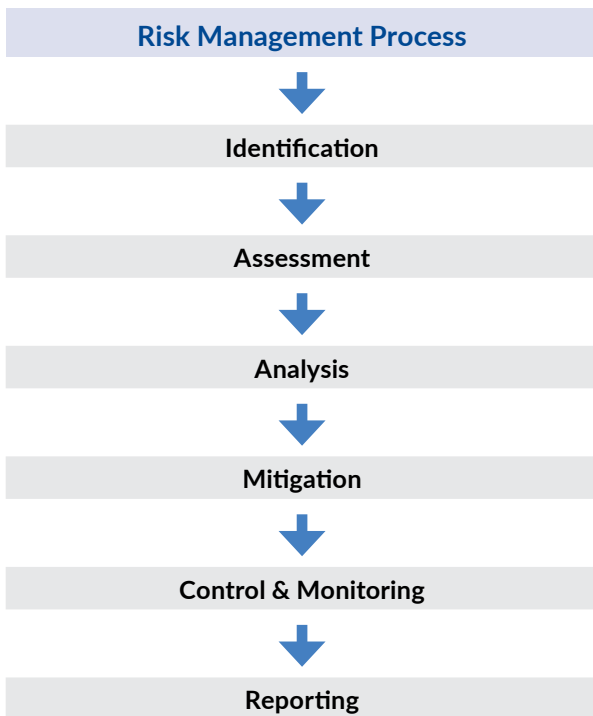
The key risks and opportunities to our competitiveness arise from our ability to manage prices effectively in the presence of aggressive competition, a rise in raw material pricing, our capability to meet customer demand for technology and digital solutions and our ability to benefit from the Group in terms of sales and sourcing. Activities to manage the threats and seize the opportunities involve cross-functional and cross-segment collaboration and active dialogue with the customers to develop ways to increase value and understand our competitive position.

Management Discussion and Analysis (Contd.)

9.1. Objectives of our risk management policy

- Enables future activities to take place in a consistent and controlled manner
- Improves decision-making, planning and prioritisation through a comprehensive and structured understanding of business activities, volatility and opportunities/threats
- Reduces volatility in various areas of the business
- Develops and supports people and the knowledge base of the organisation
- Optimises operational efficiency
- Ensures all the current and future material risks and opportunities of the Company are identified, assessed, quantified and appropriately managed
- Establishes a framework for the Company's risk management process and ensures its implementation
- Enables compliance with appropriate regulations, wherever applicable, by adopting best practices
- Assures business growth with financial stability

9.2. Risk management process



10. Internal controls

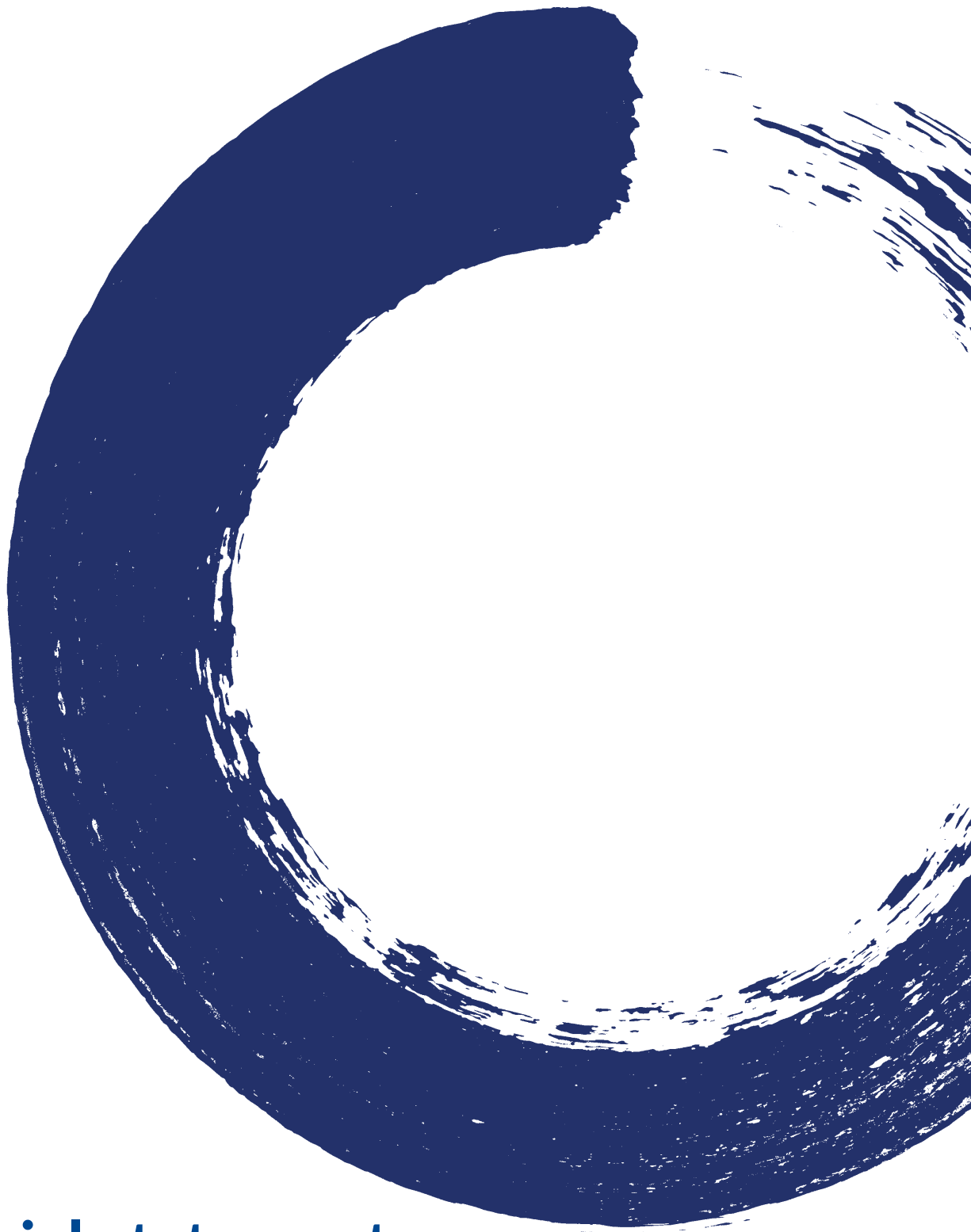
Internal financial control systems of the Company are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The Audit Committee deliberated with the members of the management, considered the systems as laid down and met the internal auditors and statutory auditors to ascertain, their views on the internal financial control systems. The Audit Committee satisfied itself as to the adequacy and effectiveness of the internal financial control system as laid down and kept the Board of directors informed. However, the Company recognises that no matter how the internal control framework is, it has inherent limitations and accordingly, periodic audits and reviews ensure that such systems are updated on regular intervals. The Company has an independent Internal audit function with well-established risk management processes both at the business and corporate levels. The scope and authority of the Internal audit function is derived from the Internal audit Charter approved by the Audit Committee.

The Company has engaged a reputable external firm to support the Internal auditor for carrying out the Internal audit reviews. Reviews are conducted on an on-going basis, based on a comprehensive risk based audit plan, which is approved by the Audit Committee at the beginning of each year. The Audit Committee meets on a half yearly basis to review and discuss the various Internal audit reports and follow up action plans of past significant audit issues and compliance to the audit plan. The Chairperson of the Audit Committee has periodic one-on-one meetings with the Internal auditor to discuss any key concerns.

11. Cautionary statement

The report contains forward-looking statements that may be identified by their use of words such as 'plans,' 'expects,' 'will,' 'anticipates,' 'intends,' 'projects,' 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, market position, expenditures and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised.



Financial statements

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Independent Auditors' Report

To the Members of Huhtamaki India Limited
(formerly known as "Huhtamaki PPL Limited")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Huhtamaki India Limited, formerly known as Huhtamaki PPL Limited, ("the Company"), which comprise the balance sheet as at December 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Key audit matter

Timing of Revenue Recognition

(Refer note 3(i) to significant accounting policies and note 33)

Revenue from sale of goods is recognised when control is transferred to the customers.

The Company uses a variety of delivery terms and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised at a time which is different from transfer of control especially for sales transactions occurring on and around the year end.

In view of above, ascertainment of timing of the revenue recognition has been identified as a key audit matter.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

How our audit addressed the key audit matter

In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient appropriate audit evidence: -

- Assessed the appropriateness of Company's accounting policy for revenue recognition as per the relevant accounting standard.
 - Evaluated the design and implementation of key internal financial controls and processes including relevant information technology systems in relation to the timing of revenue recognition for a sample of transaction's by using statistical sampling with special reference to controls over revenue cut offs at period end.
 - Tested, sample revenue transaction's by using statistical sampling near to the reporting date in order to examine whether revenue has been recognised in the correct period taking into consideration the relevant underlying documentation (customer orders, transporter documents etc.).
 - Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries to identify unusual transactions.
 - Obtained independent balance confirmations from the Company's customers on sample basis.
-

Key audit matter

Tax litigations – Provisions and contingencies

Refer note 44

The Company is subject to a number of ongoing litigations relating to direct tax (including transfer pricing arrangements) and indirect taxes.

Assessment of the outcome of ongoing litigations and consequentially whether or not any provision and/or disclosures are required is inherently uncertain and involves significant judgement since it requires interpretation of the applicable tax legislations and decisions previously passed by authorities. Also, as at the year ended, the amounts involved are significant.

In view of the above we have identified ongoing litigations relating to direct tax (including transfer pricing arrangements) and indirect tax as a key audit matter.

How our audit addressed the key audit matter

In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient appropriate audit evidence:

- Evaluated the design and implementation and operating effectiveness of key internal controls around the recognition and measurement of provisions and disclosure of contingent liabilities.
- Obtained information from the Company's internal tax and legal team regarding the status of the ongoing litigations.
- Involved our subject matter experts for evaluating the Company's assessment of the possible outcome of the matters and analysing and challenging the assumptions used in estimation of provisions based on their knowledge and experiences of the application of the relevant legislation by the relevant authorities and related correspondence with the authorities.
- Assessed the adequacy of provision for ongoing litigations by verifying the appropriateness of assumptions used and estimates made by the management in light of decisions previously made by the authorities in similar circumstances and by comparing the estimates of prior year with the actual outcome.
- Assessed the adequacy of Company's disclosures in respect of ongoing litigations as per the relevant accounting standards.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows

of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statement made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for the year ended December 31, 2019 prepared in accordance with Ind AS included in these financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated February 17, 2020 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- (A) 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 purposes 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, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at December 31, 2020 on its financial position in its financial statements – Refer Note 44 to the financial statements;
 - ii. The Company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses;
- iii. There were no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended December 31, 2020.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner

Mumbai
February 24, 2021

Membership No. 078305
UDIN: 21078305AAAAAQ7705

Annexure – A

to the Independent Auditors' Report on the financial statements of Huhtamaki India Limited for the year ended December 31, 2020 (Referred to in our report of even date)

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of the Company on the financial statements for the year ended December 31, 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of the fixed assets (property plant and equipment).
- (b) Fixed assets (property plant and equipment) have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 4 to the financial statements, are held in the name of the Company. Certain immovable properties of the Company are in the former name of the Company i.e. Huhtamaki PPL Limited. The management has made an application to the relevant authorities for transfer of immovable properties in its present name.
- (ii) The inventory, except goods-in-transit and inventory lying with third parties, has been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of goods-in-transit subsequent goods receipts have been verified and in respect of inventory lying with third parties at the year-end, these have been confirmed by them. The discrepancies noticed on such verification between physical stocks and the book records were not material.
- (iii) In our opinion and according to 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise or value added tax, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors/to a company in which the Director is interested to which provisions of Section 185 of the Companies Act 2013 apply.
- The Company has complied with the provisions of Section 186 of the Act with respect to investments. The Company has not provided any loan, guarantee, or security to the parties covered under Section 186 of the Act.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of Sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess, professional tax and other material statutory dues as applicable, with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess, professional tax and other material statutory dues were in arrears as at December 31, 2020 for a period of more than six months from the date they became payable.

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount (Rs. in Million)	Amount paid under protest (Rs. in Million)
Income Tax Act, 1961	Income Tax	2007-2008	High Court	1.9	0.4
		2001-2002, 2011-2012	ITAT	19.8	-

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount (Rs. in Million)	Amount paid under protest (Rs. in Million)
Finance Act, 1994 - Service Tax	Service Tax	2009-2017	Customs Excise and Service Tax Appellate Tribunal	47.9	-
		2016-2017	Commissioner (Appeals)	2.7	-
		2008-2015	Assistant Commissioner/Range Superintendent	0.7	-
Central Excise Act, 1944	Excise Duty	2001-2007	High Court	0.6	-
		2001-2014	Customs Excise and Service Tax Appellate Tribunal	56.0	-
		2020	Commissioner (Appeals)	0.4	-
		2005-2017	Commissioner	132.7	-
		1997-1998	Deputy Commissioner	0.2	-
		2009-2010	Joint Secretary	0.0*	-
Customs Act, 1962	Duty of Customs	2012-2013	Customs Excise and Service Tax Appellate Tribunal	0.3	-
		2004-2008	Joint Commissioner	1.4	0.7
		2007-2013	Assistant/Deputy Commissioner	2.1	1.2
Goods and services tax	Tax	2020	Assistant/Joint Commissioner (Appeals)	0.3	0.3

*Less than Rs. 50,000

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or financial institutions or Government. There were no dues to debenture holders.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, term loans obtained by the Company were applied for the purpose for which those were raised. The Company did not raise any money by way of initial public offer or further public offer during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of material fraud on the Company or by the Company or by its officers or employees.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, para 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of

the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the notes to the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures notified under the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, para 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act. Accordingly, para 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, para 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner

Mumbai
February 24, 2021

Membership No. 078305
UDIN: 21078305AAAAAQ7705

Annexure – B

to the Independent Auditors' Report on financial statements of Huhtamaki India Limited for the year ended December 31, 2020

Report on the internal financial controls, with reference to aforesaid financial statements, under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Huhtamaki India Limited as of December 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at December 31, 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to 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 controls with reference to 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial

statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner

Membership No. 078305

UDIN: 21078305AAAAAQ7705

Mumbai

February 24, 2021

Balance Sheet

as at December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Particulars	Notes	As at	As at
		December 31, 2020	December 31, 2019
Assets			
Non-Current Assets			
Property, Plant and Equipment	4	4,059.4	4,138.4
Capital work-in-progress	4	165.0	82.9
Right-Of-Use Assets	4	785.7	-
Goodwill	5	623.8	564.0
Other Intangible Assets	5	137.6	162.1
Financial assets			
- Investments*	6	0.0	0.0
- Loans	7	106.5	101.3
- Other Financial Assets	8	2.9	3.0
Deferred Tax Assets (net)	9	77.5	62.4
Non-Current Tax Assets (net)	10	582.1	370.5
Other Non-Current Assets	11	150.4	230.8
		6,690.9	5,715.4
Current Assets			
Inventories	12	2,287.8	1,818.6
Financial assets			
- Investments	13	183.5	608.1
- Trade Receivables	14	5,338.0	6,184.7
- Cash and Cash Equivalents	15	669.6	444.8
- Bank balances other than Cash and cash equivalents	16	1.5	1.3
- Loans	17	17.3	17.3
- Other Financial Assets	18	32.2	9.1
Other Current Assets	19	607.6	341.5
		9,137.5	9,425.4
Total Assets		15,828.4	15,140.8
Equity and Liabilities			
Equity			
Equity Share Capital	20	151.1	151.1
Other Equity	21	7,498.0	6,822.4
Total Equity		7,649.1	6,973.5
Non-Current Liabilities			
Financial liabilities			
- Borrowings	23	1,250.0	1,017.6
- Lease Liabilities	24	428.6	-
- Other Financial Liabilities	24	11.7	12.2
Provisions	25	77.3	43.6
Other Non-Current Liabilities	26	89.2	77.9
		1,856.8	1,151.3
Current Liabilities			
Financial liabilities			
- Borrowings	27	1,210.3	1,670.8
- Trade Payables	28		
Total outstanding dues of micro enterprises and small enterprises		63.4	176.6
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,035.0	4,119.3
- Lease Liabilities	29	39.6	-
- Other Financial Liabilities	29	341.0	439.2
Other Current Liabilities	30	240.2	247.7
Provisions	31	280.3	246.6
Current Tax Liabilities (net)	32	112.7	115.8
		6,322.5	7,016.0
Total Equity and Liabilities		15,828.4	15,140.8

*Amount less than Rs. 50,000

Significant Accounting Policies

3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors**Murali Sivaraman**

Chairman

DIN: 01461231

Sudip Mall

Managing Director

DIN: 01681697

Amar Sunder

Partner

Membership No. 078305

Mumbai

Date: February 24, 2021

Ranjeev Lodha

Executive Director & Chief Financial Officer

DIN: 07478890

Mumbai

Date: February 24, 2021

D. V. Iyer

Company Secretary

Membership No. 13004

Statement of Profit and Loss

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Particulars	Notes	Year ended	Year ended
		December 31, 2020	December 31, 2019
Revenue from Operations	33	24,627.0	25,989.8
Other Income	34	80.2	167.4
Total Income		24,707.2	26,157.2
Expenses			
Cost of Materials Consumed	35	16,232.1	17,266.3
Changes in Inventories of Finished Goods and Work-in-Progress	36	(107.7)	18.4
Employee Benefit Expense	37	2,760.5	2,517.3
Finance Costs	38	261.2	211.3
Depreciation and Amortisation Expense	39	979.3	869.3
Other Expenses	40	3,405.9	3,258.8
Total Expenses		23,531.3	24,141.4
Profit before tax		1,175.9	2,015.8
Tax expenses			
Current tax			
- Current period		315.4	645.2
- Adjustments/(credits) related to previous periods – (net)		(93.5)	(319.9)
Total		221.9	325.3
Deferred Tax		(5.9)	(9.9)
Profit for the period		959.9	1,700.4
Other Comprehensive Income/(Losses)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability/(asset)		(76.9)	(13.3)
Income Tax relating to Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability/(asset)		19.3	3.4
Net other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		(57.6)	(9.9)
Other Comprehensive Income/(Losses) for the period, net of tax			
		(57.6)	(9.9)
Total Comprehensive Income for the period		902.3	1,690.5
Earnings per equity share	43		
Basic and Diluted (Face value of Rs. 2 each)		12.71	22.52

Significant Accounting Policies

3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors

Murali Sivaraman

Chairman

DIN: 01461231

Sudip Mall

Managing Director

DIN: 01681697

Amar Sunder

Partner

Membership No. 078305

Ranjeev Lodha

Executive Director & Chief Financial Officer

DIN: 07478890

D. V. Iyer

Company Secretary

Membership No. 13004

Mumbai

Date: February 24, 2021

Mumbai

Date: February 24, 2021

Statement of Changes in Equity

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

a) Equity Share Capital:

	In Nos.	Rs.
Equity shares of ₹ 2 each Issued, subscribed and fully paid		
At January 1, 2019 (includes amount received on forfeited shares Rs. 0.0 million)*	75,521,934	151.1
Changes in equity share capital during the year	-	-
At December 31, 2019	75,521,934	151.1
Changes in equity share capital during the year	-	-
At December 31, 2020	75,521,934	151.1

*Amount less than Rs. 50,000

b) Other Equity:

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total Other Equity
	Share Options Outstanding Account	Debentures Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit liability/(asset)	
As at January 1, 2019	70.9	770.0	784.4	3,789.8	(1.4)	5,413.7
Profit for the period	-	-	-	1,700.4	-	1,700.4
Other Comprehensive Income/(Loss) for the period	-	-	-	-	(9.9)	(9.9)
Total Comprehensive Income for the period	-	-	-	1,700.4	(9.9)	1,690.5
Dividend on Equity Shares for the year (Refer Note 22)	-	-	-	(226.6)	-	(226.6)
Dividend distribution tax (Refer Note 22)	-	-	-	(46.6)	-	(46.6)
Transfer to General Reserve	-	(770.0)	770.0	-	-	-
Recognition of share-based payments (Refer Note 46)	(8.6)	-	-	-	-	(8.6)
As at December 31, 2019	62.3	-	1,554.4	5,217.0	(11.3)	6,822.4
Profit for the period	-	-	-	959.9	-	959.9
Other Comprehensive Income/(Loss) for the period	-	-	-	-	(57.6)	(57.6)
Total Comprehensive Income for the period	-	-	-	959.9	(57.6)	902.3
Dividend on Equity Shares for the year (Refer Note 22)	-	-	-	(226.6)	-	(226.6)
Recognition of share-based payments (Refer Note 46)	(0.1)	-	-	-	-	(0.1)
As at December 31, 2020	62.2	-	1,554.4	5,950.3	(68.9)	7,498.0

Refer Note 21 for nature and purpose of reserves

Refer Note 3 for Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner

Membership No. 078305

Mumbai

Date: February 24, 2021

For and on behalf of the Board of Directors

Murali Sivaraman

Chairman

DIN: 01461231

Ranjeev Lodha

Executive Director & Chief Financial Officer

DIN: 07478890

Mumbai

Date: February 24, 2021

Sudip Mall

Managing Director

DIN: 01681697

D. V. Iyer

Company Secretary

Membership No. 13004

Cash Flow Statement

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Particulars	December 31, 2020	December 31, 2019
A. Cash Flow from Operating activities		
Net Profit before Tax	1,175.9	2,015.8
Adjustments for		
Depreciation and Amortisation	979.3	869.3
Unrealised Foreign Exchange Loss/(Gain) (Net)	(25.7)	(11.7)
Interest Income	(10.0)	(10.5)
Finance Cost	256.4	209.6
Unwinding of Discount on Liabilities	-	1.5
Net Interest on net defined benefit liability	4.8	0.2
Reversal of impairment loss	(1.1)	(0.9)
Bad debts written off	4.6	10.6
(Profit)/Loss on sale/fair value on Current Investments (Net)	(13.2)	(65.1)
Property, Plant & Equipment Written Off	3.6	2.3
Mark-to-market (gain)/loss on derivative financial instruments	(27.0)	(3.2)
Group Stock Option Arrangement	(0.1)	(8.6)
Profit on Sale of Property, Plant & Equipment (Net)	(16.7)	(56.4)
Cash Generated from Operations before working capital changes	2,330.8	2,952.9
Working capital adjustments		
Adjustments for		
(Increase)/Decrease in Trade Receivables	856.4	(471.8)
(Increase)/Decrease in Inventories	(444.0)	303.7
(Increase)/Decrease in Non-current and current financial assets	(1.1)	21.3
(Increase)/Decrease in Non-current and current assets	(264.7)	(0.4)
Increase/(Decrease) in Trade Payables	(232.7)	670.5
Increase/(Decrease) in Other Non-current and current financial liabilities	(101.1)	(95.0)
Increase/(Decrease) in Other Non-current and current liabilities	3.7	32.4
Increase/(Decrease) in Non-current and current provisions	(17.3)	33.8
Cash Generated from Operations	2,130.0	3,447.4
Taxes paid (net of refunds)	(436.6)	(602.2)
Net Cash generated from operating activities – A	1,693.4	2,845.2
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, capital work-in-progress and capital advances	(488.6)	(675.7)
Proceeds from Sale of property, plant and equipment	55.4	121.0
Payment for acquisition of business	(741.1)	-
Purchase of Current Investments	(4,185.5)	(6,750.3)
Sale of Current Investments	4,623.3	6,418.5
(Investment)/Proceeds in/from deposits with Bank	(0.1)	(0.2)
Interest Received	9.8	11.3
Net cash used in Investing activities – B	(726.8)	(875.4)

Cash Flow Statement

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Particulars	December 31, 2020	December 31, 2019
C. Cash Flow from Financing activities		
Interest paid	(234.0)	(421.8)
Repayment of sales tax deferral loan	(37.6)	(35.9)
Repayment of long-term borrowings	(2,000.0)	(3,850.0)
Proceeds of long-term borrowings	2,250.0	1,000.0
Payment of Lease Liability	(32.2)	-
Proceeds/(Repayment) of Short-Term borrowings (net)	(460.5)	1,579.3
Dividends paid (including dividend tax thereon)	(227.5)	(273.0)
Net cash used in financing activities – C	(741.8)	(2,001.4)
Net increase/(decrease) in cash and cash equivalents – (A+B+C)	224.8	(31.6)
Add: Cash and cash equivalents at the beginning of the year	444.8	476.4
Cash and cash equivalents at the end of the year (Refer Note 15)	669.6	444.8

Notes:

Reconciliation of liabilities arising from financing activities:

Non-Current

Particulars	December 31, 2020	December 31, 2019
Opening	1,037.6	3,903.7
Changes from financing cash flows	212.4	(2,867.6)
Initial recognition of Lease liabilities	407.3	-
Net addition in current year for lease liabilities	93.1	-
Interest expense on lease liabilities	34.1	-
Interest paid on lease liabilities	(34.1)	-
Payment of lease liabilities	(32.2)	-
Transfer to current—lease liabilities	(39.6)	-
Other changes	-	1.5
Closing	1,678.6	1,037.6

Current

Particulars	December 31, 2020	December 31, 2019
Opening	1,688.4	127.4
Changes from financing cash flows	(460.5)	1,561.0
Transfer from non-current – lease liabilities	39.6	-
Closing	1,267.5	1,688.4

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner
Membership No. 078305

Mumbai
Date: February 24, 2021

For and on behalf of the Board of Directors

Murali Sivaraman

Chairman
DIN: 01461231

Ranjeev Lodha

Executive Director & Chief Financial Officer
DIN: 07478890

Mumbai
Date: February 24, 2021

Sudip Mall

Managing Director
DIN: 01681697

D. V. Iyer

Company Secretary
Membership No. 13004

Notes to the Financial Statements

for the year ended December 31, 2020

1. Corporate Information

Huhtamaki India Limited (Formerly known as 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 (E), 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 the 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 other provisions of the Act.

The financial statements are presented in Indian Rupees ("INR") which is also the Company's functional currency. All the amounts are rounded to the nearest million, unless otherwise indicated.

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. 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, 2020 were approved by the Board of Directors and authorised for issue on February 24, 2021.

B. Basis of Measurement

The financial statements have been prepared under the historical cost convention, except for the following items:

Items	Remeasurement basis
Investments	Fair Value
Certain financial assets and liabilities	Fair Value
Share based payment arrangements	Fair value
Net defined benefit (asset)/liability	Fair Value of plan assets less present value of defined benefit obligations

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.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 33 – Revenue Recognition and Rebates and Discounts

Note 4 and 44B – Lease term

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 45
- Measurement and likelihood of occurrence of provisions and contingencies – Refer Note 44
- Recognition of deferred tax assets – Refer Note 9
- Impairment of Intangibles – Refer Note 5
- Measurement of Share Based Payments – Refer Note 46
- Measurement of Fair values – Refer Note 49
- Measurement of useful lives for property, plant and equipment and intangible assets – Refer accounting policy on Depreciation below – point 3 c.

Estimation of uncertainties relating to the global health pandemic from COVID-19

COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Government of India, to stem the spread of COVID-19. Following the unprecedented COVID-19 pandemic, the Company's operations were scaled down

Notes to the Financial Statements

for the year ended December 31, 2020

in compliance with the applicable regulatory orders. Since the Company forms an essential part of the supply chain for essential goods such as pharma, healthcare and food, the Company's plants situated in different states and union territories were able to obtain permission, albeit in a phased manner from local government authorities to operate the plants. Since these guidelines stipulated safe distancing, the Company could operate its plants at lower capacity levels. In the light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

D. Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from January 1, 2021.

3. Significant Accounting Policies

a) Property, plant and equipment

- All items of property, plant and equipment are measured at cost less accumulated depreciation & impairment losses, if any. Cost of property, plant and equipment 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 equipment i.e. asset that necessarily takes a substantial period of time to get ready for its intended use, upto the completion of construction or acquisition of such property, plant and equipment are included in the gross book value of the asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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 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 equipment that are not ready to use at the balance sheet date.

b) Goodwill and Other Intangible assets

- Intangible Assets acquired separately are measured on initial recognition at cost. Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

- Goodwill acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, it is carried at cost less accumulated impairment losses, if any.

- 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.

- Gains or losses arising on disposal of Intangible assets are recognised in the Statement of Profit and Loss.

c) Depreciation and amortisation:

Property, plant and equipment

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 equipment are depreciated on straight-line method as per the useful life prescribed in

Notes to the Financial Statements

for the year ended December 31, 2020

Schedule II to the Companies Act, 2013 except those specified below.

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

Assets	Method of Depreciation	Useful life
Plant & Machinery	Straight Line Method	10 years
Computers excluding Laptops	Straight Line Method	4 years
Motor Vehicles	Straight Line Method	5 years
Cellphones and Photocopiers	Straight Line Method	3 years
Air-conditioning Equipment used in manufacturing process	Straight Line Method	10 years

Freehold land is not depreciated.

Depreciation Rates in respect of Property, plant and equipment depreciated as per useful lives prescribed in Schedule II are as follows:

Assets	Method of Depreciation	Useful life
Buildings	Written Down Value Method	40 years
Laptops	Straight line Method	3 years
Office Equipment	Straight line Method	5 years
Furniture and Fixtures	Straight line Method	10 years
Electrical Fittings	Straight line Method	10 years

Depreciation on additions/deletions to property, plant and equipment is provided prorata from the month of addition/before 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 is recognised in the Statement of Profit and Loss. In other cases, the transaction cost is 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 at fair value through profit or 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 statement of profit and 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.

Notes to the Financial Statements

for the year ended December 31, 2020

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

Impairment of financial assets

Expected credit losses (ECL) are recognised for all financial assets subsequent to initial recognition other than financial 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 lifetime 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 at fair value through profit or loss, 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.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and 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 instrument, 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 the year ended December 31, 2020

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 for 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 historical cost, determined using exchange rate at the date of initial recognition.

h) Inventories

- Inventories are valued at lower of cost and net realisable value. Cost is determined on the 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.
- The comparison of cost and net realisable value is made on an item by item basis.

i) Revenue Recognition

According to Ind AS 115, revenue is measured at the amount of consideration the Company expects to receive in exchange for the goods or services when control of the goods or services and the benefits obtainable from them are transferred to the customer. Revenue is recognised using the following five step model specified in Ind AS 115:

Step 1: Identify contracts with customers

Step 2: Identify performance obligations contained in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation

Step 5: Recognise revenue when a performance obligation is satisfied.

The performance obligations arising from sale of products with the Company's customers are satisfied at a point in time. Payment terms are generally agreed upon individually with customers. Sales of products are recognised when control of the products has transferred based on the agreed terms. Revenue is net of sales returns and allowances, discounts, volume rebates and any taxes or duties collected on behalf of government such as goods and service tax, etc.

Notes to the Financial Statements

for the year ended December 31, 2020

Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

A contract liability is the Company's obligation to transfer goods or services to a customer, for which the Company has already received consideration from customers.

Certain contracts of sale include volume rebates that give rise to variable consideration. This includes establishing an accrual at year end, particularly in arrangements with varying terms which are based on annual contracts or shorter-term arrangements.

Dividend & Interest Income

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 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 is

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.

Remeasurements, 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 twelve 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. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the leave encashment 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 are other long-term benefits scheme. The present value of the obligation under this long-term benefit is determined based on

Notes to the Financial Statements

for the year ended December 31, 2020

actuarial valuation using Projected Unit Credit Method.

k) Taxation

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 to an item to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. 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.

Current tax assets and current tax liabilities are offset only if there is legally enforceable right to set-off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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 future taxable profit will be available against which they can be used.

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.

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 has adopted Ind AS 116-Leases effective January 1, 2020, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (January 1, 2020). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments

Notes to the Financial Statements

for the year ended December 31, 2020

as an operating expense on a straight-line basis over the term of the lease.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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 fair value less cost of disposal 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. 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

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.

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

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.

Notes to the Financial Statements

for the year ended December 31, 2020

Equity Settled Transactions

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

Shares mentioned above are issued by Huhtamäki Oyj and the cost of such shares is not recharged to the Company. However, the Company recognises these share based payment transactions of Huhtamäki 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 Huhtamäki 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.

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. Under acquisition method, 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.

u) Borrowing costs

Borrowing costs, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalised as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less

Notes to the Financial Statements

for the year ended December 31, 2020

any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

v) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The CODM assesses the financial performance and position of the Company and makes strategic decisions. The Company has only one business segment, which is consumer packaging and company generates revenue majorly from domestic sales. Accordingly, the amounts appearing in these financial statements relate to this one business segment. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Notes to the Financial Statements

for the year ended December 31, 2020

Note 4: Property, Plant and Equipment

A. Property, Plant and Equipment

(All amounts Rs. in million, unless otherwise stated)

Particulars	Freehold land*	Leasehold land	Leasehold Improvements	Buildings*	Plant & Machinery**	Computers and laptops	Vehicles	Furniture & fixtures	Office equipment	Total
Gross carrying amount										
As at January 1, 2019	83.0	246.1	0.7	1,141.0	5,167.9	114.7	20.7	135.2	56.5	6,965.8
Additions	-	-	-	17.7	536.1	16.0	-	4.1	5.8	579.7
Disposals	-	2.4	-	31.0	199.0	6.3	7.6	4.0	0.6	250.9
At December 31, 2019	83.0	243.7	0.7	1,127.7	5,505.0	124.4	13.1	135.3	61.7	7,294.6
On account of Business Acquisition (Refer Note 52)	-	-	-	228.1	440.9	0.1	1.0	5.3	1.6	677.0
Additions	-	-	-	35.0	314.5	32.3	1.2	7.1	6.2	396.3
Disposals	-	-	-	7.0	194.2	8.2	1.7	7.3	1.6	220.0
Transition impact of Ind AS 116 – Leases	-	243.7	-	-	-	-	-	-	-	243.7
At December 31, 2020	83.0	-	0.7	1,383.8	6,066.2	148.6	13.6	140.4	67.9	7,904.2
Accumulated depreciation										
As at January 1, 2019	-	12.9	0.6	322.4	2,011.4	64.6	12.7	48.0	36.8	2,509.4
Additions	-	1.4	0.1	87.6	690.0	23.5	3.2	14.6	10.4	830.8
Disposals	-	0.4	-	22.6	147.3	5.4	5.2	2.5	0.6	184.0
At December 31, 2019	-	13.9	0.7	387.4	2,554.1	82.7	10.7	60.1	46.6	3,156.2
Additions	-	-	-	103.1	729.4	24.5	1.9	13.1	8.6	880.6
Disposals	-	-	-	2.8	157.9	7.8	1.7	6.3	1.6	178.1
Transition impact of Ind AS 116 – Leases	-	13.9	-	-	-	-	-	-	-	13.9
At December 31, 2020	-	-	0.7	487.7	3,125.6	99.4	10.9	66.9	53.6	3,844.8
Net carrying amount										
At December 31, 2020	83.0	-	-	896.1	2,940.6	49.2	2.7	73.5	14.3	4,059.4
At December 31, 2019	83.0	229.8	-	740.3	2,950.9	41.7	2.4	75.2	15.1	4,138.4

*The immovable properties disclosed above are in the former name of the Company i.e. Huhtamaki PPL Limited. The Company has made applications to the respective authorities intimating the name change from Huhtamaki PPL Limited to Huhtamaki India Limited. (Refer Note 56)

** Includes Electrical fittings and Air-conditioning equipments.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

B. Capital Work-in-Progress

Particulars	Amount
As at January 1, 2019	44.5
Capitalised during the year (net)	38.4
At December 31, 2019	82.9
Capitalised during the year (net)	82.1
At December 31, 2020	165.0

For contractual commitments with respect to property, plant and equipment refer note 44.

C. Right-of-Use Assets

Particulars	Leasehold land	Buildings	Plant and equipment	Others	Total
Gross carrying amount					
At January 1, 2020	-	-	-	-	-
Addition on account of Transition to Ind AS 116 – Leases	295.8	406.8	-	0.8	703.4
On account of Business Acquisition (Refer Note 52)	40.0	-	-	-	40.0
Additions	-	57.4	42.4	1.4	101.2
Disposals	-	(1.2)	-	-	(1.2)
At December 31, 2020	335.8	463.0	42.4	2.2	843.4
Accumulated Depreciation					
At January 1, 2020	-	-	-	-	-
Addition on account of Transition to Ind AS 116 – Leases	-	-	-	-	-
Additions	3.5	47.6	6.4	0.5	58.0
Disposals	-	(0.3)	-	-	(0.3)
At December 31, 2020	3.5	47.3	6.4	0.5	57.7
Net carrying amount					
At December 31, 2020	332.3	415.7	36.0	1.7	785.7
At December 31, 2019	-	-	-	-	-

Note:

The Company has adopted Ind AS 116 effective January 1, 2020, using the modified retrospective approach without restatement of the comparative period. Leases that were accounted for as operating leases in accordance with Ind AS 17 Leases, are recognised at the present value of the remaining lease payments starting January 1, 2020, and the weighted average incremental borrowing rate of 8.0% has been applied to lease liabilities recognised in the balance sheet at the date of initial application. This has resulted in recognising right-of-use assets of Rs. 703.4 million and lease liabilities of Rs. 407.3 million as at January 1, 2020 (an amount equal to the lease liability, transfer from prepaid lease rent/Property, plant and equipment of Rs. 295.8 million). The effect of implementing this Standard is as under:

Particulars	Amount
Other expenses are lower by	65.4
Depreciation and amortisation expenses is higher by	58.0
Finance costs are higher by	34.1
Net impact	26.7

Amounts recognised in Statement of Profit and Loss:

Particulars	Amount
Interest on Lease Liabilities	34.1
Expenses relating to short-term leases and low value assets	26.1

Amounts recognised in statement of cash flows:

Particulars	Amount
Total cash outflow for leases	(32.2)

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 5: Intangible assets

Particulars	Other Intangible assets					Total
	Goodwill	Non-Compete Fees	Computer – Software	Club Membership	Customer List	
Gross carrying amount						
As at January 1, 2019	564.0	51.0	82.9	2.6	116.8	253.3
Additions	-	-	43.8	-	-	43.8
Disposals	-	-	-	-	-	-
At December 31, 2019	564.0	51.0	126.7	2.6	116.8	297.1
On account of Business Acquisition (Refer Note 52)	59.8	-	-	-	-	-
Additions	-	-	16.6	-	-	16.6
Disposals	-	-	3.2	-	-	3.2
At December 31, 2020	623.8	51.0	140.1	2.6	116.8	310.5
Accumulated Amortisation						
As at January 1, 2019	-	19.3	65.8	1.6	9.8	96.5
Additions	-	7.2	14.0	0.6	16.7	38.5
Disposals	-	-	-	-	-	-
At December 31, 2019	-	26.5	79.8	2.2	26.5	135.0
Additions	-	7.2	16.6	0.2	16.7	40.7
Disposals	-	-	2.8	-	-	2.8
At December 31, 2020	-	33.7	93.6	2.4	43.2	172.9
Net carrying amount						
At December 31, 2020	623.8	17.3	46.5	0.2	73.6	137.6
At December 31, 2019	564.0	24.5	46.9	0.4	90.3	162.1

For the purpose of impairment testing, goodwill is allocated to the business acquired by the Company.

Goodwill of Rs. 623.8 million pertains to below merger/acquisitions:

- Merger of Webtech Labels Private Limited in 2015 with Huhtamaki India Limited – Rs. 96.9 million
- Acquisition of Business of Ajanta Packaging in 2018 – Rs. 467.1 million
- Acquisition of Business of Mohan Mutha Polytech Private Limited, Sricity in 2020 – Rs. 59.8 million*

Goodwill has been tested for impairment and accordingly no impairment charges were identified for the year 2020 and 2019. Following key assumptions were considered while performing impairment testing:

- Long-Term sustainable growth rates – 5%
- Weighted Average Cost of Capital % before Tax (discount rate) – 10%

The recoverable amount is based on fair value less costs to sell, estimated using discounted cash flows. The fair value measurement has been categorised as Level 3 fair value.

The Projections cover a period of five years, which is considered to be an appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the past performance and current developments. Value in use has been determined by discounting the future cash flows generated from the continuing use. A sensitivity analysis around the base assumptions has been performed and it has been concluded that no reasonable changes in key assumptions would cause the recoverable amount to be less than the carrying value.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 6: Non-Current Investments

Particulars	December 31, 2020	December 31, 2019
Investments at fair value through Profit & Loss (fully paid)		
Unquoted Equity Shares		
100 Equity shares (December 31, 2019 – 100) of Rs. 25 each fully paid-up in Shamrao Vithal Co-operative Bank Ltd.*	0.0	0.0
	0.0	0.0

*Amount less than Rs. 50,000

Note 7: Long-Term Loans

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Security Deposits	105.4	98.0
Loans and Advances to employees	1.1	3.3
	106.5	101.3

Note 8: Other Financial Assets

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Margin Money deposits	2.8	2.8
Bank Deposits with maturity of more than 12 months	0.1	0.2
	2.9	3.0

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

Note 9: Income Taxes

A. Components of Income Tax Expense

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
I. Tax Expense recognised in the Statement of Profit and Loss		
Current Tax		
- Current Year	315.4	645.2
- Adjustments/(credits) related to previous years – (net)	(93.5)	(319.9)
Total (A)	221.9	325.3
Deferred Tax charge/(credit)		
- Origination and reversal of temporary differences (B)	(5.9)	(21.5)
- Reduction in tax rate	-	11.6
Total (B)	(5.9)	(9.9)
Total (A+B)	216.0	315.4
II. Tax on Other Comprehensive Income		
Deferred Tax		
Re-measurement (gains)/losses on defined benefit plans	(19.3)	(3.4)

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, 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, 2020	Year ended December 31, 2019
Statutory Income Tax Rate	25.2%	25.2%
Differences due to:		
- Prior year tax adjustment	(8.0%)	(16.0%)
- Impact of change in tax rate	0.0%	4.2%
- Others (mainly includes expenses on account of permanent disallowance)	1.2%	2.1%
Net Effective Tax Rate	18.4%	15.6%

C. Movement in Deferred Tax Assets and Liabilities

I. Movement during the year ended December 31, 2019	As at January 1, 2019	Credit/(charge) in the Statement of Profit and loss	Credit/(charge) in Other Comprehensive Income	Deferred Tax Liability on account of Mohan Mutha, Sricity Acquisition (Refer Note 52)	As at December 31, 2019
Deferred tax assets/(liabilities)					
Expenses allowable for tax purposes when paid	30.0	(8.0)	-	-	22.0
Allowance for Impairment loss	41.8	(11.8)	-	-	30.0
Remeasurement on defined benefit plans	55.9	(14.6)	3.3	-	44.6
Depreciation	10.3	23.0	-	-	33.3
Liability in respect of losses pertaining to tax holiday units	(88.8)	21.3	-	-	(67.5)
Total	49.2	9.9	3.3	-	62.4
II. Movement during the year ended December 31, 2020	As at January 1, 2020	Credit/(charge) in the Statement of Profit and loss	Credit/(charge) in Other Comprehensive Income	Deferred Tax Liability on account of Mohan Mutha, Sricity Acquisition (Refer Note 52)	As at December 31, 2020
Deferred tax assets/(liabilities)					
Expenses allowable for tax purposes when paid	22.0	(12.3)	-	-	9.7
Allowance for Impairment loss	30.0	0.4	-	-	30.4
Remeasurement on defined benefit plans	44.6	(10.0)	19.3	-	53.9
Depreciation	33.3	27.8	-	(10.1)	51.0
Liability in respect of losses pertaining to tax holiday units	(67.5)	-	-	-	(67.5)
Total	62.4	5.9	19.3	(10.1)	77.5

Note 10: Non-Current Tax Assets (Net)

Particulars	December 31, 2020	December 31, 2019
Income Tax Assets (net)	582.1	370.5
	582.1	370.5

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 11: Other Non-Current Assets

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
Prepaid Expenses	4.6	72.4
Balances with Customs, Excise, Sales Tax and GST Authorities etc.	40.2	48.7
Capital Advances	105.6	109.7
	150.4	230.8

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

Particulars	December 31, 2020	December 31, 2019
Raw Materials and Components	1,292.8	923.0
Work-in-Progress	253.1	299.7
Finished Goods	424.5	270.2
Stores & Spares	175.1	182.8
Loose Tools	142.3	142.9
	2,287.8	1,818.6
Goods in transit (included in above)		
Raw Materials and Components	65.5	20.1
Finished Goods	198.1	87.4

Amount of write down of inventories to net realisable value and other provisions recognised in Statement of Profit and Loss as an expense is Rs. 42.5 million (December 31, 2019 - Rs. 40.7 million).

Note 13: Current Investments

Particulars	December 31, 2020	December 31, 2019
At fair value through Profit & Loss		
Investment in Mutual Funds (Quoted)	183.5	608.1
Aggregate book value and market value of quoted investments	183.5	608.1

Refer Note 49 for fair value measurement.

Note 14: Trade Receivables

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
At amortised cost		
Considered Good	5,338.0	6,184.7
Considered Credit impaired	120.7	118.8
Less: Allowance for Credit impaired	(120.7)	(118.8)
	5,338.0	6,184.7
The movement in change in allowance for expected credit loss and credit impairment		
Balance as at beginning of the year	118.8	119.7
Change in allowance for expected credit loss and credit impairment	6.5	9.7
Trade receivables written off during the year	(4.6)	(10.6)
Balance as at end of the year	120.7	118.8

Balance outstanding from related parties as at December 31, 2020 is Rs. 401.2 million (December 31, 2019: Rs. 523.9 million). (Refer Note 47)

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 15: Cash and Cash equivalents

Particulars	December 31, 2020	December 31, 2019
Balances with Banks		
In Current Accounts	581.3	64.8
In Unpaid Dividend Accounts (Refer Note below)	7.6	8.6
Deposits with original maturity of less than three months	79.7	370.0
Cash on Hand	1.0	1.4
	669.6	444.8

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, 2020	December 31, 2019
Deposits with maturity of more than 3 months but less than 12 months	1.5	1.3
	1.5	1.3

Note 17: Loans

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
Security Deposits	4.8	2.7
Loans and Advances to employees	12.5	14.6
	17.3	17.3

Note 18: Other Financial Assets

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
Claims Recoverable	3.6	4.4
Interest Receivable	1.6	1.5
Forward Contracts (fair value through Profit and Loss)	27.0	3.2
	32.2	9.1

Refer Note 49 for fair value measurement.

Note 19: Other Current Assets

Particulars	December 31, 2020	December 31, 2019
(Unsecured, considered good unless otherwise stated)		
Prepaid Expenses	46.7	45.9
Balances with Customs, Excise, Sales Tax, GST & Income tax Authorities etc.	162.4	66.4
Export Benefit Receivables	376.3	200.7
Advances Recoverable in Kind	22.2	28.5
	607.6	341.5

Note 20: Share Capital

Particulars	December 31, 2020	December 31, 2019
A. Authorised		
404,000,000 (2019: 404,000,000) equity shares, Rs. 2 each	808.0	808.0
2,900,000 (2019: 2,900,000) preference shares, Rs. 100 each	290.0	290.0
300,000 (2019: 300,000) unclassified shares, Rs. 100 each	30.0	30.0
	1,128.0	1,128.0
B. Issued, subscribed and paid-up		
75,521,934 (2019: 75,521,934) equity shares of Rs. 2 each fully paid-up *	151.1	151.1
	151.1	151.1

*The above amount includes amount received on Forfeited shares - Rs. 0.009 million.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

C. Reconciliation of the shares outstanding at the beginning and at the end of the year.

Particulars	December 31, 2020		December 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year*	75,521,934	151.1	75,521,934	151.1
Shares issued during the year	-	-	-	-
At the end of the year*	75,521,934	151.1	75,521,934	151.1

*The above amount includes amount received on Forfeited shares - Rs. 0.009 million.

D. 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 Rs. 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 the 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.

E. Shares held by the Holding Company:

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

Particulars	December 31, 2020	December 31, 2019
50,553,997 shares (December 31, 2019: 50,553,997)	101.1	101.1
held by Huhtavefa B.V., Netherlands, the Holding Company		

F. Details of shareholders holding more than 5% shares in the Company:

Particulars	December 31, 2020	December 31, 2019
Huhtavefa B.V., Netherlands, the Holding Company – No. of Shares	50,553,997	50,553,997
Huhtavefa B.V., Netherlands, the Holding Company – % holding	66.9%	66.9%

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.

G. During the previous five years, Company has neither issued any bonus shares nor any shares that have been allotted as fully paid-up pursuant to contract without payment being received in cash and have not bought back any of its shares.

Note 21: Other Equity

Particulars	December 31, 2020	December 31, 2019
Share Options Outstanding Account	62.2	62.3
General Reserve	1,554.4	1,554.4
Retained Earnings	5,950.3	5,217.0
Remeasurement of defined benefit liability/(asset)	(68.9)	(11.3)
	7,498.0	6,822.4

Nature and purpose of Reserves

i. Share Options Outstanding Account

This relate to shares of the 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 46.

ii. 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.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

iii. Retained Earnings

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

iv. Remeasurement of defined benefit liability/(asset)

Remeasurements of defined benefit liability/(asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

Note 22: Distribution made and proposed

Particulars	December 31, 2020	December 31, 2019
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on December 31, 2019: Rs. 3.00 per share (December 31, 2018: Rs. 3.00 per share)	226.6	226.6
Dividend Distribution Tax on final dividend	-	46.6
	226.6	273.2
Proposed dividends on Equity shares:		
Final dividend for the year ended on December 31, 2020: Rs. 3.00 per share (December 31, 2019: Rs. 3.00 per share)	226.6	226.6
	226.6	226.6

- (a) Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at December 31, 2020.
- (b) With the abolition of dividend distribution tax effective April 1, 2020, dividends will be taxable in the hands of recipient and hence Dividend Distribution Tax is not applicable.

Note 23: Borrowings

Particulars	Non-Current		Current	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Interest bearing loans and borrowings at amortised cost				
I. Secured				
i. Term Loan (Refer Note a)	250.0	1,000.0	-	-
Total Secured Borrowings	250.0	1,000.0	-	-
II. Unsecured				
i. Deferred Sales Tax Loan – Telangana (Refer Note b)	-	17.6	17.6	37.6
ii. External Commercial Borrowings (Refer Note c)	1,000.0	-	-	-
Total Unsecured Borrowings	1,000.0	17.6	17.6	37.6
Less: Amount classified under Other Current Financial Liabilities (Refer Note 29)	-	-	(17.6)	(37.6)
Total Borrowings	1,250.0	1,017.6	-	-

- (a) The Company has availed Term Loan from BNP Paribas which is secured by a Corporate Guarantee given by Huhtamäki Oyj. The loan, carrying an interest @ 7.1% p.a. is due for repayment on October 5, 2022. The Company has repaid term loan availed from Citibank of Rs. 1,000 million which was outstanding as on December 31, 2019.
- (b) 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 within 14 years from the date of availment of the loan. The loan is repayable annually on April 1 and last instalment is due on April 1, 2021.
- (c) The Company has availed External Commercial Borrowings from Huhtamäki Finance Company V B.V., Netherlands (fellow subsidiary) through issuance of Rupee Denominated Bonds. This loan, carrying an interest @6.5% p.a. and is due for repayment on December 15, 2025.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

- (d) Unsecured Debentures have been repaid in full on December 20, 2019. The debentures carried interest rate of 7% p.a and were due for redemption on January 27, 2020.
- (e) The Company had availed unsecured Term Loan of Rs. 1,000 million from Axis Bank during the year. The loan, carrying an interest @ 7.95% p.a. was due for repayment on May 10, 2021. The same has been prepaid on December 15, 2020.

Note 24: Financial Liabilities

A. Leases Liabilities

Particulars	December 31, 2020	December 31, 2019
Lease Liabilities	428.6	-
	428.6	-

B. Other Financial Liabilities

Particulars	December 31, 2020	December 31, 2019
Employee Benefits Payable	11.7	12.2
	11.7	12.2

Note 25: Provisions

Particulars	December 31, 2020	December 31, 2019
Provision for Employee Benefits (gratuity, leave etc.) (Refer Note 45)	77.3	43.6
	77.3	43.6

Note 26: Other Non-Current liabilities

Particulars	December 31, 2020	December 31, 2019
Deferred Government Grants	89.2	77.9
	89.2	77.9

Deferred Government Grants relates to accrual of customs duty availed on import of plant and equipment under EPCG scheme. The obligation towards export commitment to avail the grant shall be fulfilled by the Company.

Note 27: Borrowings

Particulars	December 31, 2020	December 31, 2019
Overdraft Facilities	-	1.2
Supplier Finance	-	692.9
Commercial Paper	1,210.3	976.7
	1,210.3	1,670.8

Above borrowings raised by the Company are short-term in nature ranging between repayable on demand to twelve months and carrying interest rates ranging from 4.2% p.a to 9% p.a.

Note 28: Trade Payables

Particulars	December 31, 2020	December 31, 2019
Total outstanding dues of micro enterprises and small enterprises	63.4	176.6
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,035.0	4,119.3
	4,098.4	4,295.9

Balance outstanding to related parties as at December 31, 2020 is Rs. 278.3 million (December 31, 2019: Rs. 107.9 million). (Refer Note 47)

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Dues to micro enterprises and small enterprises (On the basis of the information and records available with the Management.)

Particulars	December 31, 2020	December 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier registered under the MSMED Act as at the end of the year.		
- Principal amount	63.4	176.6
- Interest amount	0.6	0.2
The interest paid by the buyer in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payments made beyond the appointed date during each account year.	5.0	5.9
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 MSMED Act, 2006.	0.5	3.6
The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.1	3.7
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.	2.7	6.7

Note 29: Other Current Financial Liabilities

A. Leases Liabilities

Particulars	December 31, 2020	December 31, 2019
Lease Liabilities	39.6	-
	39.6	-

B. Other Financial Liabilities

Particulars	December 31, 2020	December 31, 2019
Employee Benefits Payable	168.9	238.2
Current Maturity of Long-Term Borrowings (Refer Note 23)	17.6	37.6
Interest accrued	33.0	10.6
Retention Money Payable (Refer Note a)	43.8	76.6
Creditors for Capital Goods	70.1	67.6
Unclaimed dividend*	7.6	8.6
	341.0	439.2

(a) Retention Money represents:-

- Rs. 38.9 million, being money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares.
- Rs. 4.9 million, 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, 2020	December 31, 2019
Advance from Customers	46.8	45.2
Employee Statutory Liabilities payable	20.3	19.4
Taxes payable	107.6	102.8
TDS payable	37.1	18.2
Deferred – Government Grants	28.4	62.1
	240.2	247.7

Deferred – Government Grants relates to accrual of customs duty availed on import of plant and equipment under EPCG scheme. The obligation towards export commitment to avail the grant shall be fulfilled by the Company.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 31: Provisions

Particulars	December 31, 2020	December 31, 2019
Provision for Employee Benefits (gratuity, leave etc.) (Refer Note 45)	219.8	186.1
Provision for Litigations	60.5	60.5
	280.3	246.6

For movement in Provision for Litigation refer movement schedule below:

Particulars	
As at January 1, 2019	67.8
Arising during the year	19.8
Unused amounts reversed/utilised during the year	(27.1)
At December 31, 2019	60.5
Arising during the year	5.8
Unused amounts reversed/utilised during the year	(5.8)
At December 31, 2020	60.5

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

Note 32: Current Tax Liabilities (Net)

Particulars	December 31, 2020	December 31, 2019
Current Tax Liabilities (Net)	112.7	115.8
	112.7	115.8

Note 33: Revenue from Operations

Particulars	December 31, 2020	December 31, 2019
Sale of Products	24,055.7	25,321.8
Rendering of Services	132.3	154.9
Subtotal:	24,188.0	25,476.7
Other Operating Revenue		
- Scrap Sales	182.5	256.1
- Compensation received for Loss of Profits	9.3	7.4
- Government Grant (Refer Note (a) below)	30.6	28.8
- Export Benefits received	160.6	166.1
- Income from Manpower Services	56.0	54.7
	24,627.0	25,989.8

- (a) The Company has recognised a Government grant relating to benefit received from Export Promotion Capital Goods (EPCG) Scheme. The grant received is to compensate for the import cost of the asset and based on the terms and conditions of the grant, it can be reasonably concluded that conditions relating to export of goods are subsidiary conditions, accordingly grant is recognised in profit or loss over the life of the underlying asset.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	December 31, 2020	December 31, 2019
Revenue as per contracted price	24,390.5	25,661.4
Less: Price/other adjustments relating to rebates	202.5	184.7
Total	24,188.0	25,476.7

The contract liabilities relate to the advance received from customers towards future supply for which revenue is recognised at a point in time.

Contract liabilities as at December 31, 2020 is Rs. 46.8 million (December 31, 2019: Rs. 45.2 million) (Refer Note 30) Contract assets as at December 31, 2020 is Rs. 5,338.0 million (December 31, 2019: Rs. 6,184.7 million) (Refer Note 14)

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Revenue from geographical segment

Particulars	December 31, 2020	December 31, 2019
India	17,205.0	19,522.3
Outside India	6,983.0	5,954.4
Total	24,188.0	25,476.7

Note 34: Other Income

Particulars	December 31, 2020	December 31, 2019
Interest Income on		
- Bank Deposits	3.3	5.4
- Others	6.7	5.2
Gain on financial instruments at fair value through Profit or Loss (Refer Note a)	27.0	3.2
Net Gain on sale/fair value changes of Current Investments	13.2	65.1
Profit on Sale of Property, Plant and Equipment (Net)	16.7	56.4
Foreign Exchange Gain (Net)	-	5.4
Insurance claim received	0.6	19.5
Other Non-Operating Income	12.7	7.2
	80.2	167.4

- (a) 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, 2020	December 31, 2019
Inventory at the beginning of the year	923.0	1,205.4
Add: Purchases during the year	16,601.9	16,983.9
Less: Inventory at the end of the year	(1,292.8)	(923.0)
	16,232.1	17,266.3

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

Particulars	December 31, 2020	December 31, 2019
Inventories at the end of the year		
Work-in-Progress	253.1	299.7
Finished Goods	424.5	270.2
	677.6	569.9
Inventories at the beginning of the year		
Work-in-Progress	299.7	390.7
Finished Goods	270.2	197.6
	569.9	588.3
Net Change in Inventories	(107.7)	18.4

Note 37: Employee benefit expense

Particulars	December 31, 2020	December 31, 2019
Salaries, Wages and Bonus	2,434.8	2,201.8
Contribution to provident and other funds	130.0	129.9
Staff welfare expense	195.8	194.2
Group Share Purchase Arrangement (Refer Note 46)	(0.1)	(8.6)
	2,760.5	2,517.3

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 38: Finance costs

Particulars	December 31, 2020	December 31, 2019
Interest		
- To Banks	218.2	43.0
- To Others (Refer Note 41)	4.1	(94.0)
- On Debentures	-	260.6
- On Lease liabilities	34.1	-
Unwinding of discount on liabilities	-	1.5
Net Interest on net defined benefit liability (Refer Note 45)	4.8	0.2
	261.2	211.3

Note 39: Depreciation and amortisation expense

Particulars	December 31, 2020	December 31, 2019
Depreciation of Property, Plant and Equipment (Refer Note 4)	880.6	830.8
Depreciation of Right-of-use assets (Refer Note 4)	58.0	-
Amortisation of Intangible assets (Refer Note 5)	40.7	38.5
	979.3	869.3

Note 40: Other Expenses

Particulars	December 31, 2020	December 31, 2019
Consumption of Stores and Consumables	157.6	239.0
Power and Fuel	777.5	859.3
Repairs to Building	22.8	35.0
Repairs to Machinery	327.1	299.0
Other Repairs	59.8	56.7
Sub Contracting Expenses	164.9	160.3
Insurance	35.6	25.5
Rent (Refer Note 44 b)	26.1	83.3
Rates and Taxes	35.2	44.9
Travelling and Conveyance	56.0	134.1
Legal and Professional Charges	122.7	130.8
Commission-Directors (Refer Note 47)	8.7	9.6
Communication Costs	24.4	29.6
Payments to Auditor (Refer Note a)	15.0	13.9
Donation	0.1	0.1
Printing and Stationery	15.6	19.1
Cost for Centralised Services (Refer Note 47)	259.4	85.9
Software Expenses including Cost for Information Technology Services (Refer Note 47)	129.6	14.0
Commission on Sales	69.4	68.2
Freight and Forwarding Expenses	566.2	527.5
Corporate Social Responsibility Expenses (Refer Note b)	37.8	14.7
Fixed Assets Written Off	3.6	2.3
Bank Charges	9.1	14.4
Reversal of impairment loss	(0.5)	(0.9)
Bad debts written off	4.6	10.6
Foreign Exchange Loss (Net)	55.5	-
Miscellaneous Expenses	422.1	381.9
	3,405.9	3,258.8

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

a) Payments to the auditor:

Particulars	December 31, 2020*	December 31, 2019**
As auditor		
Audit fee (including statutory audit and limited review)	14.5	13.6
Reimbursement of Expenses	0.5	0.3
	15.0	13.9

*Amount paid in current year includes Rs. 2.1 million paid to previous auditor for limited review for quarter ended March 31, 2020.

**Amount paid to previous auditor.

b) Details of CSR expenditure:

The Company has incurred Rs. 37.8 million (Previous Year: Rs. 14.7 million) 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 Rs. 37.8 million (Previous Year: Rs. 14.7 million).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2020 is Rs. 27.8 million (Previous Year: Rs. 24.7 million) i.e. 2% of average net profits for last three financial years, calculated as per Section 198 of the Companies Act, 2013.

Note 41: Taxes relating to earlier periods

In the 2018, basis a ruling of the Supreme Court on a similar issue concerning other assesseees, the Company had recognised a provision for income-tax of Rs. 210.7 million and interest thereon Rs. 100 million in respect of a disputed tax matter of earlier years. In this regard, based on the assessment being concluded during the previous year in favour of the Company pursuant to a revised order of the Supreme Court dated February 20, 2019, the Company has written back income-tax of Rs. 210.7 million and interest thereon of Rs. 100.0 million included in 'Tax expense' and 'Finance Costs', respectively, in the previous year ended December 31, 2019.

Note 42: Research and Development Expenses

Particulars	December 31, 2020	December 31, 2019
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 *	11.6	10.0
Total Research and Development Expenses	11.6	10.0

* Revenue Expenditure of Rs. 11.6 million has been grouped under various expense heads of the Financial Statements.

Note 43: Earnings Per Share (EPS)

Particulars	December 31, 2020	December 31, 2019
Profit after Tax (at Rs. million)	959.9	1,700.4
Weighted Average Number of Equity Shares (nos.)*	75,521,934	75,521,934
Basic and Diluted Earnings per Equity Share (in Rs.)	12.71	22.52
Nominal Value of Share (in Rs.)	2.00	2.00

*Closing balance of equity share is equal to weighted average equity shares.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 44: Contingent Liabilities and Commitments

A. Contingent Liabilities

Claims against the Company not acknowledged as Debts

Particulars	December 31, 2020	December 31, 2019
(a) Excise Duty		
Matters in Appeal – Duty	30.8	32.1
Matters in Appeal – Penalties	29.7	29.6
Show Cause Notices – Duty	132.7	47.0
(b) Service Tax		
Matters in Appeal – Tax	38.7	41.2
Matters in Appeal – Penalties	8.5	11.0
Show Cause Notices – Duty	0.7	0.7
(c) Customs Duty		
Matters in Appeal – Duty	3.8	3.8
(d) GST		
Matters in Appeal – Tax	0.2	-
Matters in Appeal – Penalties	0.2	-
(e) Income Tax Demands in Appeal	25.8	29.6
(f) Sales Tax Demands in Appeal	1.0	1.0
(g) Others	11.8	11.8

Notes:

- 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.
- 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.
- In February 2019, the Honourable Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligations for past periods.

B. Commitments

i. Lease Commitments

Lease Commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets and leases with term less than twelve months.

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

Particulars	December 31, 2020	December 31, 2019
Not later than one year	17.0	42.2
Later than one year and not later than five years	-	105.6
Later than five years	-	51.5

ii. Capital Commitments

Particulars	December 31, 2020	December 31, 2019
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	480.4	202.7

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

iii. Export Obligation

Particulars	December 31, 2020	December 31, 2019
Customs Duty on Capital goods imported under Export Promotion Capital Goods Scheme, against which export obligation is to be fulfilled	875.1	1,063.3

Note 45: 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 the form of a Company managed Trust (Refer Note 47). 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, 2020	December 31, 2019
Present Value of Obligation	405.6	310.5
Fair Value of Plan Assets	273.9	245.6
(Asset)/Liability recognised in Balance Sheet	131.7	64.9

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

Particulars	Gratuity		
	Plan Obligation	Plan Assets	Difference
As at January 1, 2019	283.2	285.9	(2.7)
Current service cost	21.9	-	21.9
Past service cost	-	-	-
Interest cost	22.0	-	22.0
Return on Plan Assets	-	21.8	(21.8)
Actuarial (gain)/loss arising from changes in financial assumptions	11.2	3.8	7.4
Actuarial (gain)/loss arising from experience adjustments	5.9	-	5.9
Employer contributions	-	(32.6)	32.6
Benefits Paid	(33.7)	(33.3)	(0.4)
As at December 31, 2019	310.5	245.6	64.9
Current service cost	25.7	-	25.7
Interest cost	23.0	-	23.0
Return on Plan Assets	-	18.2	(18.2)
Actuarial (gain)/loss arising from changes in demographic assumptions	3.2	-	3.2
Actuarial (gain)/loss arising from changes in financial assumptions	57.7	9.8	47.9
Actuarial (gain)/loss arising from experience adjustments	25.8	-	25.8
Employer contributions	-	39.7	(39.7)
Benefits Paid	(40.4)	(39.4)	(1.0)
As at December 31, 2020	405.5	273.9	131.6

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

C. Statement of Profit and Loss

Particulars	Gratuity	
	December 31, 2020	December 31, 2019
Current service cost	25.7	21.9
Finance Cost		
Interest cost	23.0	22.0
Interest income	(18.2)	(21.8)
Net impact on profit (before tax)	30.5	22.1
Remeasurement of the net defined benefit plans:		
Actuarial (gain)/loss arising from changes in demographic assumptions	3.2	0.0
Actuarial (gain)/loss arising from changes in financial assumptions	47.9	7.4
Actuarial (gain)/loss arising from experience adjustments	25.8	5.9
Net impact on total comprehensive income (before tax)	107.4	35.4

D. Assets

Particulars	Gratuity	
	December 31, 2020	December 31, 2019
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	195.8	172.8
Investment Value in Non Unit Linked Plans	44.1	41.4
Investment Value in Special Deposit Scheme of Bank of Baroda	11.3	11.4
Insurer Managed Funds	22.7	20.1
Total	273.9	245.6

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, 2020	December 31, 2019
Discount rate	6.4%	7.4%
Future salary increases	6.0%	5.5%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

F. Sensitivity Analysis

A quantitative sensitivity analysis for significant assumption as at December 31, 2020 is as shown below:

Assumptions	Discount Rate		Future Salary Increase		Employee Turnover	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on Defined Benefit Obligation	(38.8)	45.6	45.3	(39.3)	0.9	(1.1)

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 Rs. 63.7 million (Year 2019: Rs. 60.1 million).

H. The average duration of the defined benefit obligation at the end of reporting period is 13 years.

I. The Company's contribution for Provident Fund aggregating Rs. 104.1 million (2019: Rs. 94.0 million) has been recognised in the Profit or Loss under the head 'Employee Benefits Expense'.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 46: 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 2020-2022

The Performance Share Plan 2020-2022 commenced in year 2020 and the possible reward will be based on the Group's earnings per share (EPS) in 2022. The reward, if any, will be paid during 2023.

Performance Share Plan 2019-2021

The Performance Share Plan 2019-2021 commenced in year 2019 and the possible reward will be based on the Group's earnings per share (EPS) in 2021. The reward, if any, will be paid during 2022.

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 and since the target was not achieved the same was not paid.

Performance Share Plan 2017-2019

The Performance Share Plan 2017-2019 commenced in year 2017. The reward was based on the Group's earnings per share (EPS) in 2019 and since the target was not achieved the same was not paid.

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.

Details of Shares Granted under various Plans

Particulars	17-19 Plan	18-20 Plan	19-21 Plan	20-22 Plan
Maximum number of Shares Eligible	20,100	20,000	15,500	20,500
Outstanding as at December 31, 2019	-	13,000	15,500	-
Granted during the year	-	-	-	20,500
Forfeited during the year	-	13,000	5,500	7,000
Outstanding as at December 31, 2020	-	-	10,000	13,500
Vesting Period	2.6 years	2.6 years	3 years	3 years
Grant Date	12-Jun-17	14-May-18	01-Jan-19	01-Jan-20
Exercise price	Nil	Nil	Nil	Nil
Fair Value on the date of Grant (in Euro)	35.98	34.82	27.07	41.73
Fair Value on the date of Grant (in Rs.)	3,233.88	3,129.62	2,433.05	3,750.69

There have been no cancellations or modification to the plans.

Notes to the Financial Statements

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(All amounts Rs. in million, unless otherwise stated)

b) The expense recognised for employee services during the year is shown in the following table:

Particulars	December 31, 2020	December 31, 2019
Equity Settled Performance Share Plans	(0.1)	(8.6)

c) Details of Liabilities/Equity arising from Company's Cash settled and Equity settled share based payment transactions respectively:

Particulars	December 31, 2020	December 31, 2019
Other Equity – Equity settled	62.2	62.3

Note 47: Related party transactions

a) Enterprises exercising control

Ultimate Parent Company	Huhtamäki 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 Foodservice Packaging India Pvt. Ltd., India
	Huhtamaki (Thailand) Ltd., Thailand
	Huhtamaki Flexible Packaging Middle East LLC, United Arab Emirates
	Positive Packaging United (M.E.) FZCO, United Arab Emirates
	Huhtamaki Finance B V, Netherlands
	Huhtamaki Flexible Packaging South Africa (Pty) Limited, South Africa
	Huhtamaki Flexible Packaging Kenya Limited, Kenya
	Huhtamaki Mexicana S.A. De C.V., Mexico
	Huhtamaki (UK) Ltd., United Kingdom
	Huhtamaki Flexible Packaging Egypt LLC, Egypt
	Huhtamaki Finance Company V B.V., Netherlands
	Huhtamaki BCP Ltd., United Kingdom
	Huhtamaki Flexible Packaging Germany GmbH & Co. KG, Germany
	Huhtamaki S.a.r.l., Netherlands

c) Key Managerial Personnel

Mr. Murali Sivaraman, Non-Executive Independent Chairman w.e.f. January 1, 2019
Dr. Arup Basu, Managing Director till January 31, 2020 and Executive Director w.e.f. February 1, 2020
Mr. Sudip Mall, Managing Director w.e.f. January 4, 2021*
Mr. Ranjeev Lodha, Chief Financial Officer w.e.f. May 7, 2019 and Executive Director and Chief Financial Officer w.e.f. August 8, 2019
Non-executive Independent Directors
Mr. Arunkumar Gandhi till March 31, 2019
Mr. S. K. Palekar till May 9, 2019
Mr. Nripjit Singh Chawla till May 9, 2019
Ms. Sukanya Kripalu till May 6, 2020
Ms. Seema Modi w.e.f. January 1, 2020
Mr. Ashok Kumar Barat w.e.f. April 1, 2020
Non-executive Directors
Mr. Jukka Moisio till March 26, 2019
Mr. Olli Koponen till January 31, 2020
Mr. Sami Pauni w.e.f. February 18, 2019

* No transaction during the year

d) Post Employment Benefit Plans

Huhtamaki PPL Limited Employees Gratuity Fund Trust
Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

e) Details of transactions with related parties that have taken place during the year:

Particulars	December 31, 2020	December 31, 2019
1. Ultimate Parent Company		
- Huhtamäki Oyj, Finland		
a) Software and Expense Reimbursements Charge	86.1	9.6
b) Cost for Information Technology Services [^]	39.8	-
c) Cost for Centralised Services [^]	259.4	85.9
d) Expense Reimbursements – Charge	-	3.5
e) Expense Reimbursements – Recovery	8.4	22.2
f) Amount received on behalf of Huhtamäki Oyj, Finland	-	0.4
g) Sale of services	42.2	-
h) Due to Ultimate Parent Company	285.7	97.3
i) Due from Ultimate Parent Company	12.9	2.7
[^] The Company has entered into a License Agreement and a Service Agreement with Huhtamäki Oyj for payment of royalty towards use of Trademark and receiving centralised services, respectively w.e.f. September 1, 2019. These costs are computed based on arms' length principles and is subject to Advance Pricing Agreement with the appropriate tax authorities. However, during the current year and previous year, there is no royalty payable as per the terms of the agreement.		
2. Holding Company		
Dividend Paid		
- Huhtavefa B.V., Netherlands	151.7	151.7
3. Fellow Subsidiaries		
External Commercial Borrowings (ECB) – Rupee Denominated Bonds		
- Huhtamaki Finance Company V B.V.	1,000.0	-
Interest accrued on ECB		
- Huhtamaki Finance Company V B.V.	3.0	-
Sale of Goods		
- Huhtamaki Australia Ltd.	39.2	14.2
- Huhtamaki BCP Ltd.	0.1	-
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	859.9	950.0
- Positive Packaging United (M.E.) FZCO	13.9	6.5
- Huhtamaki Flexible Packaging Middle East LLC.	19.7	15.1
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	0.3	2.2
- Huhtamaki Mexicana S.A. De C.V.	334.4	352.3
- Huhtamaki Thailand	136.8	110.6
- Huhtamaki Foodservice Packaging India Pvt. Ltd.	-	5.4
- Huhtamaki Flexible Packaging Egypt LLC	29.3	-
- Huhtamaki Flexible Packaging Kenya Limited #	10.5	0.0
Sale of Machinery & Spares		
- Huhtamaki Foodservice Packaging India Pvt. Ltd.	0.1	-
Sale of Services		
- Huhtamaki Finance B V, Netherlands	-	51.9
- Positive Packaging United (M.E.) FZCO	11.4	-
- Huhtamaki Thailand	1.8	-
Interest on Non-convertible Debentures		
- Huhtamaki S.a.r.l.	-	260.6
Repayment on Non-convertible Debentures		
- Huhtamaki S.a.r.l.	-	3,850.0
Commission Expenses on Sales		
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	0.3	5.5
- Huhtamaki Flexible Packaging Kenya Ltd.	0.2	0.5
Purchase of Goods		
- Positive Packaging United (M.E.) FZCO	0.2	-

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Particulars	December 31, 2020	December 31, 2019
Expense Reimbursements – Recovery		
- Positive Packaging United (M.E.) FZCO	0.7	0.1
- Huhtamaki Finance B V, Netherlands	0.1	11.1
- Huhtamaki Thailand	0.3	-
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG	0.4	-
Expense Reimbursements – Charge		
- Huhtamaki Mexicana S.A. De C.V.	4.2	2.1
- Huhtamaki (UK) Ltd	7.1	3.0
- Huhtamaki Foodservice Packaging India Pvt. Ltd.	1.5	-
Balances due to		
- Huhtamaki Finance Company V B.V.	1,002.7	-
- Huhtamaki Flexible Packaging Kenya Limited	0.6	1.3
- Huhtamaki Mexicana S.A. De C.V.	1.5	2.1
- Huhtamaki (UK) Ltd	1.9	2.7
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	1.5	7.2
Balances due from		
- Huhtamaki Australia Ltd.	7.1	7.0
- Huhtamaki BCP Ltd.	0.1	-
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	126.0	248.9
- Positive Packaging United (M.E.) FZCO	16.3	3.4
- Huhtamaki (Thailand) Ltd.	6.3	24.8
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	0.4	-
- Huhtamaki Flexible Packaging Middle East LLC	7.6	6.4
- Huhtamaki Finance B V, Netherlands	0.1	28.5
- Huhtamaki Mexicana S.A. De C.V.	217.3	201.5
- Huhtamaki Flexible Packaging Egypt LLC	14.3	-
- Huhtamaki Flexible Packaging Kenya Limited	5.7	-
- Huhtamaki Foodservice Packaging India Pvt. Ltd.	0.1	3.4
# Amount less than Rs. 50,000 for 2019		
4. Huhtamäki Oyj has given a Corporate Guarantee to Standard Chartered Bank as security in respect of Fund and Non-Fund based facilities of Rs. 1,026.5 million availed by the Company.		
5. Huhtamäki Oyj has given a Corporate Guarantee to JP Morgan as security in respect of Fund based facilities of Rs. 740.0 million availed by the Company.		
6. Huhtamäki Oyj had given a Corporate Guarantee to Citibank as security in respect of Term Loan of Rs. 1,000.0 million availed by the Company. The loan has been repaid as on December 31, 2020		
7. Huhtamäki Oyj has given a Corporate Guarantee to BNP Paribas as security in respect of Term Loan of Rs. 500.0 million sanctioned by the bank to the Company.		
8. Details of Contribution to Post Employment Benefit Plans		
- Huhtamaki PPL Limited Employees Gratuity Fund Trust	283.0	(32.3)
- Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme	140.8	5.3
9. Compensation of Key Management Personnel		
Short-Term Employee Benefits**	52.5	41.1
Post-Employment Benefits**	1.4	1.2
Share-Based Payment Transactions***	(0.1)	3.4
Sitting fees to Independent Directors	2.4	3.0
Commission to Independent Directors****	8.7	9.6
Total Compensation Paid to Key Management Personnel	64.9	58.3

** 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.

*** Key managerial personnel are eligible for share based payments of the Ultimate Holding Company for which there is no cash outflow from the Company.

**** Amount of commission remains outstanding as on December 31, each year.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

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 48: Segment information

Based on the guiding principles given in IND AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment, namely Consumer Packaging. Accordingly, disclosure requirements of IND AS 108 are not applicable.

i. Revenue from Geographic Segments

Particulars	December 31, 2020	December 31, 2019
India	17,205.0	19,522.3
Outside India	6,983.0	5,954.4
Total	24,188.0	25,476.7

ii. Entire Non-Current Assets of the Company are situated in India

iii. Major customer

Revenue from a major customer of the Company is Rs. 2,827.6 million (2019: Rs. 3,233.5 million) which is 11.69% (2019:12.69%) of the Company's total revenue.

Note 49: 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, 2020		As at December 31, 2019	
		Carrying values	Fair values	Carrying values	Fair values
Financial Assets measured at Amortised Cost					
i. Trade Receivables	14	5,338.0	5,338.0	6,184.7	6,184.7
ii. Cash and Cash Equivalents	15	669.6	669.6	444.8	444.8
iii. Bank balances other than Cash and cash equivalents	16	1.5	1.5	1.3	1.3
iv. Loans	17	17.3	17.3	17.3	17.3
v. Other Financial Assets	18	32.2	32.2	9.1	9.1
Financial Assets measured at Fair value through Profit and Loss					
i. Current Investments	13	183.5	183.5	608.1	608.1
ii. Other Financial Assets - Derivative Assets (Current)	18	27.0	27.0	3.2	3.2
Financial Liabilities measured at Amortised Cost					
i. Term Loan	23	250.0	250.0	1,000.0	1,000.0
ii. Sales Tax Deferral Loans (Current and Non-Current)	23	17.6	17.3	55.2	50.5
iii. External Commercial Borrowings	23	1,000.0	1,000.0	-	-
iv. Floating Rate Borrowings (Current and Non-Current)	27	-	-	1.2	1.2
v. Supplier Finance	27	-	-	692.9	692.9
vi. Commercial paper	27	1,210.3	1,210.3	976.7	976.7
vii. Lease Liabilities (Current and Non-Current)	24 and 29	468.2	468.2	-	-

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 since, their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

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, 2019.

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.
2. The fair values of the forward contracts used for expected future sale has been determined using forward pricing, which employ the use of market observable inputs(closing rates of foreign currency).
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.

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:

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2020

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	183.5	-	-	183.5
Derivatives - Forward exchange Contracts	-	27.0	-	27.0
Liabilities for which fair value has been disclosed				
Term Loan	-	-	250.0	250.0
Sales Tax Deferral Loans	-	-	17.3	17.3
External Commercial Borrowings	-	-	1,000.0	1,000.0
Commercial paper	-	-	1,210.3	1,210.3

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2019

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	608.1	-	-	608.1
Derivatives - Forward exchange Contracts	-	3.2	-	3.2
Liabilities for which fair value has been disclosed				
Floating Rate Borrowings	-	-	1.2	1.2
Sales Tax Deferral Loans	-	-	50.5	50.5
Term Loan	-	-	1,000.0	1,000.0
Supplier Finance from	-	-	692.9	692.9
Commercial paper	-	-	976.7	976.7

There have been no transfers between Level 1 and Level 2 during the period.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 50: 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, 2020 and December 31, 2019. 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.

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			Total
	Carrying amount	Payable within one year	More than one year to 5 years	
As at December 31, 2020				
Borrowings (Long-Term)	1,250.0	-	1,250.0	1,250.0
Lease Liabilities (Non-Current)	428.6	-	428.6	428.6
Other Financial Liabilities (Non-Current)	11.7	-	11.7	11.7
Borrowings (Current)	1,210.3	1,210.3	-	1,210.3
Trade Payables	4,098.4	4,098.4	-	4,098.4
Retention Money Payable (Current)	43.8	43.8	-	43.8
Current Maturity of Long-Term Borrowings	17.6	17.6	-	17.6
Lease Liabilities (Current)	39.6	39.6	-	39.6
Other Financial Liabilities (Current)	240.0	240.0	-	240.0
As at December 31, 2019				
Borrowings (Long-Term)	1,017.6	-	1,017.6	1,017.6
Other Financial Liabilities (Non-Current)	12.2	-	12.2	12.2
Borrowings (Current)	1,670.8	1,670.8	-	1,670.8
Trade Payables	4,295.9	4,295.9	-	4,295.9
Retention Money Payable (Current)	76.6	76.6	-	76.6
Current Maturity of Long-Term Borrowings	37.6	37.6	-	37.6
Other Financial Liabilities (Current)	325.0	325.0	-	325.0

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

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.

a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

Particulars	Currency	Foreign Currency in million	
		December 31, 2020	December 31, 2019
Derivative Instruments Outstanding			
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export	USD	11.4	6.6
Forward Exchange contracts for the foreign exchange exposures of payable on account of Imports	EUR	2.7	-
Foreign Exchange Exposures			
On account of export of goods	USD	19.2	21.1
	EUR	0.6	0.9
	GBP	1.4	1.4
	AED	3.7	3.2
	AUD	-	0.4
	CAD	0.3	0.7
On account of revenue imports and capital imports creditors	USD	8.6	10.9
	EUR	3.6	0.7
	JPY	2.4	1.8
	GBP	0.0	0.0
	GHS	0.0	0.0
Cash and Bank balance in foreign currency	USD	0.0	0.0
	EUR	0.0	0.0
	GHS	0.0	0.0
	GBP	0.1	0.2

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Total Unhedged Exposure as on respective reporting dates:

Particulars	Foreign Currency in million	
	December 31, 2020	December 31, 2019
Currency		
USD	(0.9)	3.5
EUR	0.4	0.2
GBP	1.5	1.5
AED	3.7	3.2
AUD	-	0.4
CAD	0.3	0.7
JPY	2.4	1.8
GHS	0.0	0.0

b) 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.

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

Particulars	December 31, 2020		December 31, 2019	
	Increase in Profit	Decrease in Profit	Increase in Profit	Decrease in Profit
Currency				
USD	(3.2)	3.2	12.6	(12.6)
EUR	1.6	(1.6)	0.8	(0.8)
GBP	7.4	(7.4)	7.1	(7.1)
AED	3.7	(3.7)	3.1	(3.1)
AUD	-	-	0.9	(0.9)
CAD	0.9	(0.9)	1.8	(1.8)
JPY	0.1	(0.1)	(0.1)	0.1
GHS	0.0	(0.0)	0.0	(0.0)

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, 2020, the investments in debt mutual funds amounts to Rs. 183.5 million (December 31, 2019: Rs. 608.1 million). These are exposed to price risk.

A 1% increase in prices would have led to approximately an additional Rs. 1.8 million gain in the Statement of Profit and Loss (2019: Rs. 6.1 million 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, a mix of variable and fixed instruments is judiciously applied for financing the Company's requirement.

a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the year are as follows:

Particulars	December 31, 2020	December 31, 2019
Floating Rate Borrowings	-	1.2
Total Borrowings	-	1.2

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

b) Sensitivity

The sensitivity of profit or loss to changes in interest rates is as follows:

Particulars	December 31, 2020	December 31, 2019
Interest rates increase by 100 basis points* – Decrease in Profit	-	(0.1)
Interest rates decrease by 100 basis points* – Increase in Profit	-	0.1

* 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, 2020 and December 31, 2019 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.

Note 51: Capital management

The Company's capital management objective is to ensure that a sound capital base is maintained to support long-term business growth and optimise shareholders value. Capital includes equity share capital and other equity reserves.

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. Net debt is computed as the sum total of all outstanding balances of loans and borrowings net of cash and cash equivalents, bank balance other than cash and cash equivalents and investment in liquid mutual funds.

Particulars	December 31, 2020	December 31, 2019
Borrowings	2,477.9	2,726.0
Investments in liquid mutual funds	(183.5)	(608.1)
Cash and cash equivalents	(669.6)	(444.8)
Bank balance other than cash and cash equivalents	(1.5)	(1.3)
Net debt	1,623.3	1,671.8
Equity share capital	151.1	151.1
Other equity	7,498.0	6,822.4
Total Equity	7,649.1	6,973.5
Debt-Equity Ratio	0.2	0.2

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for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Debt-Equity Ratio = Total debt divided by Total equity

Total debt = Long-term borrowing + Short-term borrowing + current maturities of long-term debts

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the defined 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, 2020 and December 31, 2019.

Note 52: Amalgamation Adjustment

Acquisition of Business of Mohan Mutha Polytech Private Limited

On January 10, 2020, the Company acquired Flexible packaging business of Mohan Mutha Polytech Private Limited, Sri City, Andhra Pradesh, India on a slump sale basis.

The Company has measured the acquired business of Mohan Mutha Polytech Private Limited at fair value.

Assets Acquired and Liabilities assumed –

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	December 31, 2020
Assets	
Property, Plant & Equipment	717.1
Trade Receivables*	32.6
Inventories	25.2
	774.9
Liabilities	
Trade Payables	80.4
Others	3.1
Deferred Tax Liability	10.1
	93.6
Net Assets Acquired	681.3
Consideration transferred (Cash)	741.1
Goodwill arising on Acquisition	59.8

The Goodwill of Rs. 59.8 million comprises the value of expected synergies arising from acquisition, trained manpower and established earning capacity of the business, which has not been separately recognised. In the Finance Bill 2021, it has been proposed that with effect from April 1, 2020 goodwill of business will not be considered as depreciable asset and no depreciation to be allowed. The goodwill that is expected to be deductible for tax purposes is dependent on the Finance Bill, 2021 which is subject to assent by the President of India.

From the date of acquisition, business of Mohan Mutha Polytech Private Limited, Sricity has contributed Rs. 682.3 million to revenue and (Rs. 34.1 million) to the profit before tax.

*The Trade receivables comprise gross contractual amounts due of Rs. 32.6 million, of which Rs. NIL was expected to be uncollectable at the end of acquisition.

Notes to the Financial Statements

for the year ended December 31, 2020

(All amounts Rs. in million, unless otherwise stated)

Note 53:

The Company has elected to exercise the option permitted under Section 115BAA of Income-tax Act, 1961 as introduced by the Taxation Law (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Assets basis the rate prescribed in the said section and the impact of this change is recognised in the Profit & Loss statement for the year ended December 31, 2020.

Note 54:

Consequent to the nationwide lock down, effective March 25, 2020 in view of the COVID-19 pandemic the Company's operations were scaled down in compliance with applicable regulatory orders. Towards the end of April 2020, the Company's operations were scaled up in a phased manner taking into account directive from various Government authorities. This has negatively impacted the Company's revenues for the year ended December 2020. Impact on future operations would, to a large extent, depend on how the pandemic further develops and it's resultant impact on the operations of the Company.

Note 55:

Effective from current year, the Company has decided to present the financial statements in Rs. million. Accordingly, previous period numbers which were published in Rs. lakhs, have been restated in Rs. million.

Note 56:

The name of the Company has been changed from Huhtamaki PPL Limited to Huhtamaki India Limited effective November 11, 2020.

Note 57: Events after the reporting period

The Board of Directors have recommended a dividend of Rs. 3.00 per share (December 31, 2019 – Rs. 3.00 per share) for the year 2020. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the Company.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner

Membership No. 078305

Mumbai

Date: February 24, 2021

For and on behalf of the Board of Directors

Murali Sivaraman

Chairman

DIN: 01461231

Ranjeev Lodha

Executive Director & Chief Financial Officer

DIN: 07478890

Mumbai

Date: February 24, 2021

Sudip Mall

Managing Director

DIN: 01681697

D. V. Iyer

Company Secretary

Membership No. 13004

Corporate Information

BOARD OF DIRECTORS

Mr Murali Sivaraman

Chairman & Independent Director

Mr Ashok Kumar Barat

Independent Director

Ms Seema Modi

Independent Director

Dr Arup Basu

Non-Executive Director

Mr Sami Pauni

Non-Executive Director

Mr Sudip Mall

Managing Director

Mr Ranjeev Lodha

Executive Director & CFO

Mr D V Iyer

Company Secretary & Legal Counsel

BANKERS

Standard Chartered Bank

The Hongkong and Shanghai

Banking Corporation Ltd.

State Bank of India

HDFC Bank Ltd.

Axis Bank

Kotak Mahindra Bank

DBS Bank

JP Morgan Chase Bank N.A., India

Citi Bank N.A. India

BNP Paribas

AUDITORS

B S R & Co., LLP

Chartered Accountants

REGISTERED OFFICE

Unit No-12A-06, B-Wing, 13th Floor,

Parinee Crescenzo, Plot No C-38/39,

G-Block, Behind MCA, Bandra-Kurla Complex,

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Tel No: +91 22 6174 0400

Fax No: +91 22 6174 0401

CENTRAL HEADQUARTERS

L.B.S. Marg Majiwade,

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Tel.: + 91 22 21735551/21735591

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Thane

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Tel.: + 91 22 21735551/21735591

Mumbai

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Tel.: + 91 22 6691 4433

Huhtamaki India Limited

<https://www.huhtamaki.com/en-in/flexible-packaging/>

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Huhtamaki