

# Huhtamaki-PPL

8<sup>th</sup> June, 2020

The Department of Corporate  
Services  
**BSE Limited**  
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Ref: Security Code No.: 509820

Listing Department,  
**National Stock Exchange of India  
Limited**  
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Mumbai - 400 051  
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Ref: PAPERPROD

**Sub: Notice of Seventieth Annual General Meeting (70<sup>th</sup> AGM) and  
Annual Report for the financial year ended December 31, 2019.**  
**Ref : Huhtamaki PPL Limited**

Dear Sir,

Please take note that the Seventieth Annual General Meeting (70<sup>th</sup> AGM) of the Company is scheduled on Tuesday, June 30, 2020 at 2.00 p.m. through Video Conferencing (VC)/Other Audio-Visual Means (OAM).

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year ended 31<sup>st</sup> December, 2019, which is being sent through electronic mode to the Members.

The Directors have recommended a final dividend of Rs.3/- per equity share of face value of Rs 2/- each for the financial year ended 2019, subject to approval by the shareholders at the ensuing AGM.

## **Huhtamaki PPL Limited**

**Regd. Office: 12A-06 B-Wing, 13th Floor, Parinee Crescenzo, C-38/39, G-Block,  
Bandra Kurla Complex, Bandra (E), Mumbai-400 051**  
**Phone No.: +91 (22) 6174 0400, Fax No.: +91 (22) 6174 0401/ 2653 1310**  
**CIN - L21011 MH1950FLC145537, Website: [www.huhtamaki.com](http://www.huhtamaki.com)**

Pursuant to Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 15th June, 2020 to Tuesday, 23rd June, 2020 (both days inclusive) for determining entitlement of members to final dividend for the financial year ended 2019. If the final dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend, subject to deduction of tax at source, will be made on or before Thursday, July 9, 2020 as under:

- a) To all Beneficial Owners in respect of shares held in dematerialized form as per data as may be available by the National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on Sunday, June 14, 2020;
- b) To all members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on Sunday, June 14, 2020.

The Notice and Annual Report for the Year ended 31<sup>st</sup> December, 2019 has been uploaded on the Company's website [www.huhtamaki.com](http://www.huhtamaki.com)

Kindly take the same on your records.

Thanking you,

Yours sincerely,  
For Huhtamaki PPL Limited

Sd/-  
D V Iyer  
Company Secretary & Head-Legal

## **Huhtamaki PPL Limited**

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# Responsible packaging

**Huhtamaki-PPL**

Annual Report 2019



Huhtamaki PPL Limited

# What's inside?

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A glimpse into our business and its history

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A reiteration of what gives us a competitive edge, making us the preferred partner of choice in the world of flexible packaging

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# Responsible packaging

Great products are critical to the success of a business, but the first aspect of a product that draws attention is its packaging. Products that sell well are those that come wrapped in attractive packaging. In this case, a book (a product) 'does get judged' by its cover (its packaging).



*At Huhtamaki PPL Limited (Huhtamaki-PPL), we bring in our expertise and decades of experience in packaging – to ensure products remain safe right through their journey from the factory to consumers' doorstep, and to help customers establish an emotional connect with them.*

In our endeavour to deliver meaningful and memorable consumer experiences with exciting pack formats, we are guided by our values and commitment towards conducting business in an ethical and responsible manner. We are convinced that only by acting ethically and responsibly can we grow and continue to garner the trust of our stakeholders, which is the foundation of our strong existence.

#### **Responsibility, for us, lies in:**

- Delivering meaningful brand experiences to consumers
- Implementing credible sustainability strategy successfully
- Striving to develop recyclable packaging solutions
- Ensuring the safety of our employees and the community in which we operate

Being responsible about packaging, we aspire to collaboratively build a future in which packaging materials can be reused and recycled. Our environment-friendly, energy-efficient and recyclable pack solutions form a part of our larger sustainability programme in shaping a circular economy.

## Highlights of 2019

**₹25,823.7**  
million

Revenue

**₹2227.1**  
million

Earnings Before  
Interest and  
TAX (EBIT)

**₹1,700.4**  
million

Profit After Tax  
(PAT)

**₹22.52**

Earnings Per  
Share (EPS)

## Corporate overview

# A pioneer in packaging

Huhtamaki PPL Limited (Huhtamaki-PPL) began its journey as the Paper Products Limited (PPL) in 1935 before being acquired by Huhtamäki Oyj in 1999. Today, we are a leading provider of innovative and sustainable flexible packaging and labelling solutions, catering to food and beverages, home and personal care, healthcare and other speciality segments.

Our packaging solutions stem from our passion to protect what is good. Through a network of manufacturing sites and sales centres spread across India, we have been providing enjoyable, meaningful and memorable experiences to consumers in India and abroad.

We understand that product packaging plays a crucial role in building brands, opening novel opportunities in new markets and protecting

reputations as much as products. We leverage our rich experience and strong technical capabilities to meet the evolving needs of our customers and offer products that are sustainable and recyclable. Moreover, our expertise, and comprehensive understanding of the local and global packaging markets allow us to develop **cost-effective and efficient packaging solutions**, which also meet brand objectives.

We consider it our responsibility to provide **environment-friendly products** to consumers by adopting resource- and energy-efficient packaging materials and technologies. With a focus on collaborating with our partners for good, we continue to deliver safe, exciting and responsible packaging solutions that enhance livelihoods sensibly and sustainably.



## Our 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*

## Our purpose

Helping great products reach more people, more easily.

## Our 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.

## About Huhtamäki Oyj

From a candy factory set up in a barn in 1920 in Finland, through the devastating effects of the Second World War in 1940-41, to emerging as one of the leading specialists in food and beverage packaging today, Huhtamäki Oyj has used every challenge as a stepping stone to success. The organisation is headquartered in Espoo, Finland and specialises in paperboard-based foodservice packaging, smooth and rough moulded fibre packaging and flexible packaging. With 81 manufacturing units and 24 sales offices across 35 countries, Huhtamäki Oyj is well positioned to support its customers' growth and help great products reach more people, more easily.

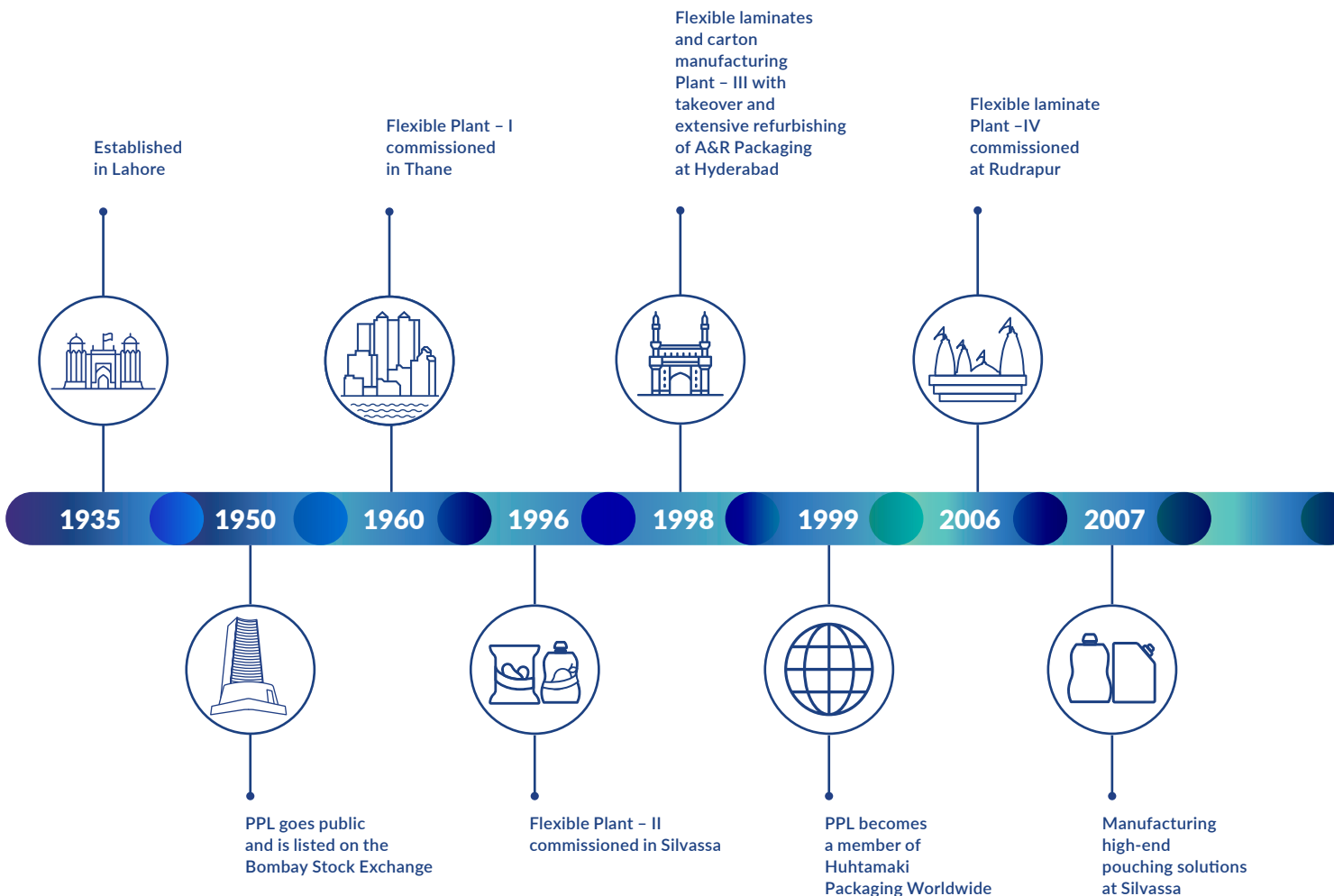


**2020 marks the 100th anniversary of Huhtamäki Oyj – a journey that represents a constant, powerful evolution.**

## Our journey

# Humble beginnings to high ambitions

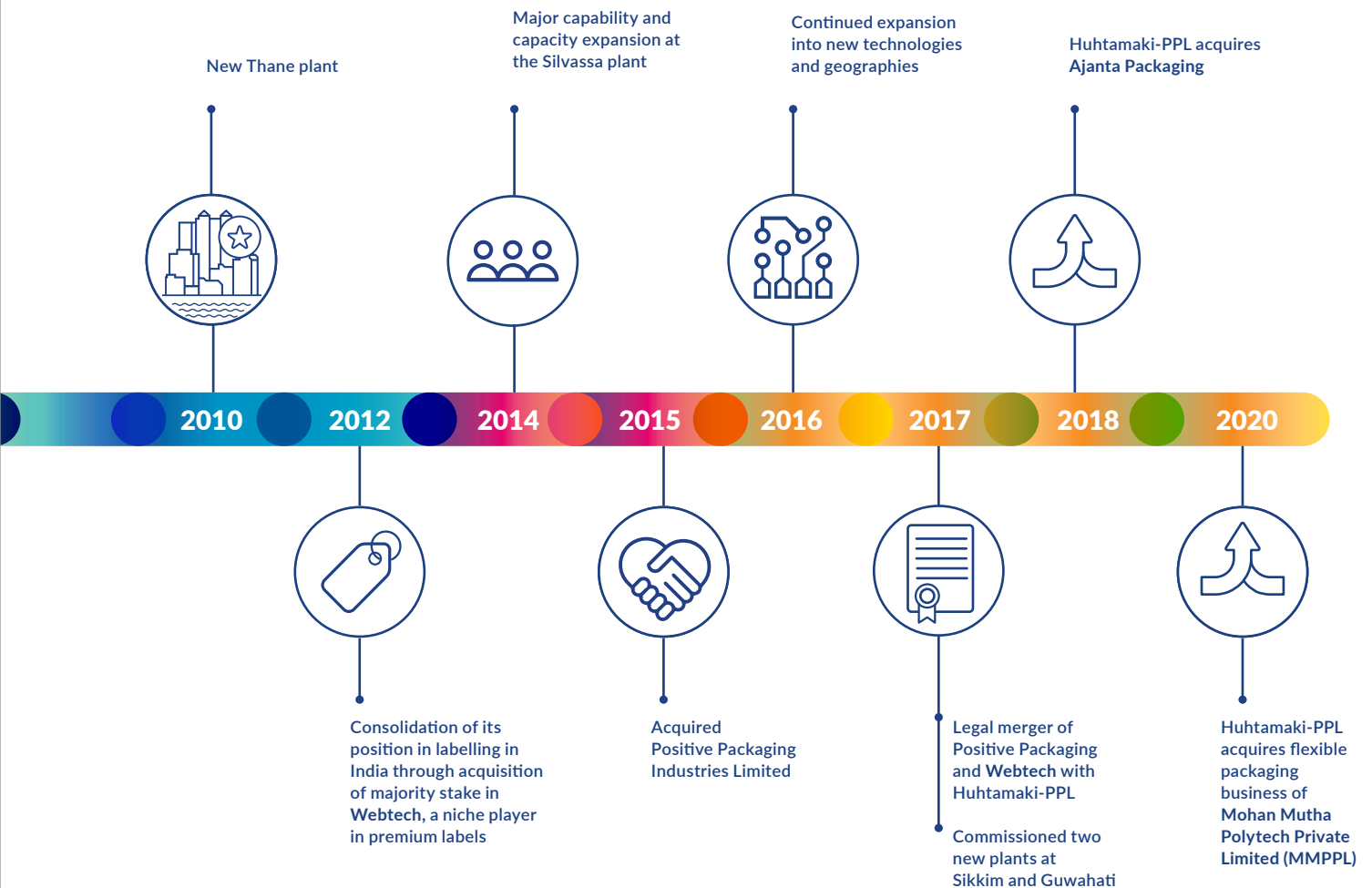
From The Paper Products Limited (PPL) to Huhtamaki PPL Limited (Huhtamaki-PPL), the Company has charted its growth story with integrity, transparency and responsibility towards its customers and the society at large. Huhtamaki-PPL aspires to grow in the flexible packaging industry, through innovation and technology, to produce packaging solutions for brands that are part of our everyday lives.







*In the 1960s, PPL moved from manufacturing packaging products using paper to using cellophane-based products for bread and biscuit packs, along with twist wraps. In the 1980s, the Company started polymer-based packaging and developed finished materials for commercial use in the form of flexible packaging.*



## Our product portfolio

# Products that enhance brand value

In today's world, packaging is a critical value addition to the product helping protect its state, extending its shelf life and ensuring it gets the attention it deserves from the customers. At Huhtamaki-PPL, we provide flexible packaging and labelling solutions customised to meet unique customer needs, while complying to superior and global quality standards. Our products cater to a wide range of markets.

01

## Food

Our specialised food and confectionery packaging serves to retain product freshness, taste and texture throughout their shelf-life.



*At Huhtamaki-PPL, we understand and support your love for your favourite ice creams. To retain the texture, creaminess and flavour of this food product, we produce cone sleeves made of paper foil laminate and lidding for the cones.*

### What we package

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

We offer a wide range of contemporary packaging solutions to ensure that the products remain fresh when they reach end consumers. Some of our solutions include shaped pouches, see-through packs, single-serve sachets and twist wraps.



## 02

## Beverages

We know how consumers love their beverages and have developed packaging solutions to retain product taste and freshness, just the way they like it.



*For over three decades, we have been a reliable partner in the development of packaging solutions for the coffee industry. We offer a wide variety of packaging formats for grounded coffee, coffee beans as well as instant filter coffee decoctions, to retain exquisite aromas and flavours.*

### What we package:

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

We offer single-serve solutions for instant powdered drinks, such as coffee and energy drinks, shaped pouches for juices and milk-based beverages as well as pocket shot pouches and thermoforms for liquor and cocktails, among others. We also offer a wide range of labelling solutions, such as shrink sleeves, metallised paper labels and wet strength labels.



## 03

## Healthcare

We ensure that our packaging for pharmaceutical products is child-safe, convenient for senior citizens and hygienic. Our packaging also ensures protection of these products from physical, chemical and microbiological invasion.



*We offer specialised packaging in form of cold form laminates for packaging tablets and specialised extrusion-coated laminates for various other pharma products. In the field of medical wound dressing, we specialise in cold sealable primary packaging with various substrate materials, such as medical papers, PET, nylon and foil.*

### What we package

- Liquids, balms, creams, gels and dermatology products
- Medical devices
- Solids and powdered products
- Transdermal patches and wound dressings

We offer high-quality and consistent solutions for the healthcare and pharma industry while adhering to stringent global benchmarks for manufacturing excellence. Our offerings

include medical device packing, bulk bags, cold form laminate, hard-tempered blister foil, child-resistant packs, four ply extrusion laminates and push tab as replacement for today's blister and strip packs.

## Our product portfolio

04

### Personal and home care

We offer flexible packaging solutions for renowned personal and home care brands. Our packaging helps in imparting a premium appearance and additional functionality to the products, helping them stand out at retail.



*We have developed a recyclable solution for shampoo that offers matching machine compatibility in relation to traditional laminates and enhances consumer experience with an easy-tear feature.*

#### What we package

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

Our personal and home care portfolio features diverse pack formats to match specific product applications and brand requirements.

These include solutions for recyclability, aesthetic enhancement, brand security and consumer convenience.



05

### Pet food

The pet food market is evolving rapidly and with increasing competition, manufacturers need to establish a favourable position for themselves in the market. We help manufacturers carve that niche for their products through innovative packaging concepts that are convenient for pet owners and safe for their furry friends.



*Our pet food solutions feature diverse formats to enable mess-free and odour-free experiences, equally balancing pet care with pet owners' expectations.*

#### What we package

- Dry pet food
- Wet pet food

Our range of ready-to-eat pet food packaging includes retort pouches, high barrier laminates, woven bags, easy-open and reclosable bags and pouches, both in aluminium foil and non-foil transparent structures.





## 06

## Other non-food solutions

Apart from serving food, beverages, personal care and household segments, we also cater to the requirements of several other manufacturers of agro, automotives and industrial and other non-food products. Our ability to meet the needs of such manufacturers has made us stand a class apart.

### What we package

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

## 07

## Specialised technologies and capabilities

We have a unique set of technologies and capabilities that make us a one-stop provider of dynamic packaging solutions. With an eye for what is trending within the flexible packaging industry and among consumers, we are supporting our customers in being responsive and future-ready.



Promotions and security solutions



Recyclable solutions



Printing cylinders



Digital printing solutions



Thermoforms



Labelling solutions



Specialised pouching solutions



Tube laminates



*By combining two diverse technologies – flexible packaging and labelling – under one roof, we introduced sticker in laminate to create new possibilities for in-pack surprises with tamper evidence. This smart 2-in-1 solution offers prefixed stickers, suitable for direct food contact inside every pack, for unique promotions and brand security.*



### Promotions and security solutions

Our unique promotional and security solutions are designed to 'differentiate and appeal'. Promotional packs enable brands to sell more, while security solutions ensure brand protection by helping our customers address counterfeit problems. Our offerings include Point-of-sale (POS) banners, tattoos, sticker in laminate, registered holograms, hidden text and images, camouflage impressions, among others.



## Our product portfolio



*We collaborated with Raw Pressery to help the brand assemble a creative marketing tie-in with 2019's most-awaited blockbuster movie, Avengers: Endgame. By launching six limited edition collectors' packs featuring Marvel superheroes, fans were encouraged to get raw, juice up some super strength and do whatever it takes to bounce back!*



### Digital printing solutions

We help brands deliver personalised and unique consumer experiences with digitally printed solutions that are suitable for a host of flexible packaging, labels and shrink sleeves applications.

Taking printing flexibility to a new high, our customers are given ample design freedom to create customised packages with variable data printing and no hassles of minimum order quantities.

Be it short-run printing, limited-edition packages or seasonal promotions, digital printing enables limitless printing possibilities for products wrapped with flexible packaging and labels.



*What really makes our specialised pouching division a world-class pouch-making facility is our operating and quality systems, driven by a highly trained and committed team.*



### Specialised pouching solutions

Our high-quality pouching solutions garner customer attention in supermarkets, thereby enabling our consumers to improve sales.

Our offerings include shaped pouches, stand-up

pouches with closures, such as zippers and spouts, and 5- and 6-panel pouches, besides customised packs designed to fulfil extreme processing and transportation conditions.



*We have forged valuable collaborations with our customers and partners, to gather the right knowledge and develop solutions for greater recyclability.*



### Recyclable solutions

Today, an increasing number of customers are seeking environment-friendly packaging solutions. In response, we are collaborating with like-minded partners to launch primary recyclable solutions for wide-ranging applications. We launched the first wave of recyclable solutions that use mono-material paper, PP and PE or a combination of the two.. These include solutions for shampoo, air-fresheners, confectionery,

snacks, bulk packaging and paper-based outer bags.

Recyclable solutions for coffee, detergent, jams, ketchup, soaps and dry soups have passed long-run trials and are ready for wider market adoption. Our available formats include double-gusseted bags, flow-wraps, sachets, 3-side seal and 5-panel pouches and plastic barrier tubes.





*We manufacture Thermoform laminates for single serves, which enable ease of opening, consumption or usage, are handy and avoid spillage. We also offer peelable lidding solutions for thermoforms.*



## Thermoforms

We manufacture laminates that can be thermoformed to the desired shape. The thermoforms we design have a thick body for better grip and firm seal-ability for better protection.

We use thermoform packaging solutions for products, such

as chocolates, biscuits and snacks, sauces and ketchups, and personal and home products.



*Our decades of experience, commitment and dedication to purpose in R&D and technical support have made us the leading partner for tube laminates. Our close cooperation with leading tube machine manufacturers and our excellent round-the-clock customer service have also contributed to our success.*



## Tube laminates

We offer specialised tube laminates for beauty care, oral care, food and pharmaceutical sectors. Customers can choose from our wide range of transparent, white and metallic laminates available in varied thicknesses. We also offer special visual effects to help products stand out on shelves.



*We are the first in India to install a laser and fully automatic high-speed line for manufacturing rotogravure cylinders.*



## Printing cylinders

We manufacture high-quality rotogravure cylinders for flexible packaging and other speciality applications. Our state-of-the-art infrastructure, with high-end prepress capability and engraving technology – electromechanical and laser, helps us service 100+ flexible packaging manufacturers within India and overseas.

Our laser engraving capabilities provide high-resolution, high-depth specialty cylinders for registered hot-melt, cold seal, tactile UV and embossing needs. Our plants are certified with ISO 9001:2015 and 14001:2015 and OHSAS 18001:2007.



*A Strategic Business Partner to esteemed organizations by providing high quality labelling solutions for different packaging needs.*



## Labelling solutions

We offer the entire range of labelling solutions needed for product decoration and information. Highly specialised materials in combination with the best technologies available globally produce different label offerings such as Pressure Sensitive Labels (PS), shrink sleeves, wrap arounds,

In-mould Labels (IMLs) and booklet labels. We develop innovative and tailor-made solutions that are in high demand among our pharmaceutical, food, beverage and FMCG customers. Our business model is geared to offer the shortest lead times in the industry, while maintaining the highest quality standards.

## Our infrastructure

# Advanced facilities for modern packaging

High-quality infrastructure promotes access and opportunities, empowers the enterprise and supports efficient business operations. To this end, we have developed a robust infrastructure by modernising our factories and optimising business processes with contemporary machinery and technologies.

In addition to our products and services, we proactively support our customers in discovering new consumer needs related to their target audience profiles. Our state-of-the-art infrastructure assists us in fulfilling customer requirements with the right quality and consistency. Further, we hire skilled professionals adept at handling advanced machinery and tools required for production and other internal processes.



*A comprehensive understanding of our local and the global packaging market helps us offer customers optimised solutions that are cost-effective and meet brand objectives to our clients.*

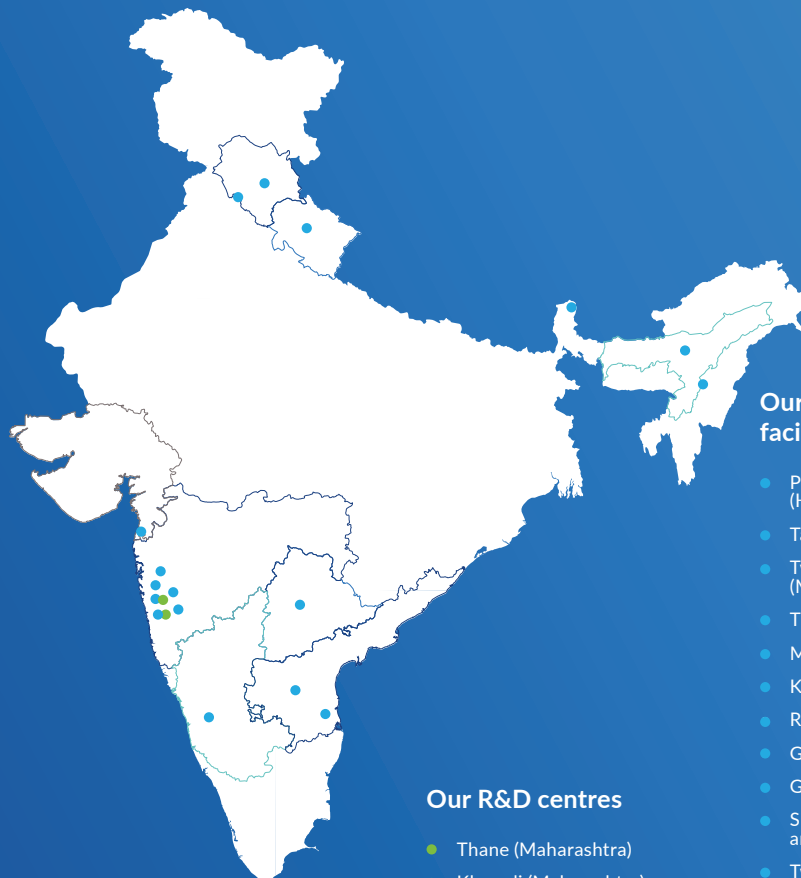
### Our infrastructure

18

Manufacturing facilities

02

R&amp;D centres



#### Our manufacturing facilities

- Parwanoo and Baddi (Himachal Pradesh)
- Taloja (Maharashtra)
- Two plants in Ambernath (Maharashtra)
- Thane (Maharashtra)
- Mahape (Maharashtra)
- Khopoli (Maharashtra)
- Rudrapur (Uttarakhand)
- Gangtok (Sikkim)
- Guwahati (Assam)
- Silvassa (Dadra and Nagar Haveli)
- Two plants in Hyderabad (Telangana)
- Two plants in Bengaluru (Karnataka)
- Daman
- Sri City (Andhra Pradesh)

#### Our R&D centres

- Thane (Maharashtra)
- Khopoli (Maharashtra)



## Our reach

# Taking our brand across boundaries

We continue to stay true to our commitment of empowering brands and delivering packaging excellence at a national and global level. Today, our packaging solutions are making their mark in various geographies, opening up a wider range of opportunities for us to explore.



## Awards and recognitions

# Honours for packaging excellence and innovation

Fresh experiments with new packaging materials, structures and clever process assembly have helped us deploy innovations that extend the role of packaging beyond food safety and preservation. This year, we designed new products that helped our customers adopt responsible packaging, improve their package performance and aesthetics and launch appropriate products that boost accessibility and consumer experiences.



*Earning new recognition for our flexible solutions is a testament to our technical expertise and innovative spirit. We are proud and committed to society and the environment through this expertise.*

We earned national and international recognition for introducing new pack formats, solutions with high barrier and functionality, consumer convenience packs, high-tech bulk bags with improved drop performance, recyclable solutions and offerings with better aesthetics, look and feel.



## 2019 Dow Packaging Innovation Awards

- Syngenta bag-in-bag pouch
- Akulon barrier and drop resistant bulk bag



## World Star Awards 2020

- Meera registered holograms
- ID 'Do it Yourself' Vada batter pouch
- Syngenta bag-in-bag pouch



## India's Most Trusted Companies Award 2019

Huhtamaki-PPL for the packaging sector



## IFCA Star Awards 2019

- Myst recyclable paper-based air-freshener pack
- Bisleri two-faced jar label
- Zero-stain embossed cube wraps
- Easter limited-edition shampoo pack
- Royal Khajoor shaped pouch



### SIES SOP Star Awards 2019

- Syngenta bag-in-bag pouch
- Akulon recyclable and drop-resistant bulk bag
- ID Coffee Decoction profile pouch
- Akulon barrier and drop-resistant bulk bag



### 14<sup>th</sup> National Awards for Excellence in Printing

- Ferrero Banderolla
- Royal Khajoor shaped pouch



### 2019 Asian Packaging Excellence Awards

- Cornetto embossed cone sleeves
- Meera registered holo sachet



### The Economic Times Polymers Awards 2020

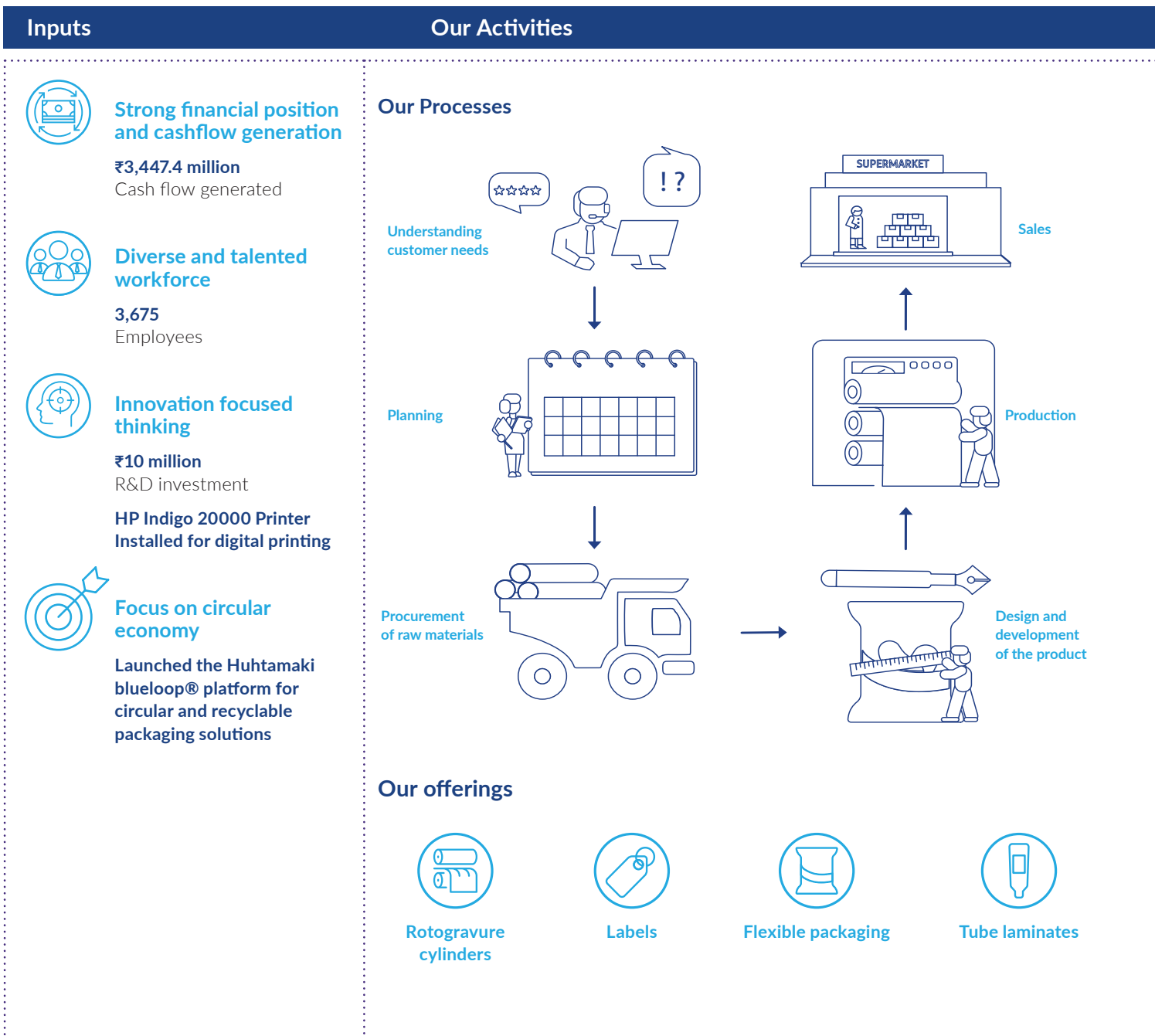
- Recyclable see-through snack pack



Our value creation model

# An integrated value-creation framework

At Huhtamaki-PPL, our ambition is to provide high-quality, and sustainable flexible packaging and labelling solutions to our customers. Our purpose drives our vision and allows us to execute our strategy through an integrated value-chain.

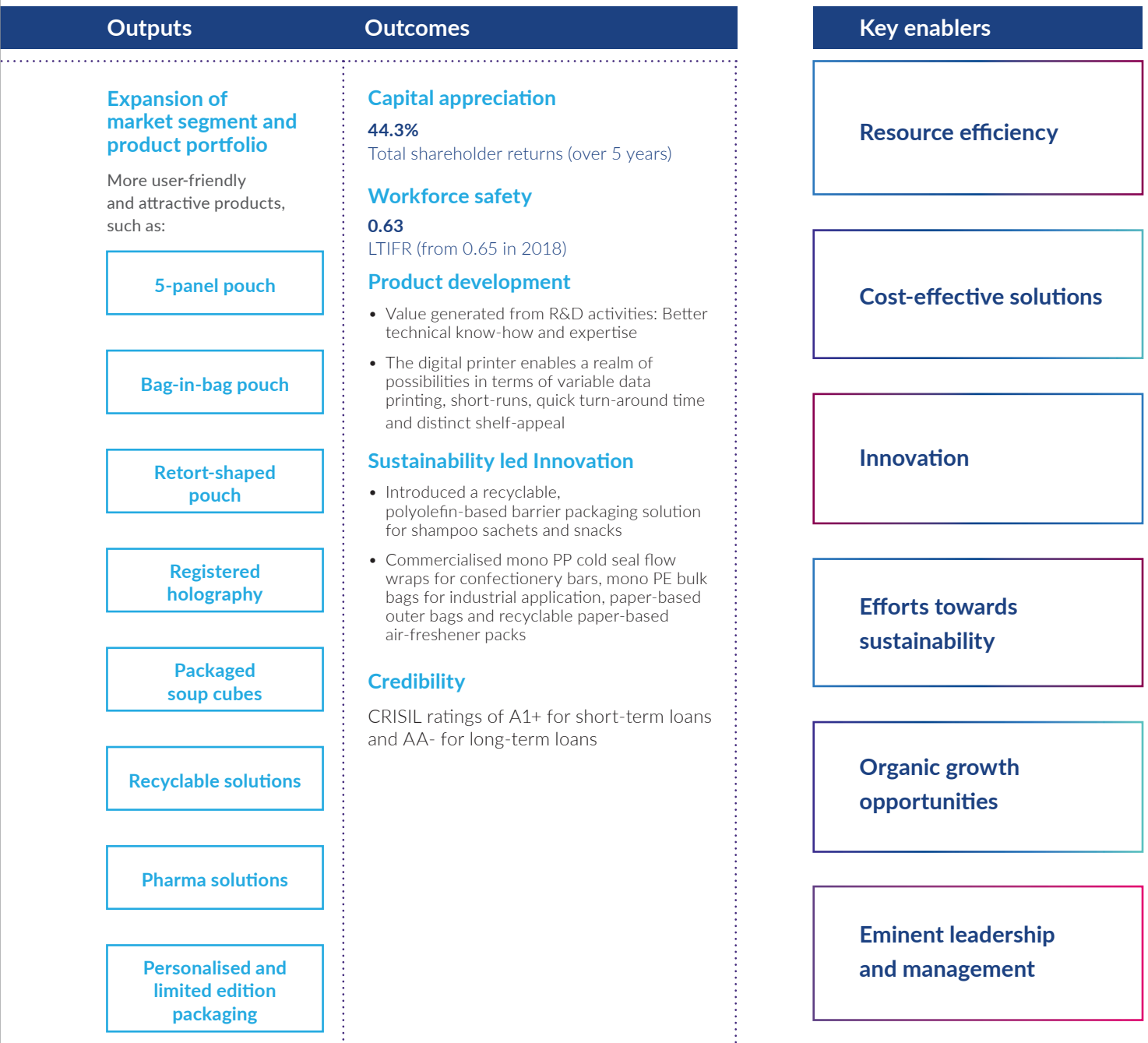




This integrated framework gives us our competitive advantage and creates long-term sustainable value for our stakeholders, who are an essential part of our journey.



*We believe in enhancing shareholder value sustainably while managing our affairs with fairness, trust and transparency.*



# Board of Directors

Our distinguished leadership actively cultivates a corporate culture that focuses on ethical standards, fair dealing, professionalism, integrity, compliance with legal requirements and responsible strategic goals.



**Mr. Murali Sivaraman**  
Chairman (Independent Director)

Mr. Murali Sivaraman is an accomplished business leader who has worked for most of his career with global multinational companies including Philips and Akzo Nobel in India, Singapore, China, Canada and the UK. His last position with Signify Innovations India Limited (formerly known as Philips Lighting India Limited) was President for Growth Markets based out of Singapore. He has relocated to Mumbai and was the Non-executive Chairman of Signify Innovations India Limited. Mr. Sivaraman is a Chartered Accountant, MBA from the Indian Institute of Management, Ahmedabad, India and has also completed an Advanced Management Program from Harvard. He is presently the Independent Director Bharat Forge Limited and ICICI Lombard.



**Ms. Seema Modi**  
Independent Director

Ms. Seema Modi, presently the Director – Commercial, Marketing, Supply Chain and Display at Trent Hypermarket Private Limited, is a post-graduate in Organic Chemistry from Mumbai University and has completed her MBA from Narsee Monjee Institute of Management Studies, Mumbai. She has close to 30 years of experience in reputed organisations, such as Heinz, Parle and Colgate. Ms. Modi has also worked as the Marketing Director at a global level with Heinz ASEAN and Heinz ABC (Indonesia), and was the first woman Managing Director for Heinz India Private Limited. During her stint with Heinz, she won many awards for driving growth, the most notable one being H.J. Heinz Chairman's Award 2010 for driving consistent double-digit growth. She is also an Independent Director of SEAMEC Ltd. Ms. Modi was appointed as an Independent Director of Huhtamaki-PPL w.e.f January 1, 2020.



**Mr. Ashok Kumar Barat**  
Independent Director

Mr. Ashok Kumar Barat had a long and distinguished executive career in the corporate sector until his retirement in 2016 as the Managing Director and Chief Executive Officer of Forbes & Company Limited. He 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. Mr. Barat is a Fellow, Institute of Chartered Accountants of India, Fellow, Institute of Company Secretaries of India, and CPA (Australia). He has been an active contributor to public life and dialogue; Past President Bombay Chamber of Commerce and Industry, for several years a Trustee of the Mumbai Port Trust, and presently Member, Managing Committee of ASSOCHAM and President, Council of EU Chambers of Commerce in India. He is a Certified Mediator empanelled with the Ministry of Corporate Affairs, Government of India. Mr. Barat mentors budding entrepreneurs and advises companies on 'Strategy', 'Performance Improvement' and Governance initiatives. He is a Member of the Board of Directors of several companies.



**Mr. Sami Pauni**  
Non-executive Director

Mr. Sami Pauni has a master's degree in Law and Business Administration (MBA) and is the Senior Vice President, Corporate Affairs and Legal, Group Legal Counsel, and member of the Global Executive Team of Huhtamaki Oyj. Since 2006, he has headed global functions of legal, compliance, risk management, corporate responsibility and sustainability for the Huhtamaki Group and travels between Finland and India. He is also the Secretary of the Huhtamaki Board. Before joining Huhtamaki Oyj, he was an attorney at Roschier Attorneys Ltd. between 2001 and 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.



**Dr. Arup Basu**  
Managing Director \*

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 almost two decades of senior-level industry experience. Dr. Basu joined Huhtamaki-PPL from Tata Chemicals Limited (TCL) where he held the position of President and Chief Technology Officer and was responsible for new business, technology and innovation. At TCL, he served as the Chief Operating Officer of Chemicals – 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.

Prior to this, Dr. Basu worked for Accenture, where he was responsible for business development and managing large-scale projects for clients in the industrial space. Before his tenure with Accenture, he worked in a variety of roles at the Indian Aluminium Company and at Tata Motors.

\*Currently Executive Director wef 1st Feb., 2020



**Mr. Ranjeev Lodha**  
Executive Director and  
Chief Financial Officer

Mr. Ranjeev Lodha, a member of the Institute of Chartered Accountants of India and of The Institute of Certified Management Accountants, Australia, has an experience of 30 years in the Finance function. He has worked in multiple roles at Tata Chemicals Ltd (TCL) and Mahindra and Mahindra Ltd. Over the years, Ranjeev has worked in areas of Financial Reporting and Consolidation, Mergers and Acquisitions, Divestments, Investor Relations, Treasury, Strategic Finance, Controlling and adoption of ERP systems.

In his last role as Vice President and Group Corporate Controller of TCL he was responsible for the Controlling function and was instrumental in setting up the Centre of Excellence in Financial Reporting for TCL and with the divestment of TCL's Fertilizer business. During his tenure at TCL, Ranjeev was nominated on the Boards of JOil (a green-energy JV based out of Singapore), Tata Chemicals South Africa, Durban and NCourage Social Enterprise Foundation. He was also nominated as a Trustee on Trusts associated with social activities.

## Key performance indicators

## Tracking our performance

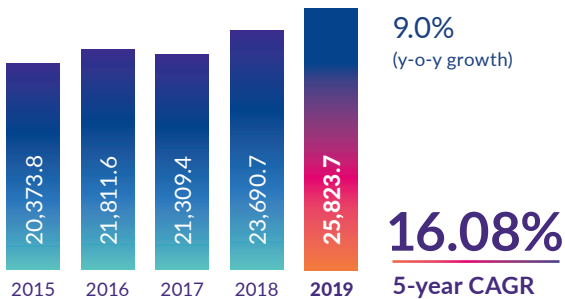
2019 was a year of strong financial performance for us at Huhtamaki-PPL. We made several strides strategically and operationally to gear ourselves for long-term sustainable profitable growth.

## 2019 highlights

- Improved all financial ratios: Sales, VA & EBIT
- Reduction in costs and working capital
- Increase in agility
- Started bridging critical competency and capability gaps
- Effective management of Debt
- Operational excellence benefits

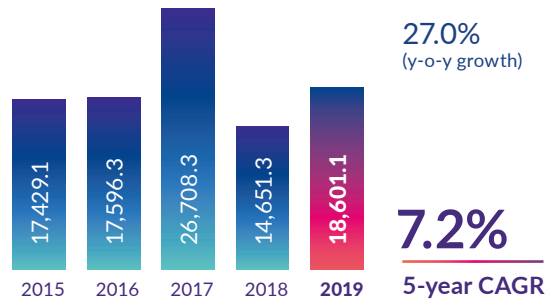
## Revenue from operations

(₹ in million)



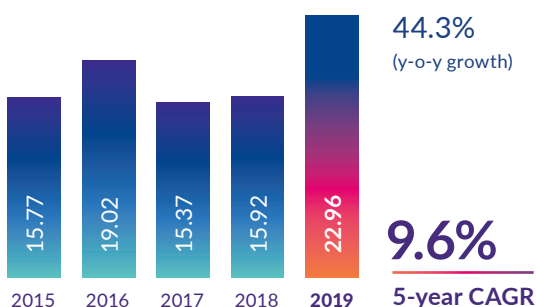
## Market capitalisation

(₹ in million)



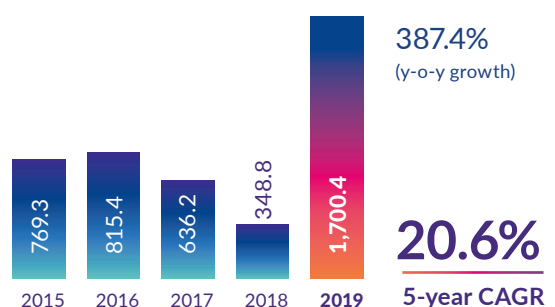
## Return on Capital Employed (ROCE)

(%)



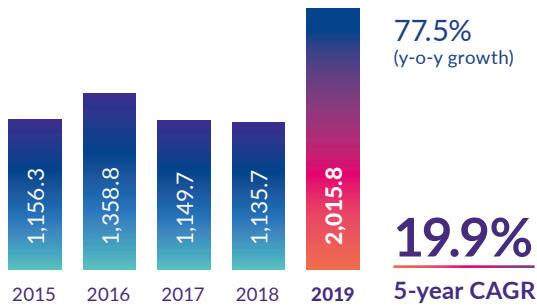
## PAT after minority interest

(₹ in million)



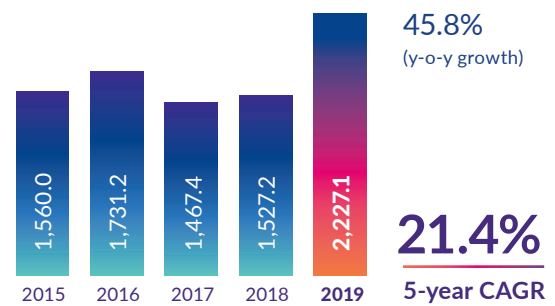
## PBT before exceptional and extraordinary items

(₹ in million)



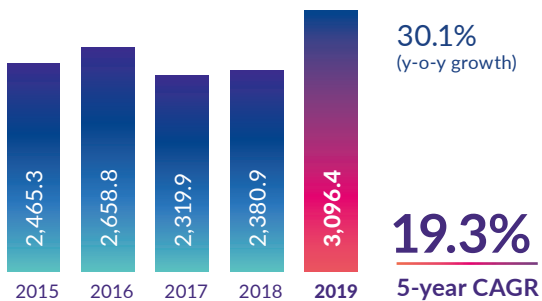
## EBIT

(₹ in million)



## EBITDA

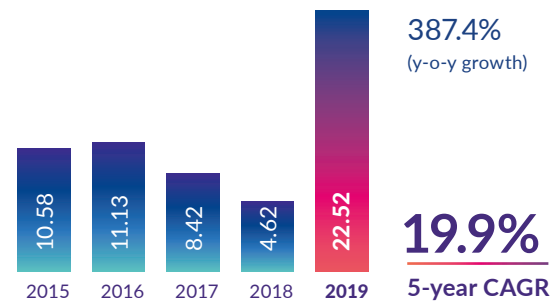
(₹ in million)



## EPS

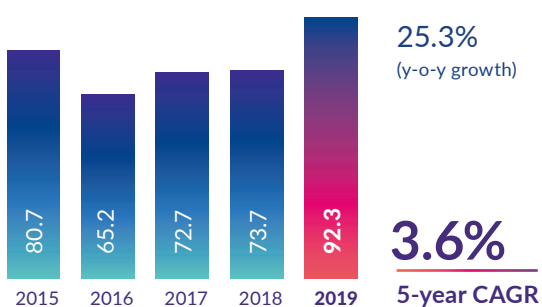
(excluding exceptional items)

(₹)



## Book value per share

(₹)





**From the ED's desk**

# Growing responsibly

Dear Stakeholders,

2019 was an exceptional year for Huhtamaki-PPL, defined by solid performance on multiple fronts. It is our constant endeavour to keep learning how best to serve the changing needs of our esteemed customers. We take pride in being perceived as a safe pair of hands to protect the brands of our customers. Our efforts are increasingly directed at making sure that our packaging protects what is packed inside, in a manner that facilitates environmentally benign disposal by the end-consumer. From among the several packaging options that are available flexible packaging is ideal, given its intrinsic low environmental footprint and life-cycle cost.



## Solid financial performance

The financial results of 2019 reflect progress on our strategic priorities. Sales grew to ₹25,823.7 million, up 9% over 2018. This was a result of improving our responsiveness to customer needs, agility in being able to execute their demands and use of the larger Huhtamaki network to provide superior coverage and services. In addition, using the Huhtamaki blueloop® platform, we are investing our efforts and energy in converting our entire portfolio of products to make them easier and more convenient to recycle. We were able to serve our customers by extending the reach of their brands across economic strata by developing convenient product forms, such as sachets. Our EBIT increased by 45.8%, from ₹1,527.2 million in 2018 to ₹2,227.1 million in 2019. I would like to thank everyone at Huhtamaki-PPL for driving the Company towards greater success with integrity and the right values.

## Customer-centric footprint

We are getting increasingly passionate about improving our capabilities across all fronts to better serve our customers. This was at the core of our efforts to increase our presence in South India, wherein on January 10, 2020, we completed the acquisition of the flexible packaging business of Mohan Mutha Polytech Private Limited (MMPPL) located in Sri City in Andhra Pradesh. This modern unit is well placed to

help us improve our service levels to our customers who have operations in South India.

## Sustainability at the core of innovation

We are increasingly making sustainability the central pivot of our innovation efforts. In addition to using novel polymer chemistry to make the packaging structures easier to recycle, we are extending our sustainability focus into our manufacturing units ranging from our choice of raw materials, such as polymers, papers, inks and adhesives to operating practice and the source of utilities. As an example, we are installing rooftop solar power apparatus at several of our key manufacturing locations. The start-up eco system represents another field of exploration wherein we are looking for companies who are developing products that are at an early stage of commercialisation but show promise to accelerate our ability to innovate for sustainability.

All of the above represent key elements and lead indicators as we, at HPPL, move to a circular economy mindset from a linear one. Going forward, this will also result in us playing a more active role in recycling post-consumer-use flexible packaging in order to use the learning to better design for sustainability, primary packaging products.

## Modernisation

Our three key planks for modernisation are production infrastructure, digitalisation and HR processes.

We are constantly investing in new infrastructure to stay ahead of the curve to be able to proactively cater to dynamic demands of our customers. In line with our long-term asset management programme, in 2019 we commissioned a state-of-the-art 9-colour rotogravure printing line at our Rudrapur plant. Our digital printer continues to provide unique customisation and creative options to our customers.

Our roadmap to developing single enterprise-wide ERP platform is on track. Simultaneously, we are accelerating digitalisation to enable a step-change in efficiency, effectiveness and to de-risk HPPL's business processes from a compliance perspective. The scope is wide and reasonably comprehensive; we plan to cover manufacturing operations and shared service functions in a phased manner. To this end, we have already implemented a world-class HR information system, W2HO.

The key differentiator for HPPL remains our workforce. The HPPL employee has five recognisable attributes - passion, humility, domain knowledge, customer proximity and an open and learning mindset. Our HR processes are aligned strongly with those of Huhtamaki Group and are aimed at nurturing these traits. Going forward, we aim to increase the diversity of our workforce as we internally need to mirror the diverse world we serve.

## Huhtamaki brand

The 'Huhtamaki' brand fosters a high level of trust, reliability and confidence

among customers and other key stakeholders. It represents a combination of trademarks, customer relationships and reputational traits, shaped by the Huhtamaki Group. As an integral member of the prestigious group, customers expect us to leverage and offer them access to the Group's extensive and tacit knowledge capital, innovations and products. This aspect represents the key value proposition for our sustainable profitable growth ambition.

## Looking ahead

I am grateful to all our partners, suppliers and employees for their contributions throughout 2019, and our customers and investors for their valued trust. You inspire us to do better each day.

As I write this, the shadow of COVID-19 is firmly upon us. This contagion will extract a heavy price from humanity. HPPL will emerge stronger, more resilient, more efficient and more effective and in doing so, reset itself to succeed in the new-normal that will emerge. However, what will remain unwavering will be our integrity, core values of Care, Dare and Deliver and resolve to better serve our customers, every day.

**Dr. Arup Basu**  
Executive Director

## Sustainability-focused innovation

# New ideas for a sustainable future

At Huhtamaki-PPL, we believe in creating safe and sustainable packaging for all.



*We have launched the Huhtamaki blueloop® platform to make flexible packaging suitable for the circular economy and introduce a range of recyclable solutions with mono-material structures utilising PP, PE and paper.*

We are passionate about enhancing brand reputation through fresh ideas that translate into impactful and innovative flexible packaging and decorative solutions. Wherever we are, we strive to introduce our industry to best-in-class technology and products, through continuous process and product improvements. In 2019, our strong focus on sustainability was translated into key engagements with our customers, suppliers and other partners to

launch new eco-friendly solutions and make flexible packaging more circular.

As a responsible packaging specialist, our sustainability agenda focuses on optimising our manufacturing processes through energy-reducing and smart technologies, designing circular packaging and supporting a robust waste management ecosystem that democratises recycling and creates a net positive impact on our ecology.







## Huhtamaki blueloop® recyclable solutions

By rethinking how flexible packaging is made and where it goes, Huhtamaki blueloop® makes packaging more appropriate for the circular economy. Our innovative packaging solutions, designed for recycling, help our partners make efficient choices towards sustainability.

### Leading the way to circular flexible packaging

The choices we make today have a lasting impact on our future. With Huhtamaki blueloop®, we are taking action to make sustainability a part of our everyday lives.

Huhtamaki blueloop® is a collaborative platform that is driving the move from a linear manufacturing and consumption economy to one that is circular and more efficient.

Through collaborations with leading sustainability experts within the packaging industry, we have introduced flexible solutions that are more fit for the circular economy. Together, we are building on our knowledge network and introducing value-added solutions that are energy and resource efficient, to help us in our everyday choices and in shaping our planet's future.

Taking a holistic approach to packaging design, we are

developing recyclable mono-material solutions of plastic and paper that impact the utility of packaging at the end of its life, ensuring greater recyclability in a closed loop. For now, we are ready with primary packaging for a host of applications, including coffee, confectionery, dry food, personal and home care to help great products reach more people, more sustainably.

We have an exciting opportunity ahead of us, to create packaging with purpose and contribute to a more a sustainable world, together!



## Customer centricity

# Packing tailor-made and memorable experiences

At Huhtamaki-PPL, we prioritise consumer needs.

Today's well-informed consumers seek brands that deliver exciting and refreshing experiences, and at times are even willing to pay a premium for uniqueness. As specialists in flexible packaging, we thoughtfully support our FMCG partners in building connections with such consumers – by creating special product experiences through elevated pack designs and innovative formats. We are passionate about discovering and understanding evolving consumer pain-points to introduce fresh moments of surprise, delight and convenience with experiential, interactive and customised packaging solutions.



*Our 'one solution fits all' soft bouillon wrap supported one of India's largest FMCG Company in standardising its packaging across several global locations to offer operational efficiencies and supply-chain security. The cube wrap further focused on enhancing the end-consumer experience by not leaving any oil stains on the pack, not making the hands sticky and offering attractive embossed aesthetics.*

This year, we have undertaken certain strategic decisions to strengthen our relationships with existing customers and establish new partnerships.





### Acquisition of Mohan Mutha Polytech Private Limited (MMPPL)

Our purpose is to help great products reach more people, more easily. To improve our agility in the South India region, 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 took place for a consideration of ₹741.1 million on a slump sale basis. The deal was debt free and includes the acquisition of MMPPL's manufacturing site located in Sri City.

We now have a more advanced product portfolio that includes cold seal laminates, peelable films and collision shrink films. We hope to accelerate our growth in India by improving our capability and responsiveness in serving the needs of customers in South India. The acquisition also consists of state-of-the-art manufacturing infrastructure, with best-in-class, newly purchased 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 routes.

### New press at Rudrapur

To cater to the rise in demand for attractive packaging solutions within a short turnaround time, we installed a brand-new 9 colour rotogravure press at our Rudrapur plant in Uttarakhand.

Huhtamäki-PPL is a reputed brand, known for offering products of superior quality. The newly set up press assists us in maintaining this reputation with its 100% defect detection system that ensures consistent print quality and output.

### Supply chain optimisation

We are committed to nurturing our relationships with current and prospective suppliers by undertaking supply-chain optimisation activities at a regional level. We are consistently improving and remodelling our supply chain networks to meet customer demands with the right efficacy and consistency.

### Support from Huhtamäki Oyj

Huhtamäki Oyj is a key global player in sustainable food on-the-go and food on-the-shelf packaging solutions. Its brand reputation fosters a high level of trust, comfort and confidence among our customers and other key partners, which translates to successful business growth and increased business opportunities for Huhtamäki-PPL.

The global team uses its vast expertise, experience and knowledge of different geographical markets to identify opportunities and risks related to key customers. This has resulted in overall business growth and optimisation of capacity utilisation. It has also opened windows for cross-border sales opportunities. The Group R&D team shares its expertise and best practices across other regions in order to maintain strong product quality with consistency and innovation. With focus on

Environment, Health and Safety (EHS), Huhtamäki Oyj provides access to tools for life-cycle assessment and food contact management systems. The tools help monitor environment sustainability trends across geographies, while also ensuring the safety of food items that are packaged. Further, leveraging on support provided by the Huhtamäki Group, we are able to focus on market retention and expansion, best practices, economies of scale and strategic guidance.

We are deeply committed to helping brands enhance their value through reliable and innovative packaging solutions.



## Operational excellence

# A mindset of continuous improvement

We believe that there are no short cuts to excellence. It takes vision, passion and immense hard work to achieve distinction. Throughout our history, we have demonstrated our commitment to operational excellence. We know it is our responsibility to be prepared for risks, manage products safely and be a good corporate citizen. We use our operational excellence to deliver the best to our customers efficiently and sustainably. Over the years, we have raised our performance standards through continuous improvement of our business processes, systems and policies.

We are continuously pursuing operational excellence and creating more value for the Company



*Through our continuous operational excellence initiatives, we are enhancing our quality systems, driving productivity and efficiency, and minimising waste. We strive to adopt industry best practices to optimise our operational excellence and realise synergies.*

### Enterprise Resource Planning

- In June 2017, we adopted an approach to have a single Enterprise Resource Planning (ERP) application for our India operations. The project was aptly titled as OneERP. The objective of this system is to enable seamless management of our day-to-day activities, such as accounting, sales, manufacturing, procurement, product management, risk management and compliance, and supply chain operations. Through this system, we have embarked on the Flexible India OneERP project.

The Project aims to integrate our businesses through:

- Part automation of SKU specification approvals
- Artwork management system
- Design management system
- Internal and external customer-handling capability
- Use of Optical Character Reading System (OCR), scan and updated Goods Receipt Note (GRN)
- Funnel report for flexibles

- ERP-based customer packing slip and label generation
- Enhanced and simplified dispatch process using a single screen
- Tracking of raw materials and finished goods, using manufacturing forms
- iProcurement, a self-service requisitioning application that controls employee spending

**Through the OneERP project, we hope to serve our consumers better through standardisation of processes across our locations.**

### Appropriate risk assessment tools

To protect our business from risks – internal and external, 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. Our risk management policy helps us take informed decisions to minimise any adverse consequences of various financial, strategic and operational risks on the business.

The senior executives, under the guidance of the Chairman and the Board, review the management's processes to identify,

assess and monitor risks associated with business operations. They also ensure the implementation and maintenance of policies and control procedures to protect the Company against key risks.

**In addition to our risk management policy, we have set up a Risk Management Committee under the provisions of Listing Regulations. The committee is responsible for:**

- Validating the process and procedure of risk management and risk mitigation
- Periodically reviewing and evaluating the risk management policy
- Framing, overseeing and monitoring the implementation of the risk management policy





## Operational excellence continued

### Environment, Health and Safety (EHS) compliance

For us, leading the flexible packaging industry means setting new health and safety standards for our people. We firmly believe 'No Work Is Worth Endangering Employee Health' and have set up a structured and centrally controlled EHS management system.

### Key initiatives undertaken through the EHS management system in 2019

- EHS policy updated as per requirements and issued on July 1, 2019
- Reporting near-miss numbers improved through Reporting near-miss numbers training and awareness
- Huhtamaki Machine Safety Standard implemented to reduce machine-related accidents
- CCTV network installed across plants and offices, with focus on preventive measures
- EHS Interplant audits conducted as scheduled, twice in 2019
- Electrical safety audit conducted and complied for Flexible, Cylinder and Labelling plants
- Half-yearly and quarterly safety award for individuals and teams initiated





### R&D capabilities

Our strengths in R&D have been a major driver of our pioneering efforts within the flexible packaging industry. With a dedicated DSIR-recognised R&D Centre, we are developing solutions that allow us to maintain a competitive advantage and pave a path of continuous growth for us. A NASP (New Applications, Structures, Products and Processes) mindset has us to successfully build

a strong pipeline of new products and maintain our technology leadership in the market. The R&D team has executed various projects related to sustainability, enhanced user experiences, productivity improvements at our customer's packing lines and targeting specific applications. Based on our assessment of key technology trends and our broad focus on long-term R&D, we see significant opportunities to drive future growth by

developing sustainable packaging solutions.

For us, integrating operational excellence into our day-to-day activities drives a high-performance culture that is capable of mitigating risks and meeting our long-term strategy objectives and evolving needs.



## Financial Highlights

(₹ in Lakhs)

	2019	2018	2017	2016	2015
<b>OPERATING RESULTS</b>					
Sales	2,54,767	2,33,211	2,10,030	2,15,410	2,00,975
Other Income	5,144	5,363	4,424	4,462	4,187
EBDITA	30,964	23,809	23,199	26,588	24,653
Depreciation & Amortisation	8,693	8,536	8,525	9,276	9,053
EBIT	22,271	15,272	14,674	17,312	15,600
Profit before Tax, Exceptional & Extraordinary Items	20,158	11,357	11,497	13,588	11,563
Exceptional & Extraordinary Items (Loss)/Profit	-	-	-	(255)	-
Provision for Tax	3,154	7,869	5,135	5,179	3,690
Profit for the year	17,004	3,488	6,362	8,154	7,693
EBDITA to Sales %	12.15%	10.21%	11.05%	12.34%	12.27%
EBIT to Sales %	8.74%	6.55%	6.99%	8.04%	7.76%
PBT to Sales %	7.91%	4.87%	5.47%	6.19%	5.75%
Earning Per Share	22.52	4.62	8.42	11.13	10.58
Equity Dividend %	150.00	150.00	150.00	150.00	140.00
<b>FINANCIAL POSITION</b>					
Equity Share Capital	1,511	1,511	1,511	1,454	1,454
Other Equity	68,225	54,137	53,396	49,466	43,558
Shareholders Funds	69,735	55,648	54,907	50,920	45,012
Loan Funds	27,260	40,311	40,574	43,549	52,749
Fixed Assets and Intangible Assets (Incl. Capital work in Progress)	49,473	52,217	43,934	46,661	54,101
Deferred Tax Assets (Net)	624	491	1,019	1,871	748
Investments	6,081	2,112	13,750	19,502	20,663
Other Net Assets (Current & Non-Current)	40,817	41,139	36,776	26,436	22,251
Capital Employed	96,995	95,959	95,481	94,469	97,761

## Directors' Report

Your Directors have pleasure in presenting the 70th Annual Report along with the Audited Statements of Accounts for the year ended December 31, 2019.

### Financial highlights:

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

Particulars	(₹ in Lakhs)	
	2019	2018
Net Sales	2,54,767	2,33,211
Profit before Tax & Exceptional Item	20,158	11,357
Profit before Tax	20,158	11,357
Less: Provision for Current Tax	3,253	7,916
Provision for Deferred Tax	(99)	(47)
Profit after Tax	17,004	3,488
Add: Balance of profit for earlier years	37,897	39,065
Profit available for appropriation	54,901	42,553
Transfer to General Reserve	-	-
Transfer to Debenture Redemption Reserve	Nil	1,925
Dividend on Equity Shares & Dividend Tax thereon	2,731	2,731
Balance Carried forward	52,170	37,897

### Dividend:

Your Directors are pleased to recommend a dividend of ₹ 5/- (Rupees Five only)<sup>§</sup> per equity share (250%)<sup>§</sup> having face value of ₹ 2/- each, for the year ended December 31, 2019. The said dividend will absorb an amount of ₹ 3,777 lakhs<sup>§</sup>.

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.

### Transfer to Reserves:

The Debenture Redemption Reserve amounting to ₹ 7,700 lakhs has been transferred to General Reserve, pursuant to redemption of Non-Convertible Debentures of the Company on December 20, 2019.

### Acquisition:

The Company acquired the business of Mohan Mutha Polytech Private Limited on 10 January, 2020, by way of a slump sale, for an enterprise value of ₹ 7411 lakhs, on a cash free, debt free basis. By this acquisition, the Company will be better positioned to cater to customer demand, especially in Southern India.

### Redemption of Non-Convertible Debentures (NCDs)

The Company has pursuant to exercise of call option, redeemed 7% - 3,850 Non-Convertible Debentures aggregating to ₹ 38,500 lakhs along with the interest thereon amounting to ₹ 1,095.92 lakhs (amount net of tax) on December 20, 2019.

### Subsidiary Companies and Financial Statements:

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

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements, and related information of the Company are available on the website of the Company - [www.huhtamaki.com](http://www.huhtamaki.com). These documents will be made available to the Members for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 noon upto the date of 70th Annual General Meeting.<sup>^</sup>

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

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

### Corporate Governance Report:

The Report on Corporate Governance and the Certificate of the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations, 2015, are enclosed as a separate section and forms part of this Report. A declaration signed by the Executive 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 the operations, performance and future outlook of the Company and its businesses are given in the

<sup>§</sup>Considering the need to conserve its financial resources during the current economic slowdown consequent to the COVID 19 pandemic, the Board of Directors at their meeting held on 15th May, 2020 revised its previous recommendation of payment of final dividend of ₹5/- per equity share for the year ended December 31, 2019 to ₹ 3/- per share (December 31, 2018 - ₹ 3/- per share). The said dividend will absorb an amount of ₹ 2,266 Lakhs.

<sup>^</sup>In view of Lockdown imposed by Central and State Government the Registered office of the Company shall remain closed hence any Member who wish to carry out inspection of these documents may write to Company Secretary at [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com). On receipt of such request the soft copy of said documents shall be sent to him through email.

Management Discussion and Analysis, and forms a part of this Report.

### Directors & Key Managerial Personnel:

#### Changes in Directorate and Key Managerial Personnel\*:

Mr. Murali Sivaraman was appointed as Non-executive Independent Chairman of the Company for a period of 5 years, w.e.f. January 1, 2019.

Mr. Ranjeev Lodha, was appointed as Chief Financial Officer of the Company w.e.f. May 7, 2019. Further, he was appointed as an Additional Director of the Company w.e.f. August 8, 2019 and re-designated as Executive Director & Chief Financial Officer of the Company. Further, his appointment as Whole-time Director w.e.f. August 8, 2019 is for a period of 5 years, subject to approval of shareholders at the ensuing General Meeting.

Ms. Seema Modi has been appointed as an Additional Independent Director of the Company w.e.f. January 1, 2020 for a period of five years, subject to approval of shareholders at the ensuing General Meeting.

Dr. Arup Basu was elevated as "President – Flexible Business and Member of Global Executive Team" of Huhtamaki Oyj, effective, February 1, 2020. Accordingly, Dr. Arup Basu ceased to be the Managing Director effective, January 31, 2020 and occupied the position as Executive Director, effective February 1, 2020.

Mr. Ashok Kumar Barat has been appointed as an Additional Independent Director of the Company w.e.f. April 1, 2020 for a period of five years, subject to approval of shareholders at the ensuing General Meeting.

Mr. Arunkumar Gandhi, Independent Director of the Company stepped down from the Board w.e.f. March 31, 2019 since he had surpassed the age of 75 years. Mr. S. K. Palekar and Mr. Nripjit Singh Chawla, Independent Directors of the Company resigned w.e.f. May 9, 2019 due to personal reasons. Mr. Jukka Moision, Non-executive Director of the Company stepped down from the Board w.e.f. March 26, 2019, consequent to his decision to step down as CEO of Huhtamaki Group.

Mr. Olli Koponen, Non-executive Director of the Company, stepped down from the position of President – Flexible Packaging, Huhtamaki Oyj, w.e.f. January 31, 2020, consequent to his appointment as Senior VP – Total Productive Manufacturing (TPM) at Huhtamaki Oyj. Accordingly, he stepped down from the Board of the Company as a Non-executive director of the Company w.e.f. January 31, 2020.

The Board wishes to place on record its sincere appreciation for the contribution & guidance given to the Board, by Directors who ceased to be the Director of the Company, during the year.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Sami Pauni retires by rotation and being eligible, offers himself for re-appointment in the ensuing 70th Annual General Meeting.

The details of the proposed appointment/re-appointment of Directors are mentioned in the Explanatory Statement under

Section 102 of the Companies Act, 2013 of the Notice of the 70th Annual General Meeting (AGM) of your Company.

#### 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015) and the same has been noted by the Board of Directors.

#### 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 Listing Regulations, 2015 Business Responsibility Report forms part of this Report and is annexed hereto.

In line with the green initiative, Business Responsibility Report of the Company for the year ended December 31, 2019 is available on the website of the Company <https://www.huhtamaki.com/en-in/flexible-packaging/investors/financials/annual-reports/> 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 familiarise them with their roles, rights, responsibilities, nature of the Industry, Company's strategy, business plan, operations, markets, products, etc. The details of the Company's Familiarisation Programme is available on the Company's website – web link: <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

#### Meetings of the Board:

During the year, nine 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.

\*Ms. Sukanya Kripalu ceased to be an Independent Director of the Company on 6th May 2020, consequent to having completed her second term as an Independent Director.

### 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, M/s. S R B C & Co. LLP, Chartered Accountants (SRBC) were appointed as Statutory Auditors of your Company for a term of five years from the conclusion of the 65th Annual General Meeting held on May 7, 2015 till the conclusion of the 70th Annual General Meeting, subject to ratification by members at every subsequent Annual General Meeting.

As per the provisions of Section 139 of the Companies Act, 2013, the term of office of S R B C & CO. LLP, Chartered Accountants, as Statutory Auditors of your Company will expire from the close of the 70th Annual General Meeting.

The Board of Directors places on record its appreciation for the services rendered by S R B C & CO. LLP, Chartered Accountants (SRBC) during their term as the Statutory Auditors of the Company.

Subject to the approval of shareholders, the Board of Directors of your Company have recommended the appointment of BSR & Co. LLP, Chartered Accountants (Firm Registration Number 101248W/W-100022) as Statutory Auditors of your Company pursuant to the provisions of Section 139 of the Companies Act, 2013 to hold office from the conclusion of the 70th Annual General Meeting, until the conclusion of the 75th Annual General Meeting

BSR & Co. LLP, Chartered Accountants, have confirmed their eligibility and willingness for their appointment as Statutory Auditors. A resolution seeking their appointment has been included in the Notice convening the 70th Annual General Meeting of your Company.

The Auditors' Report to the Members on the Accounts of the Company for the year ended December 31, 2019 is a part of the Annual Report. The said Audit Report does not contain any qualification, reservation or adverse remark.

During the year 2019, 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 has appointed M/s. R. Nanabhoy & Co., Cost Accountants as the Cost Auditors of the Company to conduct the Cost Audit for the Financial year 2020. 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 2020. M/s. R. Nanabhoy & Co. have confirmed of their independent status and 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.

### 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 2019 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.

During the Year 2019, your Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

### Annual Secretarial Compliance Report:

The Company has undertaken an audit for the financial year 2019 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

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

### 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 2019 were in ordinary course of the business and on arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. 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, 2019.

### Corporate Social Responsibility:

Your Company is committed to Corporate Social Responsibility (CSR) and strongly believes that the business objectives of the Company must be in congruence with the legitimate development needs of the society in which it operates. During the year under review the Company incurred a CSR Expenditure of ₹ 147.19 lakhs which was lower than the statutory limits. The

reason for lower CSR Expenditure has been mentioned in the detailed report on CSR activities is given in Annexure 7, which forms part of this Report.

The CSR projects of the Company mainly focused in the areas of Promotion of Education & Skill Development, Social Welfare & Rural Development and Providing Drinking Water, Sanitation Facilities and Hygiene.

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.

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.

#### **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 Whistleblower 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 Whistleblower 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 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.

#### **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 is controlled 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 at its meeting held on February 17, 2020 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 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/annual-reports/>

#### **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, 2019, 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, 2019, 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 & Particulars of Employees:

Your Company considers people as its biggest assets.

The Company has been providing continuous skill upgradation and learning opportunities through structured career discussions and individual development plans. A detailed note on Human Resources is mentioned in the 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 and any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company and the same will be furnished on request.<sup>§</sup>

### 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 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 an Internal Complaints Committees (ICC). The Company conducts awareness programmes at its units to sensitise the employees to uphold the dignity of their female colleagues at workplace. During the year, the Company received two complaints and the same was dealt with as per the POSH Regulations.

### 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 receive 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;
- Other than acquisition of flexible packaging business of Mohan Mutha Polytech Private Limited ("MMPPL") which was completed on January 10, 2020, 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 PPL Ltd.

**Murali Sivaraman**  
Chairman  
(DIN No. 1461231)

March 18, 2020

# 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 – 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 2019 were:

- Upgradation of Cast Poly Propylene Line by changing DC Driver & DC Motor with AC Drive & AC Motor resulting in saving of electricity consumption;
- Replacement of Old Scroll Chillers with New Technology Energy Efficient Screw Chiller resulted into Energy Conservation;
- Replacement of High Energy Consuming Blown Film Line with Energy Efficient Blown Film Line;
- High Energy Consuming Cast Poly Propylene Line is removed to reduce energy consumption;
- Replacement of Conventional Light with LED Lights in Plants resulted in saving of electricity consumption;
- Variable Frequency Drive (VFD) for Thermic Fluid booster pumps resulted into energy conservation;
- Variable Frequency Drive (VFD) for ventilation units resulted into energy conservation; and
- Motion sensor installed in offices for Energy Conservation.

#### B. Technology Absorption, Adaption & Innovation:

Your Company continued its R&D efforts in technologies & products that will help in its continued growth. New technologies and applications like 'sticker in flexible laminate were introduced, which have opened up new business opportunities.

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

1. Easy recyclable laminates were introduced for few applications with our customers and found good acceptability;
2. As a continuous exercise source reduction by down gauging has been always taken on priority with our customers without compromising with technical parameters;
3. Various coating were introduced to impart performance parameters and to reduce material consumption; and
4. Various customer engagement to introduce sustainable options have taken place.

To take care of food safety aspect, your Company worked very closely with various input raw material suppliers to make sure that the packaging made from such input raw materials are totally safe for packaging of Food. FSSAI has introduced standards with respect to packaging for Food safety and your Company complies to these guidelines.

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

Your company has been recognised and have received 20 awards comprising WorldStar awards, Dow Packaging Innovation Award, Economic Times Polymer Award, SIES SOP Star Awards, IFCA Star Awards 2019 Asian Packaging Excellence Awards, India's Most Trusted Company Award 2019 and National Awards for Excellence in Printing.

The details of the awards are mentioned below:

Award	Winning entries
2019 Dow Packaging Innovation Awards	<ul style="list-style-type: none"> <li>• Syngenta bag-in-bag pouch</li> <li>• Akulon barrier &amp; drop resistant bulk bag</li> </ul>
World Star Awards 2020	<ul style="list-style-type: none"> <li>• Meera registered holograms</li> <li>• ID 'Do it Yourself' vada batter pouch</li> <li>• Syngenta bag-in-bag pouch</li> </ul>
India's Most Trusted Company Award 2019	Huhtamaki PPL Limited
IFCA Star Awards 2019	<ul style="list-style-type: none"> <li>• Myst recyclable paper-based air-freshener pack</li> <li>• Bisleri two-faced jar label</li> <li>• Zero-stain embossed cube wraps</li> <li>• Easter limited-edition shampoo pack</li> <li>• Royal Khajoor shaped pouch</li> </ul>
SIES SOP Star Awards 2019	<ul style="list-style-type: none"> <li>• Syngenta bag-in-bag pouch</li> <li>• Akulon recyclable and drop-resistant bulk bag</li> <li>• ID Coffee Decoction profile pouch</li> <li>• Akulon barrier and drop-resistant bulk bag</li> </ul>

Award	Winning entries
14th National Awards for Excellence in Printing	<ul style="list-style-type: none"> <li>Ferrero Banderolla</li> <li>Royal Khajoor shaped pouch</li> </ul>
2019 Asian Packaging Excellence Awards	<ul style="list-style-type: none"> <li>Cornetto embossed cone sleeves</li> <li>Meera registered holo sachet</li> </ul>
The Economic Times Polymers Awards 2020	<ul style="list-style-type: none"> <li>Recyclable see-through snack pack</li> </ul>

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

a) Capital	Nil
b) Recurring	₹ 100.11 lakhs
<b>Total</b>	<b>₹ 100.11 lakhs</b>

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 has successfully introduced easy to recycle laminate with few customers and got good business potential across all customer base. Your Company has also completed final specifications and claims for 4 patents filed in last year.

### D. Foreign Exchange Earnings & Outgo:

- Foreign exchange earnings from the exports of the Company's products & services amounted to ₹ 59,543.74 lakhs.
- 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 ₹ 45,742.42 lakhs.

By Order of the Board  
For Huhtamaki PPL Ltd.

**Murali Sivaraman**  
Chairman  
(DIN No. 1461231)

## Annexure – 3

### Nomination and Remuneration Policy of Huhtamaki PPL Limited

#### 1. Preamble:

- a) The Nomination and Remuneration Policy ("Policy") provides a framework for remuneration to be paid to the members of the Board of Directors ("Board") and Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of Huhtamaki PPL Limited ("the Company").
- b) This Policy has been framed by the Nomination and Remuneration Committee ("Committee") of the Board of Directors ("Board") and based on its recommendation, approved by the Board of Directors of the Company. The Nomination and Remuneration Committee is entitled to review and amend this policy, if necessary, subject to Board approval.

#### 2. Objective:

The Policy aims to enable the Company to attract, retain and motivate high quality members for the Board and executives by providing a well-balanced and performance-related compensation package, taking into account all stakeholders' 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 SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 (hereinafter referred to as LODR).

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

- a) The Members of the Board shall be persons who possess appropriate qualifications, skills, aptitude, attributes, maturity, knowledge and experience. The objective is to have a Board with diverse background and experience in management functions or in such areas as may be considered relevant or desirable to conduct the Company's business in an ethical and competitively superior manner.
- b) An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise responsibilities in a bona fide manner in the best interests of the Company; devote sufficient time and attention to professional obligations for informed and balanced decision-making; and assist the company in

implementing the best corporate governance practices. An Independent Director should meet the requirements of the Companies Act, 2013 and Regulation 16 (1)(b) of LODR concerning independence of directors.

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

#### 4. Policy Relating to Remuneration:

- I) **Policy for whole-time directors/ managing director/ 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 ₹ One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
  - b) Independent Directors may be paid Commission within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company, computed as per the applicable provisions of the Companies Act, 2013. Independent Directors shall not be entitled to any stock options of the Company.



## Annexure – 4

### Form No. MR – 3

#### Secretarial Audit Report

For the financial year ended December 31, 2019

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

To,  
The Members  
**Huhtamaki PPL Limited**  
**CIN: L21011MH1950FLC145537**  
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,  
C-38/39, G-Block, Bandra-Kurla Complex,  
Bandra (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 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 authorized 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, 2019 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, 2019** 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 and External Commercial Borrowings 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 and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - 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; **the Company has redeemed 7% - 3,850 Non-convertible Debentures (NCDs) aggregating to ₹ 385 crores listed on National Stock Exchange of India Limited together with Interest thereon on December 20, 2019;**
  - 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;**
  - 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 indentified that the following laws as specifically applicable to the Company:
  - a) The Petroleum Rules, 2002;
  - b) The Legal Metrology Act, 2009, Rules and Regulations thereunder;
  - c) The Environment (Protection) Act, 1986 and Rules thereunder;
  - d) The Environment Impact Assessment Notification, 2006;
  - e) The Food Safety and Standards (Licensing & Registration of Food Businesses) Regulations, 2011;
  - f) The Batteries (Management and Handling) Rules, 2001;
  - g) The Food Safety and Standards Act, 2006;

- h) The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;
- i) The Plastic Waste (Management & Handling) Rules, 2011;
- j) The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000;
- k) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
- l) The Solid Waste Management Rules, 2016;
- m) The Bio-Medical Waste Management Rules, 2016;
- n) 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 has initiated the process 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.**

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent in

advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

- All the decisions of the Board and Committees thereof were carried out with requisite majority.

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

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

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

- **The Company has redeemed all the Non-convertible Debentures (NCDs) aggregating to ₹ 385 Crores issued to Promoters together with Interest thereon on December 20, 2019;**
- **The Company has on January 10, 2020 completed the acquisition of Flexible Packaging Business from Mohan Mutha Polytech Private Limited located in Sri City, Andhra Pradesh, in terms of the Business Transfer Agreement dated September 30, 2019.**

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

**S. N. Ananthasubramanian**

Partner

FCS: 4206 I COP No.: 1774

Peer Review Cert. No.: 606/2019

ICSI UDIN: F004206A000552666

Place of Signature: Thane

Date: February 17, 2020

## Annexure – A

The Members,

**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.

Our Secretarial Audit Report for the year ended December 31, 2019 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

**S. N. Ananthasubramanian**

Partner

FCS: 4206 I COP No.: 1774

Peer Review Cert. No.: 606/2019

ICSI UDIN: F004206A000552666

Place of Signature: Thane

Date: February 17, 2020

## Annexure – 5

To,  
The Board of Directors,  
**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 2019

We have been engaged by **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: PAPERPROD) 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 there under 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

Place of Signature: Thane

Date: February 17, 2020

## Secretarial Compliance Report

Huhtamaki PPL Limited for the year ended December 31, 2019

We have examined:

- a) all the documents and records made available to us and explanation provided by **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, 2019** ("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 there under; and
- b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under 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- **The Company has redeemed all the Non-convertible Debentures aggregating to ₹ 385 Crores listed on National Stock Exchange of India Limited together with Interest thereon on December 20, 2019;**
- 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 there under;

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 there under;
  - With regard to SEBI Circular **CIR/CFD/CMD1/114/2019** dated **October 18, 2019** with respect to changes in terms of appointment of Statutory Auditors, the Company has confirmed that they will suitably amend the terms of the appointment of Statutory Auditors to be appointed for the period commencing from the Financial Year 2020 to give effect to the said circular.
- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under in so far as it appears from our examination of those records;
- c) 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 there under:
 

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				
- d) The listed entity has taken the following actions to comply with the observations made in previous reports: **Not Applicable since this report is being issued for the first time and accordingly no action was required to be taken by the Company.**

**For S. N. Ananthasubramanian & Co.**  
Company Secretaries  
ICSI Unique Code: No. P1991MH040400

**S. N. Ananthasubramanian**  
Partner  
FCS: 4206 I COP No.: 1774

Peer Review Cert. No.: 606/2019  
ICSI UDIN: F004206A000552666  
Place of Signature: Thane  
Date: February 17, 2020



## 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

- I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(₹ in Lakhs)

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year (FY)	% increase in remuneration in the Financial Year 2019	Ratio of remuneration of each Director to median
1	Dr. Arup Basu, Managing Director	2,91,10,033	35.62%	69.5:1
2	Mr. Ranjeev Lodha, * Chief Financial Officer	36,98,008	NA	08.8:1
3	Mr. Ranjeev Lodha, ** Executive Director & CFO	65,80,350	NA	15.7:1
4	Mr. Parag Vyavahare,* Chief Financial Officer	13,18,464	(89.06%)	03.1:1
5	Mr. Dakshinamurthy Iyer, Company Secretary	50,36,476	4.90%	12.0:1

\* Not comparable since Mr. Ranjeev Lodha was appointed as Chief Financial Officer w.e.f. May 7, 2019 and Mr. Parag Vyavahare stepped down as Chief Financial Officer of the Company w.e.f. January 18, 2019. The remuneration mentioned for Mr. Ranjeev Lodha is for the period from May 7, 2019 to August 8, 2019.

\*\* Mr. Ranjeev Lodha was appointed as Executive Director w.e.f. August 8, 2019 and re-designated as Executive Director & CFO

## Notes:

- The Managing Director and Executive Director & CFO of the Company are entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles them to receive shares at nil cost. The scheme detailed above is assessed, managed and administered by the ultimate holding company and there is no cost charged to the Company. Further, pursuant to adoption of Ind AS, the Company has recognized charge of ₹ 62,67,526/- 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 2019 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 11%.
  - The number of permanent employees on the rolls of Company as on December 31, 2019 were 3,675.
  - Average percentage increase made in the salaries of employees other than managerial personnel in the financial year was 11%, while the increase in the remuneration of managerial personnel was also 11%. 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 PPL Ltd.

**Murali Sivaraman**  
Chairman  
(DIN No. 1461231)

## Annexure – 7

### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2019

**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
- IV) Mr. S. K. Palekar - Member\*\*

*\*Mr Sami Pauni has been appointed as Member of the CSR Committee w.e.f April 1 2019.*

*\*\*Mr. S. K. Palekar resigned from Board of Directors of the Company w.e.f May 9, 2019*

**3. Average net profit of the Company for last three financial years – ₹ 12,328.33 lakhs**

**4. Prescribed CSR Expenditure (Two percent of amount as in Item No. 3) – ₹ 246.57 lakhs**

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

- a) Total amount spent for the financial year – ₹ 147.19 lakhs
- b) Total amount unspent, if any – ₹ 99.38 lakhs
- c) Manner in which the amount was spent during financial year, is detailed below:

Amount Spent by the Company (In lakhs)

Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programmes	Amount outlay (Budget) project or programmes-wise	Amount spent on the projects or programmes	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			1. Local Area or other 2. Specify the states or district where project or Programme were undertaken				
1	Providing School Infrastructure including amenities for drinking water, playground and other equipments	Promotion of Education	<ul style="list-style-type: none"> <li>• Rudrapur(Uttarakhand)</li> <li>• Taloja (Maharashtra)</li> <li>• Silvassa (U T of Dadra &amp; Nagar Haveli, Silvassa)</li> <li>• Bengaluru (Karnataka)</li> </ul>	41.27	41.27	41.27	Direct
2	Improvement of Rural Infrastructure by construction of toilets, providing drinking water facilities in villages	Rural Development	<ul style="list-style-type: none"> <li>• Rudrapur (Uttarakhand)</li> <li>• Hyderabad (Telangana)</li> <li>• Khopoli (Maharashtra)</li> <li>• Gangtok (Sikkim)</li> <li>• Parwanoo (Himachal Pradesh)</li> </ul>	76.45	76.45	76.45	Direct
3	Contribution to Education Trust by Construction of Hostels, College Equipment's and Buildings	Promotion of Education	<ul style="list-style-type: none"> <li>• Aurangabad (Maharashtra) and</li> <li>• Khopoli (Maharashtra)</li> </ul>	29.47	29.47	29.47	Direct
				147.19	147.19		

*\*includes the amount spent for projects approved in previous financial year but completed in Financial year 2019.*

**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 –**

During the year under review, the Company had started the process for formulation of Trust under name and style “Huhtamaki Foundation” to 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. The said Trust has been duly registered with the Office of the Charity Commissioner, Mumbai on February 27, 2020 after the close of Financial Year 2019.

As a light house project, the Company plans to set up a recycling unit by collaborating with key FMCG partners for collecting Post Consumer multi layered plastics and recycle them into shredded multi-layer granules or products. Towards this end, the Company has already completed Technology evaluation and comparative analysis. Also the first trials for injection molding with MLP waste resin has been successfully completed. Since the project is in the trial stages, the budgeted amount for carrying out activities through the said Trust could not be utilised in Financial year 2019.

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 PPL Ltd.**

**Murali Sivaraman**  
Chairman  
(DIN No. 1461231)

## Company's Philosophy on Code of Governance

Huhtamaki PPL Limited (HPPL) believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholder' value. Thus, HPPL'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 HPPL's belief that good ethics make good business sense and our business practices are in keeping with this spirit

of maintaining the highest level of ethical standards. The implementation of HPPL's Code for Prohibition of Insider Trading exemplifies this spirit of good ethics.

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



## Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended December 31, 2019.

### 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, 2019 comprised of 6 (Six) Directors, of which 2 (Two) were Executive Directors and 4 (Four) Non-executive Directors, 2 (Two) of them being Independent Directors. As on December 31, 2019, 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 FY 2019/Tenure	No. of Board Meetings attended	Attendance at last AGM
1	Mr. Murali Sivaraman	Non-executive, Independent	9	8	Yes
2	Mr. Jukka Moisio <sup>^</sup>	Non-executive	3	Nil	-
3	Mr. Arunkumar Gandhi %	Non-executive, Independent	3	3	-
4	Mr. S. K. Palekar*	Non-executive, Independent	4	4	Yes
5	Mr. Nripjit Singh Chawla**	Non-executive, Independent	4	4	Yes
6	Ms. Sukanya Kripalu	Non-executive, Independent	9	9	Yes
7	Mr. Olli Koponen	Non-executive	9	6	Yes
8	Mr. Sami Pauni	Non-executive	9	8	Yes
9	Dr. Arup Basu	Executive	9	9	Yes
10	Mr. Ranjeev Lodha+	Executive	5	5	-

<sup>^</sup>Mr. Jukka Moisio stepped down as Non-executive Director w.e.f March 26, 2019.

\*Mr. Arunkumar Gandhi stepped down as an Independent Director w.e.f. March 31, 2019.

†Mr. S. K. Palekar resigned as an Independent Director w.e.f. May 9, 2019.

\*\*Mr. Nripjit Singh Chawla resigned as an Independent Director w.e.f May 9, 2019.

+Mr. Ranjeev Lodha was appointed as an Additional Director w.e.f August 8, 2019 and was re-designated as Executive Director & Chief Financial Officer.

#### A. Inter-se Relationship among the directors:

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

and Mr. Nripjit Singh Chawla have confirmed that there are no other material reasons for their resignation other than those mentioned in their disclosures given to the Company.

#### B. Resignation of independent directors and reasons thereof:

During the year 2019, three Independent Directors stepped down from the Board before the expiry of their term. Out of the three Independent Directors, Mr. Arunkumar Gandhi stepped down w.e.f March 31, 2019, close of business hours, on surpassing the age of 75 years. Further, Mr. S. K. Palekar and Mr. Nripjit Singh Chawla stepped down w.e.f. May 9, 2019, for personal reasons. Further, Mr. S. K. Palekar

#### C. Board meetings:

During the year 2019, 9 (Nine) Board Meetings were held, i.e. on January 9, 2019, February 18, 2019, March 26, 2019, May 9, 2019, August 8, 2019, September 13, 2019, September 30, 2019, October 25, 2019 and December 20, 2019 with time gap not exceeding 120 days between any two such meetings. The Annual General Meeting was held on May 9, 2019.

## D. Directorship and Committee Membership/Chairmanship

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

Name of the Director	As on December 31, 2019			
	Other Directorship(s) <sup>1</sup>	Committee positions in other Companies (excluding HPPL) <sup>2</sup>		
		Member	Chairman	Total
Mr. Murali Sivaraman	2	2	Nil	2
Ms. Sukanya Kripalu	4	4	Nil	4
Mr. Olli Koponen	Nil	Nil	Nil	Nil
Dr. Arup Basu	Nil	Nil	Nil	Nil
Mr. Sami Pauni	Nil	Nil	Nil	Nil
Mr. Ranjeev Lodha	Nil	Nil	Nil	Nil

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

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

## E. Directorship in listed Companies:

Sr. No.	Name of Directors	Name of the Companies
1	Mr. Murali Sivaraman	Bharat Forge Limited (Independent Director)
2	Ms. Sukanya Kripalu	1. Ultratech Cement Limited (Independent Director) 2. Entertainment Network (India) Limited (Independent Director) 3. Aditya Birla Fashion and Retail Limited (Independent Director) 4. Colgate-Palmolive (India) Limited (Independent Director)

## 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 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 Auditors 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 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 FY19
Mr. S. K. Palekar- Chairman*	M.Sc. (Physics) and Masters in Mgt. Studies (Marketing)	3/3
Mr. Murali Sivaraman- Chairman*	Member of the Institute of Chartered Accountant of India, MBA from Indian Institute of Management, Ahmedabad and Advanced Management Programme from Harvard	6/6
Mr. Arunkumar Gandhi <sup>^</sup>	FCA-Fellow Member of the Institute of Chartered Accountant of India and Institute of Chartered Accountant in England & Wales	2/2
Ms. Sukanya Kripalu <sup>§</sup>	Graduate in Mathematics, MBA from IIM- Calcutta	4/4
Dr. Arup Basu <sup>¶</sup>	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.	4/4

\*Consequent to the stepping down of Mr. S. K. Palekar w.e.f. May 9, 2019 from the Board, Mr. Murali Sivaraman was appointed as Chairman of the Audit Committee w.e.f May 9, 2019.

§Ms. Sukanya Kripalu was appointed as a Member of Audit Committee w.e.f May 9, 2019.

¶Dr. Arup Basu was appointed as a Member of Audit Committee w.e.f April 1, 2019.

^ Mr. Arunkumar Gandhi stepped down as a Member of Audit Committee w.e.f March 31, 2019.

During the Year 2019, 6 (Six) Audit Committee meetings were held on February 18, 2019, March 26, 2019, May 9, 2019, August 8, 2019, October 25, 2019 and December 20, 2019. 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 follow:

- 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 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 there on;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; 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 2019 for addressing the shareholders queries. The MD, CFO, the Statutory Auditors and the Internal Auditors are invited by the Committee to attend the Audit Committee meetings. Business Heads are also invited to attend the meetings, as and when required. The minutes of the Audit Committee meetings are placed before the Board. The Compliance Officer of the Company acts as Secretary to the Audit Committee.

M/s. S R B C & 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 current composition of the Committee is given hereunder:

Name of the Director	Meetings attended/ held during FY19
Mr. S. K. Palekar – Member*	1/1
Ms. Sukanya Kripalu – Chairman	2/2
Mr. Murali Sivaraman#	1/1
Mr. Sami Pauni^	1/1

*Consequent to stepping down of Mr. S. K. Palekar as an Independent Director w.e.f May 9, 2019, he ceased to be the Member of Stakeholders Relationship Committee.*

*#Mr. Murali Sivaraman was appointed as a Member of Stakeholders Relationship Committee w.e.f April 1, 2019.*

*^Mr. Sami Pauni was appointed as a Member of Stakeholders Relationship Committee w.e.f April 1, 2019*

The Meetings of Stakeholders Relationship Committee were held on February 18, 2019 and October 25, 2019.

### 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;

### B. Details of stakeholders complaints received during 2019:

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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 3. Corporate Social Responsibility Committee:

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

Name of the Director	Meetings attended/ held during FY19
Mr. Murali Sivaraman - Chairman	3/3
Mr. S. K. Palekar – Member*	1/1
Dr. Arup Basu – Member	3/3
Mr. Sami Pauni#	2/2

*Mr. S. K. Palekar has stepped down as an Independent Director w.e.f. May 9, 2019*

*#Mr. Sami Pauni was appointed as a Member of Corporate Social Responsibility Committee w.e.f April 1, 2019.*

The Meetings of Corporate Social Responsibility Committee were held on February 18, 2019, August 8, 2019 and October 25, 2019.

- 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.

### 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-and-policies/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 2019 is given hereunder:

Name of the Director	Meetings attended/ held during FY19
Mr. Arunkumar Gandhi, Chairman*	3/3
Mr. Nripjit Singh Chawla, Member**	4/4
Ms. Sukanya Kripalu, Chairperson <sup>#</sup>	7/7
Mr. Olli Koponen, Member	5/7
Mr. Murali Sivaraman, Member <sup>^</sup>	7/7

\*Mr. Arunkumar Gandhi has stepped down as an Independent Director w.e.f March 31, 2019.

\*\*Mr. Nripjit Singh Chawla has stepped down as an Independent Director w.e.f May 9, 2019.

<sup>#</sup>Ms. Sukanya Kripalu was appointed as Chairperson of the Nomination and Remuneration Committee w.e.f April 1, 2019.

<sup>^</sup>Mr. Murali Sivaraman was appointed as a Member of Nomination and Remuneration Committee w.e.f. January 9, 2019.

During the year seven meetings of Nomination and Remuneration Committee were held on January 9, 2019, February 18, 2019, March 26, 2019, May 9, 2019, August 8, 2019, October 25, 2019 and December 20, 2019.

#### 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:

- 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 the 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 set required to be possessed by board of directors:

The Directors of your Company are from diverse fields and have expertise and long standing experience and expert knowledge in their respective fields which are relevant and of considerable value for the Company's business growth. The following is the list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of the Company's business and sector(s) for it to function effectively:

- Knowledge of the industry in which the Company operates;
- Knowledge on Company's businesses & major risks;
- Behavioural skills - attributes & competencies to use their knowledge and skills to contribute effectively to the growth of the Company;
- Understanding of socio-political, economic and Legal & Regulatory environment;
- Corporate Social Responsibility;
- Business Strategy, Sales & Marketing;
- Corporate Governance, Administration; and
- Financial Control, Risk Management.



**D. Remuneration to executive directors:**

The remuneration paid to Dr. Arup Basu, Managing Director and Mr. Ranjeev Lodha, Executive Director & CFO in FY19 was as under:

				(Amount in ₹)
Name of the Directors	Salary	HRA	Perquisites	Total
Dr. Arup Basu	2,40,33,091	35,62,200	15,14,742	2,91,10,033
Mr. Ranjeev Lodha*	50,38,128	8,25,000	7,17,222	65,80,350

\*Appointed as Executive Director w.e.f August 8, 2019

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 Managing Director and Executive Director & CFO of the Company are entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles them to receive shares at nil cost. The scheme detailed above is assessed, managed and administered by the ultimate holding company and there is no cost of the shares charged to the Company. Further, pursuant to adoption of Ind AS, the Company has recognized charge of ₹ 62,67,526/- 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 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 2019 are as follows:

				(Amount in ₹)
Names of the Directors	Board Meetings	Committee Meetings	Total	
Mr. Arunkumar Gandhi	1,50,000	2,00,000	3,50,000	
Mr. S. K. Palekar	2,00,000	1,90,000	3,90,000	
Mr. Nripjit Singh Chawla	2,00,000	1,30,000	3,30,000	
Ms. Sukanya Kripalu	4,50,000	4,40,000	8,90,000	
Mr. Murali Sivaraman	4,50,000	6,00,000	10,50,000	
<b>Total</b>	<b>14,50,000</b>	<b>15,60,000</b>	<b>30,10,000</b>	

Commission to the Non-executive Independent Directors of the Company for the year 2019 is as follows :

		(Amount in ₹)
Names of the Directors		
Mr. Murali Sivaraman	48,00,000	
Mr. Arunkumar Gandhi	9,00,000	
Mr. S. K. Palekar	7,00,000	
Mr. Nripjit Singh Chawla	7,00,000	
Ms. Sukanya Kripalu	25,00,000	
<b>Total</b>	<b>96,00,000</b>	

Commission payable to each of the Independent Directors as authorized 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.

The meetings of the Share Transfer Committee were held on January 28, 2019, February 11, 2019, February 25, 2019, March 4, 2019, March 18, 2019, March 25, 2019, April 8, 2019, April 12, 2019, April 15, 2019, May 14, 2019, June 17, 2019, July 29, 2019, August 26, 2019, September 11, 2019, September 16, 2019, September 23, 2019, October 1, 2019, October 14, 2019, October 24, 2019, November 11, 2019, November 20, 2019, December 2, 2019

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 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 Limited the R&T Agents of the Company. The Share Transfer Committee attends to share transfer formalities at least once in fortnight.

## 6. Independent directors:

One meeting of Independent Directors as required under Regulation 25 of the Listing Regulations was held on February 7, 2019 which was attended by all the Independent Directors of the Company.

The Independent Directors of your Company fulfil the conditions as specified in 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 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/2019/details-of-familiarisation-programe-2019.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:

Dr. Arup Basu, Executive 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, 17, 2020. 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, 2019. A declaration to this effect signed by the Executive 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 2019. 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 HPPL Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information made pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer is responsible for the purpose of these Regulations. The said HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company <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 ₹ 5,00,000/- (Rupees Five Lakhs 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 Minimization 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 Board at its meeting held on February 17, 2020 constituted a Risk Management Committee as per the LODR Regulations 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 Whistleblowers. 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 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 statutory auditors S R B C & CO LLP, which is part of and all entities in E&Y network firms/entities of which the statutory auditor is a part, for FY19 are as follows:

(₹ in Lakhs)		
Sr. No.	Type of Services	Amount
1	Statutory Audit Fees	139.05
2	Taxation	113.63
3	Others	11.68
	<b>Total</b>	<b>264.36</b>

#### 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;
- The Company has appointed M/s. Aneja Associates, Chartered Accountants and M/s. Pipalia & Singhal, Chartered Accountants as the Internal Auditors. The Internal Audit Report is presented to the Audit Committee and representative of Internal Auditors replies the questions of Audit Committee members;
- The Company has separated post of Managing Director and Chairman.

#### 4. Appointment/re-appointment of directors:

##### A. Appointment or re-appointment of Directors:<sup>§</sup>

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 at its meeting held on August 8, 2019, based on recommendation of Nomination and Remuneration Committee approved appointment of Mr. Ranjeev Lodha as Additional Director and was re-designated as Executive Director and Chief Financial Officer for period of 5 years w.e.f August 8, 2019 and his appointment is subject to approval of shareholders at the ensuing AGM.

The Board at its meeting held on December 20, 2019, based on recommendation of Nomination & Remuneration Committee approved appointment of Ms. Seema Modi as Independent Director (Additional) for a period of 5 years w.e.f January 1, 2020 and her appointment is subject to approval of shareholders at the ensuing AGM.

##### 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. Sami Pauni is a member of the Market Practice Board of

<sup>§</sup> The Board at its meeting held on March 18, 2020 based on recommendation of Nomination & Remuneration Committee approved appointment of Mr. Ashok Kumar Barat as Independent Director (Additional) for a period of 5 years w.e.f April 1, 2020 and his appointment is subject to approval of shareholders at the ensuing AGM.

\*The Brief resume of Mr. Ashok Kumar Barat has been mentioned in Notice of AGM & in the profile of Directors given in the Annual Report.

Securities Market Association in Finland, and a member of the Legal Affairs Committee of the Confederation of Finnish Industries EK.

Mr. Ranjeev Lodha, a member of the Institute of Chartered Accountants of India and of The Institute of Certified Management Accountants, Australia, has an experience of 30 years in the Finance function. He has worked in multiple roles at Tata Chemicals Ltd (TCL) and Mahindra and Mahindra Ltd. Over the years, Ranjeev has worked in areas of Financial Reporting and Consolidation, Mergers and Acquisitions, Divestments, Investor Relations, Treasury, Strategic Finance, Controlling and adoption of ERP systems.

In his last role as Vice President and Group Corporate Controller of TCL he was responsible for the Controlling function and was instrumental in setting up the Centre of Excellence in Financial Reporting for TCL and with the divestment of TCL's Fertilizer business. During his tenure at TCL, Ranjeev was nominated on the Boards of JOil

(a green-energy JV based out of Singapore), Tata Chemicals South Africa, Durban and NCourage Social Enterprise Foundation. He was also nominated as a Trustee on Trusts associated with social activities.

Ms. Seema Modi, presently the Director – Commercial, Marketing, Supply Chain and Display at Trent Hypermarket Private Limited, is a post-graduate in Organic Chemistry from Mumbai University and has completed her MBA from Narsee Monjee Institute of Management Studies, Mumbai. She has close to 30 years of experience in reputed organisations, such as Heinz, Parle and Colgate. Ms. Modi has also worked as the Marketing Director at a global level with Heinz ASEAN and Heinz ABC (Indonesia), and was the first woman Managing Director for Heinz India Private Limited. During her stint with Heinz, she won many awards for driving growth, the most notable one being H.J. Heinz Chairman's Award 2010 for driving consistent double-digit growth. She is also an Independent Director of SEAMEC Ltd. Ms. Modi was appointed as an Independent Director of Huhtamaki-PPL w.e.f January 1, 2020.

## 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
2016	12.06.2017	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	<ul style="list-style-type: none"> <li>Approval for payment of Commission to Independent Directors</li> </ul>
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

### B. EGM/Court convened meeting: Nil

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

### D. Means of communication:

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

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

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
6th May, 2020	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020

### 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 2020	30th April, 2020 (Thursday)
June 2020	14th August, 2020 (Friday)
September 2020	9th November, 2020 (Monday)
December 2020	Second week of February, 2021

#### Note -

@ Due to the outbreak of the COVID-19 pandemic, the 70th Annual General Meeting of the Company has now been scheduled on 30th June, 2020 @ 2.00 p.m. by Video Conferencing / Other Audio Visual Means.

**C. Book closure date:**

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Monday, 15th June 2020 to Tuesday, 23rd June, 2020<sup>^</sup> (both days inclusive).

**D. Dividend payment date**

Dividend at the rate of ₹ 5/-\* 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 15th May, 2020\* to :

- a) All those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end-of-the-day on 14th June, 2020<sup>^</sup>; and
- b) All those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on 14th June, 2020<sup>^</sup>.

**E. Dividend history of the company:**

Year	AGM Date	Dividend Rate ₹ (%)
2016	12.06.2017	₹ 3.00 (150%)
2017	08.05.2018	₹ 3.00 (150%)
2018	09.05.2019	₹ 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 A1+

**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	PAPERPROD

The ISIN of Company's equity shares is **INE275B01026**

Annual Listing fees for 12 months ended March 31, 2020 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](http://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 2019 to December 2019:

Month & Year	BSE			NSE		
	High (₹/share)	Low (₹/share)	Volume (No. of Shares)	High (₹/share)	Low (₹/share)	Volume (No. of Shares)
Jan-19	196.00	168.10	48,969	195.90	166.15	6,31,728
Feb-19	195.40	155.00	48,815	196.00	155.00	4,47,402
Mar-19	214.00	190.00	37,301	217.70	187.00	6,13,354
Apr-19	232.95	196.10	42,922	233.00	196.70	5,06,749
May-19	273.80	217.60	1,25,734	272.95	215.25	10,90,986
Jun-19	289.80	250.00	43,195	284.80	250.00	3,74,881
Jul-19	271.00	224.00	59,852	271.95	222.10	4,14,685
Aug-19	245.00	209.60	36,445	247.45	209.55	4,17,462
Sep-19	255.00	201.05	59,024	255.70	200.60	7,67,749
Oct-19	264.00	222.45	61,329	268.70	221.00	7,45,848
Nov-19	263.00	231.05	25,025	258.10	228.95	3,13,194
Dec-19	275.00	243.80	30,497	275.80	241.20	6,33,773

Note:

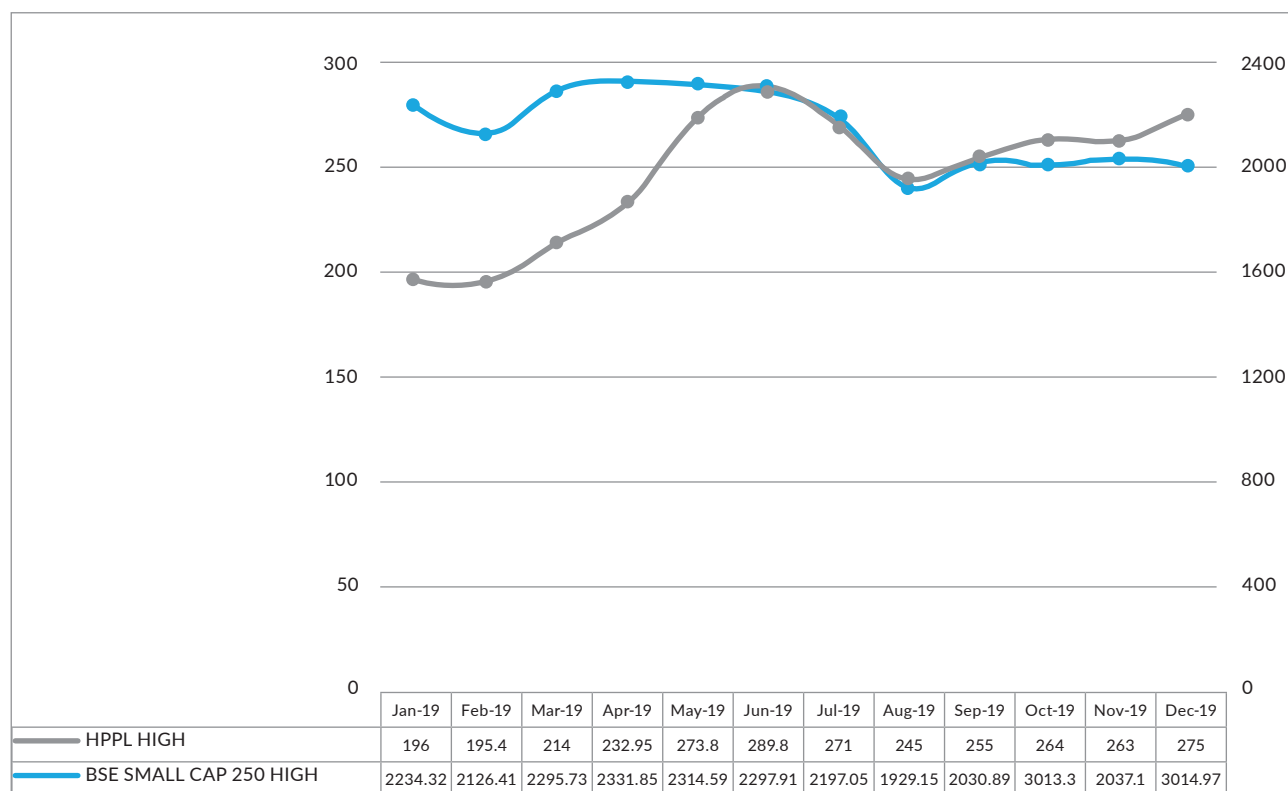
Volume is the total monthly volume of trade (in numbers) in shares of the Company on respective exchanges.

<sup>^</sup> The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 15th June, 2020 to Tuesday, 23rd June, 2020 (both days inclusive). The date for determining the shareholders who are entitled to receive the dividend shall be 14th June, 2020.

\*In view of the outbreak of the COVID-19 pandemic, the Board of Directors at their meeting held on 15th May, 2020 revised its earlier recommendation of the rate of dividend from ₹ 5/- per equity share to ₹ 3/- per equity share and is subject to the approval of shareholders at the ensuing AGM, the same will be paid on or before 9th July 2020.



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, 2019:

### Distribution of shareholdings by ownership:

Sr. No.	Category	No. of Shareholders	No. of Shares	% of Total Holding
1	Indian Promoters	-	-	-
2	Foreign Promoters - Huhtavefa B.V.	1	5,05,53,997	66.94
3	Foreign Institutional Investors	20	43,17,424	5.71
4	NRI's & OCB's	376	5,59,845	0.74
5	Bodies Corporate / NBFC	422	26,87,049	3.57
6	Banks/ Financial Institutions	3	24,093	0.03
7	Insurance Companies	1	1,22,725	0.16
8	Mutual Funds	5	3,99,865	0.53
9	Resident Individuals	17,088	1,65,92,223	21.97
10	Trust	1	5,238	0.01
11	IEPF	1	2,59,475	0.34
	<b>Total</b>	<b>17,918</b>	<b>7,55,21,934</b>	<b>100.00</b>

### 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	14,112	78.76	22,59,802	2.99
501 - 1000	1,747	9.75	13,48,612	1.79
1001 - 2000	940	5.25	14,02,973	1.86
2001 - 3000	375	2.09	9,41,450	1.25
3001 - 4000	165	0.92	5,86,703	0.78
4001 - 5000	131	0.73	6,10,366	0.81
5001 - 10000	220	1.23	16,01,196	2.12
10001 and above	228	1.27	6,67,70,832	88.40
<b>Total</b>	<b>17,918</b>	<b>100.00</b>	<b>7,55,21,934</b>	<b>100.00</b>

**J. List of top ten shareholders:**

Following is the List of Top Ten Shareholders (other than Promoters) of the Company as on December 31, 2019:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1	Ntasain Discovery Master Fund	34,88,100	4.62
2	Amar Bansilal Chhajed	11,12,958	1.47
3	Shree Capital Services Limited	9,25,900	1.23
4	Deepak Bhagnani	6,02,793	0.80
5	Deepak Bhagnani (HUF)	5,81,206	0.77
6	Jitesh Babulal Chhajed	5,73,521	0.76
7	Seema Rahul Chhajed	5,45,421	0.72
8	Habrok India Master LP	3,95,224	0.52
9	UTI-MNC Fund	3,56,400	0.47
10	Chinmay G. Parikh	2,68,590	0.36
	<b>Total</b>	<b>88,50,113</b>	<b>11.72</b>

**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, 2019.

**L. Dematerialisation of shares:**

As on December 31, 2019, 99.25% 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, 2019:

Mode of Holding	Number of Shareholders	Number of shares	Percentage
Physical	700	5,65,513	0.75
Dematerialised	17,218	7,49,56,421	99.25
<b>Total</b>	<b>17,918</b>	<b>7,55,21,934</b>	<b>100.00</b>

**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 31,756 Equity Shares of ₹ 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.

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

The Company has zero tolerance for sexual harassment at workplace and as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, has constituted an Internal Complaints Committees (ICC). The details on complaints filed during the year 2019 are as follows:

Sr. No.	Particulars	Details
1	Number of Complaints filed during the financial year 2019	2
2	Number of Complaints disposed during the financial year 2019	0
3	Number of Complaints pending as on end of the financial year 2019	2

**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 e-mail their queries/grievances to investor.communication@huhtamaki.com.

Registered Office:	Registrar and Transfer Agent (RTA) (For Shares )
Huhtamaki PPL Ltd. 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.huhtamaki.com E-mail: investor.communication@huhtamaki.com	TSR Darashaw Consultants Private Limited, 6-10, Haji Moosa Patrawala Ind. Estate, 20 Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 Tel: + 91 22 - 66568484 Fax: + 91 22 - 66568494 Website: www.tsrdarashaw.com, Email: 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.

## 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 PPL Ltd.

February 17, 2020

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Huhtamaki PPL Limited, certify that in the preparation of the Financial Accounts for the year ended December 31, 2019:

- (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.

**Dr. Arup Basu**  
Executive Director/CEO  
(DIN: 02325890)

**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 PPL Ltd.

### 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, 2019.

For Huhtamaki PPL Ltd.

Place of Signature: Mumbai  
Date: February 17, 2020

**Dr. Arup Basu**  
Executive Director  
(DIN: 02325890)

## Independent Auditors' Report

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

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

1. The Corporate Governance Report prepared by Huhtamaki PPL Limited (hereinafter the "Company"), contains details as 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, 2019. 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, 2019 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, 2019 to December 31, 2019:
  - a) Board of Directors meeting;
  - b) Audit Committee;
  - c) Annual General Meeting (AGM);
  - d) Nomination and Remuneration Committee;
  - e) Stakeholders Relationship 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 paragraph 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, 2019, 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 S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

#### per Vinayak Pujare

Partner

Membership Number: 101143

**UDIN:** 20101143AAAAAN7940

Place of Signature: Mumbai

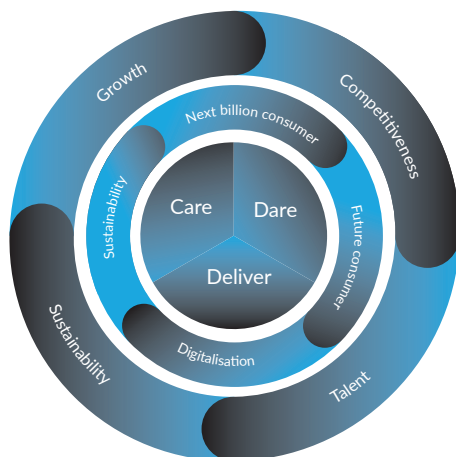
Date: February 17, 2020

## Management Discussion and Analysis

Huhtamaki PPL Limited (Huhtamaki-PPL), part of the Finland-based global food packaging major Huhtamäki Oyj, is a leading provider of primary consumer packaging and decorative labelling solutions in India. Packing memorable experiences together with our customers and partners since 1935, today, we are a total solutions company with a pan-India presence, backed by 18 manufacturing sites and five sales offices.

### Our strategy

- We are shaping a sustainable future of everyday life to offer well-being, convenience and responsible lifestyle to billions of people everywhere
- Our ambition is to become the first choice in sustainable food packaging
- Our strategic priorities are Growth, Competitiveness, Talent and Sustainability
- We are grounded in our values Care, Dare, Deliver



With a passion to protect what is good, we offer unique pack designs and formats through a comprehensive portfolio of flexible packaging solutions that include barrier and recyclable laminates, specialised pouching, such as shaped, five- and six-panel pouches, thermoforms, decorative labels, digitally printed laminates for pack personalisation and tube laminates.

Huhtamaki-PPL's leadership in labels is built on offerings across modern technologies, such as shrink sleeves, pressure-sensitive labels, metallised and heat transfer labels, in-mould labels and wrap-arounds. We also offer end-to-end solutions through shrink tunnels and applicators. As Huhtamaki-PPL, we are committed to offering comfort and confidence while optimising supply-chain support for our customers, in India and overseas.

As specialists of flexible packaging, we leverage our rich experience and strong technical capabilities to help brands serve more packaging convenience, deliver sustainable solutions, and keep pace with the rapid change in consumer demands. For us, packaging is much more than what just goes around a product. It's about building brands, opening novel opportunities in new markets and protecting reputations as much as products. To this end we are invested in the long term to support the customers and markets that we serve.

### Global economy

Global economic growth slowed down significantly in 2019, to 2.3% from 3.6% in 2018, with continued weakness in global

trade and investment (Source: The International Monetary Fund). Factors such as rising trade barriers, growing uncertainty surrounding trade and geopolitics, the macroeconomic strain in several emerging market economies, low productivity growth and ageing demographics were responsible for this subdued growth.

In advanced economies, growth fell to 1.7% from 2.3% in 2018. Emerging markets and developing economies also witnessed a slowdown, clocking 3.9% growth in 2019, down from 4.6% in 2018, partly due to trade and domestic policy uncertainties and the structural slowdown in China.

Particulars	Global economic growth (%)	
	Actual 2019	Projection 2020
World output	3.0	3.4
Advanced economies	1.7	1.7
US	2.4	2.1
Eurozone	1.2	1.4
Japan	0.9	0.5
UK	1.2	1.4
Other advanced economies	1.6	2.0
Emerging market and developing economies	3.9	4.6
China	6.1	5.8

(Source: International Monetary Fund, World Economic Outlook, October 2019)

### Growth outlook

Global growth is projected at 2.5% for 2020, marking a marginal improvement as investment and trade gradually recover from last year's significant weakness (Source: The World Bank). This projected recovery is expected to gain momentum if the policy actions taken by the US and China to mitigate trade tensions lead to sustained reduction in policy uncertainty. However, risks, such as the possibility of a re-escalation of global trade tensions, sharp downturns in major economies, and financial disruptions in emerging market and developing economies continue to shadow growth prospects. On the positive side, the effects of monetary easing in key emerging markets could come as a relief to the economy. Stronger multilateral cooperation and a more balanced policy mix at the national level, considering the monetary and fiscal space available, are the need of the hour for strengthening economic activity and mitigating any downside risk.

### Indian economy

India continues to remain the fastest growing economy in the world, despite witnessing a slight moderation in its GDP from 7.2% in 2017-18 to 6.8% in 2018-19 (Source: Press Information Bureau, Government of India, Ministry of Finance). A slowdown in agriculture and allied industries, trade, hotel, transport, communication and services related to broadcasting, and public administration and defence sectors contributed to this moderation.

In 2019, the FMCG sector witnessed a plunge in rural sales due to liquidity crunch and weakened household spending. To increase sales, FMCG makers have introduced low-unit price packs in multiple categories to make their products affordable, along with multiple promotions and offers. In urban India, favourable demand drivers, such as rising income levels and

growing urbanisation, among others, have recently encouraged major and diverse investments in the FMCG sector. While top FMCG companies are expanding their capacity to feed the growing domestic demand, homegrown brands have ventured into international markets. On the other hand, the pharmaceutical industry in India grew at 9.8% y-o-y, from ₹129,015 Crore in 2018 to ₹1.4 Lakh Crore in 2019. The thrust was primarily due to an increase in the presence of chronic diseases, increasing per capita income, improvement in access to healthcare facilities and penetration of health insurance.

Overall, however, while structural reforms, such as GST harmonisation and bank recapitalisation benefited the economy by helping strengthen the demand, rising interest rate and currency volatility pose risks. Despite regulatory improvements to spur competitiveness, levels of private investment and exports continue to be relatively low, undermining prospects for long-term growth.

### Growth outlook

The Government of India projected the real GDP growth for the year 2019-20 at 7%, anticipating a pickup in investment growth and consumption (Source: Press Information Bureau, Government of India, Ministry of Finance). The government's thrust on affordable housing, Make in India, reduction in corporate tax rate, and improvement in ease of doing business, besides other factors, will help in boosting economic growth.

The growing young population, who prefer packaged food, is expected to significantly propel demand for the FMCG sector in India. Online portals are also expected to play a key role for companies trying to enter the hinterlands. The Internet has contributed in a big way, facilitating a cheaper and more convenient means to increase a company's reach. It is estimated that 40% of all FMCG consumption in India will be online by 2020. Further, the government has allowed 100% Foreign Direct Investment (FDI) in food processing and single-brand retail and 51% in multi-brand retail. This would boost employment and supply chains, and also provide high visibility for FMCG brands in organised retail markets, providing impetus to consumer spending and encouraging more product launches.

The Indian pharma industry is expected to grow over four times to reach USD 55 billion by 2020. Strong growth in GDP and incomes, insurance coverage, and government and private sector spending on healthcare will contribute to this growth. The industry is expected to focus aggressively on biologics, vaccines and consumer healthcare. Rapid urbanisation, expanding medical infrastructure and proliferation of hospital formats with distinctly different value propositions, such as specialty centres for higher secondary procedures, are expected to drive growth in metro cities and Tier I markets.

### Industry overview

#### Global flexible packaging industry

Flexible packaging is a rapidly growing segment in the global packaging industry, riding on the back of increasing urbanisation. With growth of e-commerce and technological advancements in barrier protection, active packaging and digital printing, the demand for flexible packaging has gone up considerably. At the same time, sustainability continues to be a major concern for the industry. The industry is estimated to be worth \$228 billion in 2019, and is expected to grow at an annual rate of 3.3%, reaching \$269 billion in 2024.

The food, healthcare and personal care industries are the major demand drivers for flexible packaging, especially in Asia-Pacific (APAC) countries. 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). China, India, and other Southeast Asian countries are emerging as growth drivers for the APAC region. In North America and Europe, the flexible packaging industry is expected to continue its strong volume performance in Tier 1 cities and soon gain momentum in Tier 2 and Tier 3 cities.

People are increasingly recognising the benefits of flexible packaging, which include extended shelf life, improved cost economics and lower pack weights and transport costs. Compared to traditional packaging such as glass jars and metal cans, these require less energy and resources in comparison to other packaging types, which reduces the cost of production per packaging unit. Further, flexible packaging uses recyclable materials, reducing the usage of the conventional virgin polymer. It serves well for brands due to the growing sustainability consciousness among customers.

#### Indian flexible packaging industry

The Indian flexible packaging industry is expected to reach a value of ₹640.38 billion by 2022-23, up from ₹375 billion in 2017-18, growing at a CAGR of 10% from 2017-2018 to 2022-23. The growth of the industry is due to the increased use of flexible packaging at food service outlets, along with higher demand for packaged beverages. Consumers prefer flexible packaging over rigid packaging since they are lighter, easily disposable and their impact on the environment is significantly less.

Fast-moving Consumer Goods (FMCG) is the fourth-largest sector in the Indian economy. The food processing industry, part of the food and beverages segment of the sector, accounts for more than 50% of the total demand for flexible packaging. With the growth of the industry, demand for flexible packaging is expected to increase. India is the fifth-largest preferred retail destination in the world. It is expected to generate a revenue of ₹71,986.2 billion by 2020. The growth of the retail industry will directly lead to the expansion of the flexible packaging industry in India.

Additionally, the informal retail sector too is contributing significantly to the growth in demand for flexible packaging. Many brands are offering their products and services in small and affordable sizes, such as sachets, to tap the lower-endmarket. One of the most important drivers of this kind of marketing is the informal retail sector in India. A report by PwC-CII calls India 'the nation of shopkeepers' with its 12 million retailers. These shops are present in every corner of the country, primarily in rural areas. They have developed specialised skills in retaining customers owing to the unmatched convenience and credit extension provided to customers. Large companies have realised the multiple gains they can achieve by reducing the supply chain inefficiencies and have started building business relationships directly with the shopkeepers of the unorganised retail. This phenomenon is providing a thrust to the packaging industry as brands and packaging companies work together to extend brands to rural areas through cost-effective packaging solutions.

India is increasingly becoming aware of the hazards of plastic, with 20 states launching a blanket ban on the manufacture, use, sale, distribution, storage and use of plastic items such

as one-time-use bags, spoons, PET and PETE bottles. Flexible packaging, on the other hand, uses recyclable plastic, and other environment-friendly materials, thus creating a niche for itself in the country.

Sources:

- <https://markets.businessinsider.com/news/stocks/global-flexible-packaging-market-to-reach-revenues-of-over-186-billion-by-2024-market-research-report-by-arizton-1028516433>
- <https://www.businesswire.com/news/home/20190726005164/en/Indian-Flexible-Packaging-Market-Growth-10-2023>
- <https://www.mordorintelligence.com/industry-reports/packaging-industry-in-india>

### Key advantages of flexible packaging

Flexible packaging extends a broad range of protective properties to food and non-food products alike, while minimising the use of materials. Here are some advantages of flexible packaging:

1. Reduces food wastage by allowing packing of smaller quantities that can be consumed without being wasted
2. Minimises burden on natural resources in terms of both material and utilities needed alongside emissions generated, to produce the packaging material and transport it to the point of consumption
3. Drives sustainability by maximising reuse and recycling: Flexible packaging uses zippers and seal top closures, which allows consumers to use them multiple times before discarding. The materials used in flexible packaging are also recyclable, thus promoting a circular economy
4. Maximises customer convenience: It is lightweight and designed in a manner that is easy to open, carry, consume, store and reseal
5. Product preservation: Most flexible packaging products are equipped with barriers, which protect the products from moisture, vapour, dust and light. This helps retain the quality, taste and flavour of the products
6. Customisation: Using modern printing technologies, flexible packaging can be developed with high-quality colours and logos. This serves as a great advantage for brands that are looking to enhance recognition and awareness

Sources:

- <https://www.flexpack.org/advantages>
- <https://www.thepackaginggroup.com/blog/post/7-benefits-of-flexible-packaging>

### Key drivers of flexible packaging

- During the Eleventh Five-Year Plan period (2007-2012), the Government initiated major infrastructure development programmes, such as establishment of mega food parks, cold chains, and facilities required for value addition, preservation and modernisation – which are impacting the economy even today.
- While departmental retail is a key driver of flexible packaging in the urban foods markets, unit packaging needs are driving rural demand.

- Growing consumer preferences for ready-to-eat food, juices, processed fruits and vegetables; increase in the spread of organised retail; increasing population of working women; conducive government policies; and investments by international and domestic companies are contributing to the growth of the flexible packaging market.
- The food packaging industry is expected to gain further as consumers are increasingly convinced of the health, quality and the longer shelf-life of packaged foods.
- Innovations in new packaging materials serve to maintain nutritional content, flavours, textures and taste of various foods while extending shelf-life.
- Readymade meals or foods that reduce the long preparation time of traditional dishes, continue to gain consumer acceptance owing to modern lifestyle influences and preferences for greater convenience.

### Operational review

#### Operations

The main focus areas in operations were efficiency and cost optimisation. Projects were at some of our larger sites located in Khopoli, Silvassa and Rudrapur to improve Overall Equipment Effectiveness (OEE) of key assets. Business Excellence and 6 Sigma tools were introduced to accelerate the Business Excellence programme. Factory operations were aligned to cater to customer needs under new Business Unit (BU) structure. Various machines were added in record time to support business needs and bring profitable growth.

#### OneERP project

OneERP is our approach to have a single Enterprise Resource Planning (ERP) application for India operations. The project enables seamless management of our day-to-day activities, such as accounting, sales, manufacturing, procurement, product management, risk management and compliance, and supply chain operations. It is a step towards standardising our processes across locations, with the aim of serving our customers better.

Huhtamaki-PPL will continue to scan the solutions in the digital space that are aimed at easing the way we serve our customers.

#### Business highlights

In January 2020, we acquired the entire flexible packaging business of Mohan Mutha Polytech Private Limited (MMPPL). The acquisition is also referred to as Project Magpie. The Company has been able to penetrate markets and build a diversified and sustainable revenue profile in the domestic market. Through the acquisition, we have a significant opportunity to improve service levels to our existing customers and forge new client relationships across Southern India.

#### Advantages of MMPPL acquisition

- Forward-looking, competent workforce
- Location - Sri City is one of India's most well-run private industrial estates
- Infrastructure: Manufacturing and supporting
- Comprehensive product portfolio
- Marquee clientele in domestic and export markets
- Future expansion potential

## Exports business

In 2019, exports grew by almost 18% over the previous year largely due to the increase in share with key accounts and further penetration of the soup cube across SEA and LATAM. We also experienced a few headwinds in West Africa and in ME where we had to face intense competition from local suppliers.

## Innovation and R&D

Huhtamaki-PPL strives to do market-leading work by bringing the entire value chain together – collaborating with customers and suppliers – to develop innovative, reliable and sound packaging solutions. On average, our NASP (New Applications, Structures, Products, Processes) account for 23-25% of total company sales.

With an ingrained NASP mindset, we continue to introduce newer and optimised pack solutions using creative process assembly and efficient material choices. Wrapping existing products while identifying fresh applications for our innovations, we service shelf attention, sustainability, enhanced user experience, product shelf life and manufacturing productivity needs. Some of our noteworthy solutions within the past year include bulk barrier bags and bag-in-bag pouches with improved drop resistance, registered holography for anti-counterfeiting, see-through packs for *chikki* and chips, paper-based, air-freshener sachets and limited-edition packaging, such as Chik Easter Eggs and Raw Marvelous Collectors' packs, among others.

We are mindful of the accelerating concern and attention being paid by governments and consumers to the collective impact of manufacturing and consumption on the environment. We have, therefore, taken a holistic approach to packaging design with the introduction of Huhtamaki blueloop® recyclable solutions. Our objective is to make packaging suitable for the circular economy and help our partners meet their sustainability goals.

We are now ready with recyclable solutions of plastic and paper that impact the utility of packaging at the end of its life, to ensure greater recyclability in a closed loop.

## Sustainability initiatives

Environmental consciousness is growing rapidly, underscored by advocacy and actions from policy-makers, other key stakeholders within our packaging value-chain, environmental groups and end-consumers. As a result, a third of consumers are reportedly choosing to embrace products with eco-friendly credentials. Businesses and their packaging standards are also increasingly being held accountable.

Supporting this imperative for change, Huhtamaki-PPL is committed to improving the eco-efficiency of its manufacturing processes and the sustainability performance of its offerings. We have taken steps to improve production and operational efficiencies, increase the usage of renewable resources and improve our carbon footprint through energy-efficient technologies while maintaining the highest safety standards and performance of our products.

In general, flexible packaging serves as an excellent format to pack food with its material efficiency, lightweight and superior barrier properties, that helps lower greenhouse gas (GHG) emissions and reduce food waste. Its multi-material property offers the biggest benefit of food protection, however, makes recyclability of such flexible packages more difficult. To tackle this challenge, we are now leading the charge in reorienting flexible packaging, making it more suitable for a circular

economy. With the launch of Huhtamaki blueloop®, we have developed protective recyclable packaging using coated paper or polymers belonging to the same polyolefin family [polyethylene (PE) and polypropylene (PP)]. These solutions offer the same machine run ability and barrier performance as multi-material structures and are well suited for industrial scale production. PE and PP come with proven recyclability and can be separated and sorted in modern waste-sorting plants more economically. In 2019, we commercialised recyclable solutions for shampoo, confectionery, industrial bulk packaging and snacking applications, and are ready with many more.

We have also undertaken various initiatives at the plant-level to promote the cause of sustainability. Rooftop solar power plants are being installed at our label facilities in Ambernath (Maharashtra) and Daman (Union Territory of Diu and Daman); at the Acuprint facility in Taloja (Maharashtra); and at our Flexible Packaging facilities in Silvassa (Dadra and Nagar Haveli) and Guwahati (Assam). Through this initiative, we can not only optimise power costs but also reduce 20 MT of CO<sub>2</sub> emissions annually; equivalent to planting about 100,000 trees.

## Financial review

In 2019, Huhtamaki-PPL reported revenue from operations (net of GST) at ₹2,582.37 crore vis a-vis ₹2,369.07 crore in 2018.

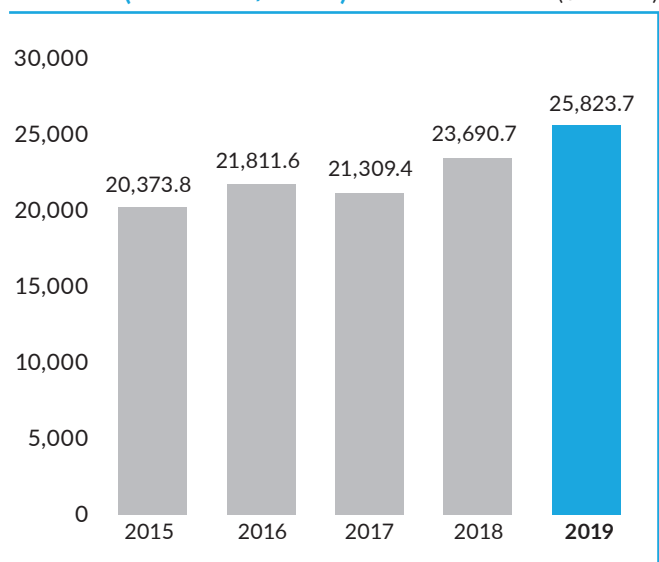
EBITDA for 2019 is at ₹309.64 crore as against ₹238.09 Crore in 2018 and has registered a CAGR of 19.27% over the last five years. The average return on equity for 2019 is 24.38% compared to 6.27% in the previous year. The Company's market capitalisation as on December 31, 2019 stood at ₹1,860.11 crore.

## Turnover

Huhtamaki-PPL continues to report healthy growth in turnover. Over the last five years, the Company has reported a CAGR of 15.97%.

### Turnover (net of GST/excise)

(₹ in crore)



## PBT, tax and PAT

Higher sales, improved product mix, better operations and a one-time reduction of interest cost have collectively contributed to increase in Profit Before Tax (PBT). We recorded a PBT of ₹201.58 crore for 2019 as compared to ₹113.57 crore in 2018, marking an increase of 77.48% over 2018.



Reduced tax rates introduced by the Taxation Law (Amendment) Ordinance, 2019 resulted in an increase in the net profit. In the previous year, based on a ruling of the Supreme Court on a similar issue concerning assessee, the Company had recognised a provision for income tax of ₹21.07 crore and interest thereon of ₹10.00 crore with respect to disputed tax matter of earlier years. In this regard, based on the assessment being concluded during the 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 ₹21.07 crore and interest thereon of ₹10.00 crore included in 'Tax expense' and 'Finance Costs', respectively, contributing to the increase in net profits for 2019.

PAT for 2019 was ₹170.04 crore in 2019 compared to ₹34.88 crore in 2018.

### EPS and dividend

The EPS for 2019 was ₹22.52, owing to the increase in PAT, as against ₹4.62 in 2018. The Company has proposed a dividend of ₹5 per equity share\* of face value of ₹2 each, for year 2019.

### Reserves and surplus, capital expenditure and fixed assets

At the end of the 2019, reserves and surplus were at ₹682.25 crore against ₹541.37 crore at the end of 2018. The increase is primarily contributed by the increase in net profits.

The Company's fixed assets at the end of 2019 were at ₹494.73 crore against ₹522.17 crore at the end of 2018. Capital expenditure during 2019 was ₹66.19 crore financed through a mix of internal accruals and term debt.

### Debt working and capital returns

Gross debt as at December 31, 2019 was at ₹272.60 crore as against ₹403.11 crore as at December 31, 2018, a reduction of 32% y-o-y. The 7% unsecured non-convertible debentures have been prepaid on December 20, 2019 and the Company has not incurred any pre-payment costs. Net debt as on December 31, 2019 was at ₹167.31 crore as against ₹334.35 crore.

During 2019, focused efforts were directed towards improving the operating cash flows, debt management and working capital. Consequently, there has been significant improvement in terms of cash generated from operations. Working capital was financed by a mix of term debt, supplier finance programme and commercial papers – all aimed at lowering the overall cost of debt.

As a consequence of improved operating and financial performance, the return ratios reflect a significant improvement over the previous year.

Particulars	₹ in Crore)	
	2018	2019
Inventory	212.23	181.86
Debtors	570.19	618.47
Current liabilities	488.86	696.82
Loans and advances	67.54	70.32
Cash flow from operations	101.17	284.52
RoNW (%)	6.27	24.38
RoCE (%)	15.92	22.96

## Human Resources

Huhtamaki-PPL believes in transforming the organisation through its people. We transitioned from a functional organisation to a new Business Unit structure, which is now fully embedded with sub-processes converging to allow seamless execution while catering to the market demands. Our growth agenda was supported with re-structuring efforts, right-sizing of the operations and also integrating within our fold the employees of Mohan Mutha Polytech Private Limited (MMPPL).

We are driving a high performance-based work culture by differentiating performance, setting up better grade structures, aligning appraisals with compensation and benchmarking salaries.

We are also undertaking sustained efforts to create talent pools and nurturing talent through structured learning and development initiatives. Capability building has been our focus area. We are developing mechanisms for increasing the proficiency levels among the blue-collar employees to provide maximum value addition. We registered 4.56 man-days of training per employee, which is the highest ever. Through the Corporate Training Calendar, we launched 37 training programmes while the Unit Training Calendar facilitated 186 training programmes. Our Leadership Development Programme, which is a talent pipeline programme consisting of 22 participants, moved towards its final lap. The Managerial Development Programme consisting of five modules spanning over a period of 18 months, with 34 participants was launched in May 2019, which is yet another planned initiative towards developing our future leaders.

Our aim is to also develop a responsive organisation. We connect with our people through touchpoints such as surveys, communication forums, dialogue and several other engagement programmes. Employee engagement and employee welfare schemes are crucial in developing employee bonding within the organisation. To appreciate and motivate employees, we launched several innovative reward and recognition schemes under the Sampark banner on a pan-India basis:

Star & Team Award	To recognise outstanding individual and team contributions over and above what is normally expected as a part of the normal role requirements
Print & Graphic Excellence Awards	To recognise the best Business Units for excellent craftsmanship in the design, creation and production of top-quality printed material they produce for their customers
Business Excellence Awards	These half yearly awards include the best Business Excellence project for the Annual Business Excellence Projects Trade Fair, 5S + S Award and Green Belt certifications
Safety Awards	The awards include Near Miss / Concern Reporting Safety Award; individuals and teams are felicitated with these awards on a half-yearly and quarterly basis.

\*Considering the need to conserve its financial resources during the current economic slowdown consequent to the COVID 19 pandemic, the Board of Directors at their meeting held on 15th May, 2020 revised its previous recommendation of payment of final dividend of ₹5/- per equity share for the year ended December 31, 2019 to ₹3/- per share (December 31, 2018 - ₹3/- per share)

Trainer's Award	To recognise internal trainers who have spent 100+ hours in training; trainers with participant feedback score of 5 out of 5, and trainers with 100+ hours of training who have achieved a participant feedback score of 5 out of 5; recognition to the Unit that has registered the maximum number of training man-days
Network of Contributors Award	To recognise the person/s who have contributed the maximum number of stories related to important events at the Unit

India scored the highest employee engagement percentage surpassing the Huhtamaki benchmarks and India norms. The people of HPPL, its Business Leaders and the HR team numbering 3,675, are poised towards taking the Company to even greater heights.

### Risk management

Huhtamaki-PPL is an organisation that is growing, operating in different industries and geographies, and continuously innovating to develop improved products. As a result, the organisation is exposed to specific risks. These include macro-economic instability, geo-political risks, fluctuations in product pricing, volatility in key raw material prices which are linked to crude oil prices, energy availability and cost, intense competition in a fragmented flexible packaging industry, employee attrition, shift in consumer behaviour, and evolving industry norms and regulations.

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. With the help of the framework, we have charted a risk management policy that helps us take informed decisions in a dynamic business environment and minimise the adverse consequences of risks to our business. The intensity and frequency of risk monitoring depend on the context, with a stress on sustainable, long-term solutions.

### Key objectives of our risk management policy

- Provide a framework that enables future activities to take place in a consistent and controlled manner
- Improve decision-making, planning and prioritisation through comprehensive and structured understanding of business activities, volatility and opportunities/threats
- Contribute towards more efficient use/allocation of resources within the organisation
- Protect and enhance assets and Company image
- Reduce volatility in various areas of the business
- Develop and support people and the knowledge base of the organisation
- Optimise operational efficiency

- Ensure all the current and future material risks and opportunities of the Company are identified, assessed, quantified and appropriately managed
- Establish a framework for the Company's risk management process and ensure its implementation
- Enable compliance with appropriate regulations, wherever applicable, by adopting best practices
- Assure business growth with financial stability

### Steps in our risk management process

1. Identification
2. Assessment
3. Analysis
4. Mitigation
5. Control and monitoring
6. Reporting

The Board periodically assesses all facets of risks in the operating landscape.

### Internal controls

Huhtamaki-PPL has a proper and adequate Internal Financial Control System, to ensure that all its assets are safeguarded and protected against loss from unauthorised use or disposition. The Control System enables the management to focus on growth and achieve excellence in all aspects of operations. Controls at various operating locations and offices are reviewed by the Internal Auditors team regularly.

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

### Cautionary statement

The report contains forward-looking statements which may be identified by their use of words like '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.

## Independent Auditors' Report

To the Members of Huhtamaki PPL Limited

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of Huhtamaki PPL Limited ("the Company"), which comprise the Balance sheet as at December 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 audit opinion on the Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended December 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Revenue recognition</b> (as described in Note 33 of the Ind AS financial statements)</p> <p>Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The revenue recognition occurs at a point in time when the control of the goods is transferred to the customer.</p> <p>We focused on this area as a key audit matter due to the amount of Revenue being regarded by Management as a key performance indicator in assessing performance. We believe there exists a risk of revenue being recognized before the control is transferred, including risk of incorrect timing of estimation related to recording the discounts and rebates.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>• Read the Company's accounting policy for revenue recognition and assessed compliance with the requirements of Ind AS 115.</li> <li>• Evaluated the design, tested the implementation and operating effectiveness of the Company's internal controls including general IT controls and key IT application controls over recognition of revenue and measurement of rebates, discounts and returns.</li> <li>• On a sample basis, tested supporting documentation for sales transactions and rebates/discounts recorded during the year which included sales invoices, customer contracts, shipping documents and customer correspondences for rebates/discounts.</li> <li>• Tested revenue samples focused on sales recorded immediately before the year-end, obtained evidence as regards timing of revenue recognition, based on terms and conditions of sales contracts and delivery documents.</li> <li>• Compared current year sales, discounts and rebates with historical trends.</li> <li>• Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Tax litigations – Provisions and contingencies</b> (as described in Note 44 of the Ind AS financial statements)	
<p>As of December 31, 2019, the Company has matters under litigation relating to positions adopted in the return of income filed by the Company in earlier years. Management assesses the need to recognize a provision for income-tax or disclose a contingency on a case-to-case basis, having regard to the underlying facts of each matter.</p> <p>Evaluation of the outcome of such litigation and whether the risk of loss is remote, possible or probable, requires significant judgment by Management. The range of outcomes can be wide, and Management's assessment could result in incorrect provisions in the books of account, or inappropriate disclosures in the Company's financial statements.</p> <p>The evaluation of Management's judgments, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of potential financial impact, has been a matter of significance in our audit of the Company's financial statements, and hence we consider this to be a key audit matter.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>• Obtained and read the Company's accounting policies in respect of income-taxes and related litigations, provisions and contingencies to assess compliance with accounting standards</li> <li>• Evaluated the design and tested the operating effectiveness of internal controls relating to the identification and evaluation of income-tax litigations and how this information is considered in Management's estimates of income-tax provisions and contingencies relating thereto.</li> <li>• Obtained a list of litigations from the Company. We identified material litigations from the list and performed inquiries on Management's evaluation thereof including recalculating tax impact and accruals.</li> <li>• Obtained and read opinions sought by the Management from experts, in respect of income-tax positions adopted by the Company.</li> <li>• Involved our tax specialists to assess the reasonableness or appropriateness of positions adopted by Management in estimating the Company's income-tax liabilities and in respect of litigations on income-tax matters, on the merits of the matters.</li> <li>• Assessed in accordance with accounting standards, the provisions in respect of taxes on income and assessed disclosures relating thereto, including those for contingencies.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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.

### Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of

the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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 system 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 made by management.
- Conclude on the appropriateness of management's use of the 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 up to 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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 Ind AS financial statements for the financial year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended December 31, 2019 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 44 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Vinayak Pujare**

Partner

Membership Number: 101143

UDIN: 20101143AAAAAO1074

Place of Signature: Mumbai

Date: February 17, 2020

## Annexure to the Auditor's Report

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

Re: Huhtamaki PPL Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, 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 and hence not commented upon.

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) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Plastic & Polymers, Base Metals, Paper & Other Machinery, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues of income-tax, service tax, duty of custom, duty of excise and Entry tax on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Period to which the amount relates (FY)	Forum where dispute is pending	Amount (₹ in Lakhs)
Income Tax Act, 1961	Income Tax	2001-2002, 2011-2012	ITAT	198.08
		2007-2008	High Court	18.56
Finance Act 1994 - Service Tax	Service Tax	2009-2018	Customs Excise and Service Tax Appellate Tribunal	453.66
		2013-2016, 2016-2018	Commissioner (Appeals)	28.47
		2004-2010, 2012-2016, 2016-2017	Commissioner	27.72
		2008-2015	Range Superintendent	1.48
Central Excise Act, 1944	Excise Duty	2007-2014	Customs Excise and Service Tax Appellate Tribunal	516.21
		2001-2006	High Court	1.57
		1997-1999, 2014-2018	Commissioner (Appeals)	32.80
		2002-2008, 2010-2011, 2014-2018	Commissioner	490.07
		1997-1998, 2004-2005, 2009-2010, 2016-2017	Deputy Commissioner	3.61
		2009-2010	Joint Secretary	0.43

Name of Statute	Nature of Dues	Period to which the amount relates (FY)	Forum where dispute is pending	Amount (₹ in Lakhs)
Customs Act, 1962	Duty of Custom	2010-2011,	Customs Excise and Service Tax	6.31
		2012-2013	Appellate Tribunal	
		2004-2008	Commissioner	38.27
Telangana Tax on Entry of Goods Act, 2001	Entry Tax	2011-2018	Commissioner	91.40

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to information and explanations given by the management, the company has utilized the monies raised by way of term loans and debt instruments in the nature of Commercial papers for the purpose for which they were raised. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are
- in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

**per Vinayak Pujare**  
Partner  
Membership Number: 101143  
UDIN: 20101143AAAAAO1074  
Place of Signature: Mumbai  
Date: February 17, 2020

## Annexure to the Auditor's Report

### Annexure 2 to the Independent Auditor's Report of even date on the IND AS Financial Statements of Huhtamaki PPL Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Huhtamaki PPL Limited ("the Company") as of December 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

#### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at December 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Vinayak Pujare**

Partner

Membership Number: 101143

UDIN: 20101143AAAAAO1074

Place of Signature: Mumbai

Date: February 17, 2020

**Balance Sheet** as at December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Notes	As at December 31, 2019	As at December 31, 2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	41,383.79	44,563.86
Capital work-in-progress	4	828.44	445.20
Goodwill	5	5,640.03	5,640.03
Other Intangible Assets	5	1,620.86	1,567.67
<b>Financial assets</b>			
- Investments	6	0.03	0.03
- Loans	7	1,013.42	917.51
- Other Financial Assets	8	29.78	28.31
Deferred Tax Assets (net)	9	623.79	491.02
Non-Current Tax Assets (net)	10	3,705.33	503.50
Other Non-Current Assets	11	2,308.22	2,088.59
		<b>57,153.69</b>	<b>56,245.72</b>
<b>Current Assets</b>			
Inventories	12	18,185.54	21,222.71
<b>Financial assets</b>			
- Investments	13	6,081.28	2,112.18
- Trade Receivables	14	61,846.58	57,019.23
- Cash and Cash Equivalents	15	4,447.96	4,763.89
- Bank balances other than Cash and cash equivalents	16	13.19	12.46
- Loans	17	173.19	181.90
- Other Financial Assets	18	90.93	366.90
Other Current Assets	19	3,416.39	3,170.62
		<b>94,255.06</b>	<b>88,849.89</b>
<b>Total Assets</b>		<b>1,51,408.75</b>	<b>1,45,095.61</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	20	1,510.53	1,510.53
Other Equity	21	68,224.55	54,137.26
<b>Total Equity</b>		<b>69,735.08</b>	<b>55,647.79</b>
<b>Non-Current Liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	23	10,175.96	39,036.68
- Other Financial Liabilities	24	121.54	79.46
Provisions	25	915.10	335.38
Other Non-Current Liabilities	26	779.39	1,110.63
		<b>11,991.99</b>	<b>40,562.15</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	27	16,708.08	915.27
- Trade Payables	28	42,954.80	36,173.13
- Other Financial Liabilities	29	4,396.86	6,156.43
Other Current Liabilities	30	2,476.77	1,821.73
Provisions	31	1,986.67	2,093.00
Current Tax Liabilities (net)	32	1,158.50	1,726.11
		<b>69,681.68</b>	<b>48,885.67</b>
<b>Total Equity and Liabilities</b>		<b>1,51,408.75</b>	<b>1,45,095.61</b>

Significant Accounting Policies

3

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors

**Murali Sivaraman**

Chairman

DIN: 01461231

**Dr. Arup Basu**

Executive Director

DIN: 02325890

**per Vinayak Pujare**

Partner

Membership No. 101143

**Ranjeev Lodha**

Executive Director &amp; Chief Financial Officer

DIN: 07478890

**D. V. Iyer**

Company Secretary

Membership No. 13004

Place of Signature: Mumbai

Date: February 17, 2020

Place of Signature: Mumbai

Date: February 17, 2020



**Statement of Profit and Loss** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from Operations	33	2,58,237.00	2,36,907.17
Other Income	34	1,674.21	1,666.74
<b>Total Income</b>		<b>2,59,911.21</b>	<b>2,38,573.91</b>
<b>Expenses</b>			
Cost of Materials consumed	35	1,71,001.71	1,61,933.60
Changes in Inventories of Finished Goods and Work-in-Process	36	183.98	(1,164.08)
Employee benefits expense	37	25,173.54	23,517.11
Finance costs	38	2,113.39	3,914.82
Depreciation and amortisation expenses	39	8,692.63	8,536.30
Other expenses	40	32,588.45	30,478.69
<b>Total Expenses</b>		<b>2,39,753.70</b>	<b>2,27,216.44</b>
<b>Profit before tax</b>		<b>20,157.51</b>	<b>11,357.47</b>
<b>Tax expenses</b>			
Current tax		6,451.67	5,809.00
Adjustment of Tax relating to earlier periods (Current Tax) (Refer Note 41)		(3,198.76)	2,107.49
Deferred Tax		(99.34)	(47.51)
<b>Profit for the year</b>		<b>17,003.94</b>	<b>3,488.49</b>
<b>Other Comprehensive Income/(Losses)</b>			
Items that will not be reclassified to statement of profit or loss in subsequent periods			
Re-measurement gains/(losses) on defined benefit plans		(132.82)	(51.71)
Income tax effect		33.43	18.07
<b>Other Comprehensive Income/(Losses) for the year, net of tax</b>		<b>(99.39)</b>	<b>(33.64)</b>
<b>Total Comprehensive Income for the period</b>		<b>16,904.55</b>	<b>3,454.85</b>
<b>Earnings per equity share</b>	43		
Basic and Diluted (Face value of ₹ 2 each)		22.52	4.62

Significant Accounting Policies 3

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

For and on behalf of the Board of Directors

**Murali Sivaraman**Chairman  
DIN: 01461231**Dr. Arup Basu**Executive Director  
DIN: 02325890**per Vinayak Pujare**Partner  
Membership No.101143**Ranjeev Lodha**Executive Director & Chief Financial Officer  
DIN: 07478890**D. V. Iyer**Company Secretary  
Membership No. 13004Place of Signature: Mumbai  
Date: February 17, 2020Place of Signature: Mumbai  
Date: February 17, 2020

## Statement of Changes in Equity for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### a) Equity Share Capital:

Equity shares of ₹ 2 each Issued, subscribed and fully paid	In Nos.	₹ in Lakhs
At December 31, 2018 (includes amount received on forfeited shares ₹ 0.09 lakhs)	7,55,21,934	1,510.53
Changes in equity share capital during the year 2019	-	-
<b>At December 31, 2019</b>	<b>7,55,21,934</b>	<b>1,510.53</b>

### b) Other Equity:

For the year ended December 31, 2019

	Share Options Outstanding Account	Reserves and Surplus			Items of Other Comprehensive Income	Total Other Equity
		Debentures Redemption Reserve	General Reserve	Retained Earnings		
<b>As at December 31, 2018</b>	709.40	7,700.00	7,844.45	37,897.45	(14.04)	54,137.26
Profit for the Year	-	-	-	17,003.94	-	17,003.94
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	(99.39)	(99.39)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>17,003.94</b>	<b>(99.39)</b>	<b>16,904.55</b>
Dividend on Equity Shares for the year (Refer Note 22)	-	-	-	(2,265.66)	-	(2,265.66)
Dividend distribution tax (Refer Note 22)	-	-	-	(465.71)	-	(465.71)
Transfer to General Reserve	-	(7,700.00)	7,700.00	-	-	-
Recognition of share-based payments (Refer Note 46)	(85.89)	-	-	-	-	(85.89)
<b>As at December 31, 2019</b>	<b>623.51</b>	-	<b>15,544.45</b>	<b>52,170.02</b>	<b>(113.43)</b>	<b>68,224.55</b>

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

#### For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors

#### Murali Sivaraman

Chairman

DIN: 01461231

#### Dr. Arup Basu

Executive Director

DIN: 02325890

#### per Vinayak Pujare

Partner

Membership No.101143

#### Ranjeev Lodha

Executive Director & Chief Financial Officer

DIN: 07478890

#### D. V. Iyer

Company Secretary

Membership No. 13004

Place of Signature: Mumbai

Date: February 17, 2020

Place of Signature: Mumbai

Date: February 17, 2020

**Cash Flow Statement** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	December 31, 2019	December 31, 2018
<b>A. Cash Flow from Operating activities</b>		
Net Profit before Tax	20,157.51	11,357.47
<b>Adjustments for</b>		
Depreciation and Amortisation	8,692.63	8,536.30
Unrealised Foreign Exchange Loss/(Gain) (Net)	(117.19)	(38.07)
Interest Income	(105.04)	(133.91)
Dividend Income	-	(98.25)
Finance Cost	2,095.76	3,882.68
Unwinding of Discount on Liabilities	15.40	14.19
Net Interest on net defined benefit liability	2.23	17.95
Provision for Doubtful Debts made/(Written back)	(9.42)	937.58
Bad debts written off	105.73	-
(Profit)/Loss on of Current Investments (Net)	(650.80)	(503.22)
Fixed Assets Written Off	23.09	16.58
Mark-to-market (gain)/loss on derivative financial instruments	(32.24)	(111.02)
Group Stock Option Arrangement	(85.89)	17.71
Stock Appreciation Right Scheme	-	14.46
(Profit)/Loss on Sale of Fixed Assets (Net)	(563.74)	(429.83)
<b>Cash Generated from Operations before working capital changes</b>	<b>29,528.03</b>	<b>23,480.62</b>
<b>Working capital adjustments</b>		
<b>Adjustments for</b>		
(Increase)/Decrease in Trade Receivables	(4,717.70)	(3,481.80)
(Increase)/Decrease in Inventories	3,037.17	(1,728.54)
(Increase)/Decrease in Non-current and current financial assets	212.81	(339.60)
(Increase)/Decrease in Non-current and current assets	(3.70)	897.27
Increase/(Decrease) in Trade Payables	6,705.08	(2,244.02)
Increase/(Decrease) in Other Non-current and current financial liabilities	(950.20)	30.59
Increase/(Decrease) in Other Non-current and current liabilities	323.80	684.71
Increase/(Decrease) in Non-current and current provisions	338.34	122.22
<b>Cash Generated from Operations</b>	<b>34,473.63</b>	<b>17,421.45</b>
Taxes paid (net of refunds)	(6,021.94)	(7,304.68)
<b>Net Cash Flow from operating activities</b>	<b>28,451.69</b>	<b>10,116.77</b>
<b>Net Cash (used in)/generated from operating activities - A</b>	<b>28,451.69</b>	<b>10,116.77</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment	(6,756.81)	(6,713.68)
Proceeds from Sale of property, plant and equipment	1,210.41	458.22
Payment for acquisition of business	-	(9,078.46)
Purchase of Current Investments	(67,503.09)	(32,260.55)
Sale of Current Investments	64,184.79	44,401.38
(Investment)/Proceeds in/from deposits with Bank	(2.20)	2.14
Dividend Received	-	98.25
Interest Received	113.24	130.64
<b>Net cash flows from/(used in) Investing activities - B</b>	<b>(8,753.66)</b>	<b>(2,962.05)</b>

## Cash Flow Statement for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	December 31, 2019	December 31, 2018
<b>C. Cash Flow from Financing activities</b>		
Interest paid	(4,217.79)	(3,835.01)
Repayment of sales tax deferral loan	(359.30)	(351.84)
Repayment of Long-term borrowings	(38,500.00)	(854.39)
Proceeds of Long-term borrowings	10,000.00	-
Proceeds/(Repayment) of Short-term borrowings (net)	15,792.80	915.27
Dividends paid (including dividend tax thereon)	(2,729.67)	(2,719.11)
<b>Net Cash flow from/(used in) financing activities - C</b>	<b>(20,013.96)</b>	<b>(6,845.08)</b>
<b>Net increase/(decrease) in cash and cash equivalents - (A+B+C)</b>	<b>(315.93)</b>	<b>309.64</b>
Cash and cash equivalents at the beginning of the year	4,763.89	4,436.36
Cash taken over on acquisition of business	-	17.89
<b>Cash and cash equivalents at the end of the year</b>	<b>4,447.96</b>	<b>4,763.89</b>

**Notes:****1. Cash and cash equivalents comprises of**

Particulars	December 31, 2019	December 31, 2018
Balances with Banks		
On Current Accounts	648.08	582.59
On Unpaid Dividend Accounts	85.70	84.00
Deposits with original maturity of less than three months	3,699.65	4,082.25
Cash on Hand	14.53	15.05
<b>Cash and cash equivalents (Refer Note 15)</b>	<b>4,447.96</b>	<b>4,763.89</b>

**2. Changes in financial liability arising from financing activities**

Particulars	December 31, 2019	December 31, 2018
<b>Opening balance</b>	<b>40,311.25</b>	<b>40,573.81</b>
Changes from financing cash flows	(13,066.50)	(290.96)
Other changes	15.40	28.40
<b>Closing balance</b>	<b>27,260.15</b>	<b>40,311.25</b>

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors

**Murali Sivaraman**Chairman  
DIN: 01461231**Dr. Arup Basu**Executive Director  
DIN: 02325890**per Vinayak Pujare**

Partner

Membership No. 101143

**Ranjeev Lodha**Executive Director & Chief Financial Officer  
DIN: 07478890**D. V. Iyer**Company Secretary  
Membership No. 13004

Place of Signature: Mumbai

Date: February 17, 2020

Place of Signature: Mumbai

Date: February 17, 2020

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### 1. Corporate information

Huhtamaki PPL Limited ('the Company') is a public limited Company domiciled in India with its registered office located at 12A-06 B-Wing, 13th Floor, Parinee Crescenzo, C-38/39, G-Block, Bandra-Kurla Complex, Bandra (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 manufacture and sale of packaging material.

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

#### A. Basis of Preparation

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

The financial statements are presented in Indian Rupees ("INR") which is also the Company's functional currency. All the amounts are rounded to the nearest lakhs, 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 and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements for the year ended December 31, 2019 were approved by the Board of Directors and authorised for issue on February 17, 2020.

#### B. Basis of Measurement

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

#### C. Key Accounting Estimates and Judgements

The preparation of financial statements requires management to make Judgments, 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 judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments 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 useful lives for property, plant and equipment and intangible assets – Refer accounting policy on Depreciation below
- Measurement of Share Based Payments – Refer Note 46
- Measurement of Fair values – Refer Note 49

#### D. Recent Accounting Developments

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 30, 2019. The rules shall be effective from reporting periods beginning on or after April 1, 2019. The Company intends to adopt below amendments from the date when it become effective i.e. January 1, 2020. Amendments to Ind AS as per these rules are mentioned below:

##### Ind AS 116 – Leases

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1 2019, accordingly it will be applicable to the Company from January 1, 2020. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires the lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under existing Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, the lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Lessee will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.



## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### Other Amendments

The MCA has notified below amendments which are effective April 1, 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs

Based on Preliminary work, the Company does not expect these amendments to have any significant impact on its Financial statements.

### 3. Significant accounting policies

#### a) Property, plant and equipment

- All items of property, plant and equipment are stated at historical cost less accumulated depreciation & impairment losses, if any. Cost of property, plant and equipments comprises of purchase price, non-refundable taxes and duties and any directly attributable cost of bringing each asset to its working condition for the intended use. Financing costs relating to borrowed funds attributable to the acquisition of qualifying property, plant and equipments i.e. asset that necessarily takes a substantial period of time to get ready for its intended use or sale, upto the completion of construction or acquisition of such property, plant and equipments are included in the gross book value of the asset.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that incremental future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
- Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

- Capital work-in-progress includes the cost of property, plant and equipment that are not ready to use at the balance sheet date.

#### b) Intangibles

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

#### c) Depreciation and amortisation :

##### Property, plant and equipments

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

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

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

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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

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

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

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

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

**Intangible Assets**

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

**d) Financial instruments****Financial assets**

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

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

**Subsequent measurement**

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

- Financial asset at amortised cost
- Financial asset 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 profit or loss. This category generally applies to trade and other receivables.

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

**De-recognition**

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

**Impairment of financial assets**

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

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has

## Notes to the Financial Statements for the year ended December 31, 2019

not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall. The impairment losses and reversals are recognised in Statement of Profit and Loss.

### Financial liabilities

#### Initial recognition and measurement

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

#### Subsequent measurement

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

#### Loans and Borrowings

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

#### Derecognition

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

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

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

(All amounts ₹ in Lakhs, unless otherwise stated)

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.

### 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:

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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

### i) Revenue Recognition

Ind AS 115 "Revenue from Contracts with Customers" is mandatory for reporting periods beginning on or after April 1, 2018 and has replaced existing Ind AS related thereto. The Company has adopted the modified retrospective approach under the standard. Under this approach, no adjustments were required to be made to the retained earnings as at January 1, 2019. Also the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results for the year December 31, 2019.

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 contracts

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognise revenue when the 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 and volume rebates.

As part of the adoption of the new standard, contract liabilities are new additions to the Balance Sheet disclosure. 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.

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

### 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.

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### b) Defined Benefit Plans:

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

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

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

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

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

### c) Other Long-term Employment Benefits :

Compensated absences which are not expected to occur within 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. 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 as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

### k) Taxation

#### Current income tax

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

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

#### Deferred tax

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

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

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

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

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

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



## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### l) Leases

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

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

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

### m) Impairment of non-financial assets

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

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

### n) Government Grants and Subsidies

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

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

### o) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,

it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

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

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

### p) Share-based payments

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

#### Equity Settled Transactions

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

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

#### 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.

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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

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

### r) Earnings Per Share (EPS)

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

### s) Cash and Cash Equivalents

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

### t) Business Combinations

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

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

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

## Note 4: Property, Plant and Equipment

## A. Property, Plant and Equipment

Particulars	Freehold land	Leasehold land	Leasehold Improvement	Buildings	Plant & Machinery	Computers	Vehicles	Furniture & fixtures	Office equipments	Total
<b>Gross Block</b>										
<b>At December 31, 2017</b>	<b>690.00</b>	<b>2,268.55</b>	<b>1.19</b>	<b>10,742.96</b>	<b>43,261.76</b>	<b>789.60</b>	<b>178.61</b>	<b>1,201.31</b>	<b>507.65</b>	<b>59,641.63</b>
On account of Business Acquisition	140.00	193.00	-	641.00	2,413.02	5.99	31.69	37.51	8.06	3,470.27
Additions	-	-	5.89	36.77	6,219.47	369.87	-	130.34	54.81	6,817.15
Disposals	-	-	-	10.68	214.98	17.64	3.66	18.15	5.88	270.99
<b>At December 31, 2018</b>	<b>830.00</b>	<b>2,461.55</b>	<b>7.08</b>	<b>11,410.05</b>	<b>51,679.27</b>	<b>1,147.82</b>	<b>206.64</b>	<b>1,351.01</b>	<b>564.64</b>	<b>69,658.06</b>
Additions	-	-	-	177.07	5,360.71	159.75	-	41.41	58.66	5,797.60
Disposals	-	23.95	-	310.37	1,990.07	62.73	76.23	39.71	6.46	2,509.52
<b>At December 31, 2019</b>	<b>830.00</b>	<b>2,437.60</b>	<b>7.08</b>	<b>11,276.75</b>	<b>55,049.91</b>	<b>1,244.84</b>	<b>130.41</b>	<b>1,352.71</b>	<b>616.84</b>	<b>72,946.14</b>
<b>Accumulated depreciation</b>										
<b>At December 31, 2017</b>	<b>-</b>	<b>119.72</b>	<b>0.94</b>	<b>2,254.97</b>	<b>13,540.67</b>	<b>437.92</b>	<b>82.31</b>	<b>312.62</b>	<b>251.46</b>	<b>17,000.61</b>
Additions	-	8.85	4.81	970.15	6,766.82	219.67	45.67	183.25	120.40	8,319.62
Disposals	-	-	-	1.13	194.27	11.92	1.48	14.73	2.50	226.03
<b>At December 31, 2018</b>	<b>-</b>	<b>128.57</b>	<b>5.75</b>	<b>3,223.99</b>	<b>20,113.22</b>	<b>645.67</b>	<b>126.50</b>	<b>481.14</b>	<b>369.36</b>	<b>25,094.20</b>
Additions	-	14.18	1.18	875.76	6,899.41	234.75	32.35	146.11	104.21	8,307.95
Disposals	-	3.65	-	226.44	1,472.28	54.32	52.24	24.90	5.97	1,839.80
<b>At December 31, 2019</b>	<b>-</b>	<b>139.10</b>	<b>6.93</b>	<b>3,873.31</b>	<b>25,540.35</b>	<b>826.10</b>	<b>106.61</b>	<b>602.35</b>	<b>467.60</b>	<b>31,562.35</b>
<b>Net Book Value</b>										
<b>At December 31, 2019</b>	<b>830.00</b>	<b>2,298.50</b>	<b>0.15</b>	<b>7,403.44</b>	<b>29,509.56</b>	<b>418.74</b>	<b>23.80</b>	<b>750.36</b>	<b>149.24</b>	<b>41,383.79</b>
At December 31, 2018	830.00	2,332.98	1.33	8,186.06	31,566.05	502.15	80.14	869.87	195.28	44,563.86

## B. Capital Work-in-Progress

Capital work-in-progress as at December 31, 2019 is ₹ 828.44 lakhs (December 31, 2018: ₹ 445.20 lakhs)

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

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### Note 5: Intangible assets

Particulars	Goodwill	Other Intangible assets				Total
		Non-Compete Fees	Computer-Software	Club Membership	Customer List	
<b>Gross Block</b>						
At December 31, 2017	968.80	151.08	689.73	26.01	-	866.82
On account of Business Acquisition	4,671.23	359.30	0.83	-	1,168.10	1,528.23
Additions	-	-	138.50	-	-	138.50
Disposals	-	-	0.25	-	-	0.25
At December 31, 2018	5,640.03	510.38	828.81	26.01	1,168.10	2,533.30
Additions	-	-	437.87	-	-	437.87
Disposals	-	-	-	-	-	-
At December 31, 2019	5,640.03	510.38	1,266.68	26.01	1,168.10	2,971.17
<b>Accumulated Amortisation</b>						
At December 31, 2017	-	151.08	587.08	11.02	-	749.18
Additions	-	42.13	71.20	5.51	97.84	216.68
Disposals	-	-	0.23	-	-	0.23
At December 31, 2018	-	193.21	658.05	16.53	97.84	965.63
Additions	-	71.86	140.44	5.51	166.87	384.68
Disposals	-	-	-	-	-	-
At December 31, 2019	-	265.07	798.49	22.04	264.71	1,350.31
<b>Net Book Value</b>						
At December 31, 2019	5,640.03	245.31	468.19	3.97	903.39	1,620.86
At December 31, 2018	5,640.03	317.17	170.76	9.48	1,070.26	1,567.67

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

Goodwill has been tested for impairment and accordingly no impairment charges were identified for the year 2019 and 2018. 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 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 cashflows. The growth rates used to estimate future performance are based on the past performance and current developments. 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, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**Note 6: Financial Assets – Non-Current Investments**

Particulars	December 31, 2019	December 31, 2018
<b>Investments at fair value through Profit &amp; Loss (fully paid)</b>		
<b>Unquoted Equity Shares</b>		
100 Equity shares (December 31, 2018 : 100) of ₹ 25 each fully paid-up in Shamrao Vithal Co-operative Bank Ltd.	0.03	0.03
	<b>0.03</b>	<b>0.03</b>

**Note 7: Financial Assets – Long-Term Loans**

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Security Deposit	980.37	903.27
Loans and Advances to employees	33.05	14.24
	<b>1,013.42</b>	<b>917.51</b>

Refer Note 50 for information about credit risk and market risk for loans

**Note 8: Other Long-Term Financial Assets**

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Margin Money deposit	28.65	26.93
Non-Current bank balances being Deposits with original maturity of more than 12 months	1.13	1.38
	<b>29.78</b>	<b>28.31</b>

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

Refer Note 50 for information about credit risk and market risk for Other Financial Assets.

**Note 9: Income Taxes****A. Components of Income Tax Expense**

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
<b>I. Tax Expense recognised in the Statement of Profit and Loss</b>		
<b>Current Tax</b>		
- Current Year	6,451.67	5,809.00
- Adjustments/(credits) related to previous years - (net)	(3,198.76)	2,107.49
<b>Total (A)</b>	<b>3,252.91</b>	<b>7,916.49</b>
<b>Deferred Tax charge/(credit)</b>		
- Origination and reversal of temporary differences (B)	(99.34)	(47.51)
<b>Total (A+B)</b>	<b>3,153.57</b>	<b>7,868.98</b>
<b>II. Tax on Other Comprehensive Income</b>		
<b>Deferred Tax</b>		
Re-measurement (gains)/losses on defined benefit plans	(33.43)	(18.07)



## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, 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, 2019	Year ended December 31, 2018
<b>Statutory Income Tax Rate</b>	<b>25.17%</b>	<b>34.94%</b>
Differences due to:		
- (Income)/Loss from units under Tax holiday period	0.13%	2.60%
- Income Exempt from Tax	0.00%	(0.30%)
- Income Tax Incentives (R & D)	(0.01%)	(0.33%)
- Prior year tax adjustment	(15.97%)	18.64%
- Interest on Income Tax	0.03%	3.17%
- Impact of change in tax rate	4.25%	0.00%
- Others (mainly includes expenses on account of permanent disallowance)	1.97%	10.71%
	<b>15.58%</b>	<b>69.44%</b>

### C. Movement in Deferred Tax Assets and Liabilities

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

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 Ajanta Acquisition	As at December 31, 2019
<b>Deferred tax assets/(liabilities)</b>					
Expenses allowable for tax purposes when paid	299.74	(80.11)	-	-	219.63
Provision for doubtful debts	418.12	(117.81)	-	-	300.31
Provision for retirement benefits	558.62	(146.03)	33.43	-	446.02
Depreciation	102.89	229.99	-	-	332.88
Liability in respect of losses pertaining to tax holiday units	(888.35)	213.30	-	-	(675.05)
<b>Total</b>	<b>491.02</b>	<b>99.34</b>	<b>33.43</b>	<b>-</b>	<b>623.79</b>

### Note 10: Non-Current Tax Assets (Net)

Particulars	December 31, 2019	December 31, 2018
Non-Current Tax Assets (net)	3,705.33	503.50
	<b>3,705.33</b>	<b>503.50</b>

### Note 11: Other Non-Current Assets

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>Prepaid Expenses</b>	<b>724.41</b>	<b>734.49</b>
Balances with Customs, Excise, Sales Tax and GST Authorities etc	467.83	685.00
Capital Advances	1,096.64	634.94
Others	19.34	34.16
	<b>2,308.22</b>	<b>2,088.59</b>

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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

Particulars	December 31, 2019	December 31, 2018
Raw Materials and Components (Refer Note a)	9,230.17	12,053.84
Work-in-Process	2,997.19	3,907.37
Finished Goods	2,701.79	1,975.59
Stores & Spares	1,827.71	1,949.77
Loose Tools	1,428.68	1,336.14
	<b>18,185.54</b>	<b>21,222.71</b>

- a) Raw Materials as at December 31, 2019 include goods in transit of ₹ 315.47 lakhs (December 31, 2018: ₹ 1,518.63 lakhs).
- b) Amount of write down of inventories to net realisable value and other provisions recognised in statement of profit and loss as an expense/(reversal of provisions) is ₹ 406.67 lakhs (December 31, 2018: ₹ 253.87 lakhs).

**Note 13: Current Investments**

Particulars	December 31, 2019	December 31, 2018
<b>At fair value through Profit &amp; Loss</b>		
Investment in Mutual Funds (Quoted)	6,081.28	2,112.18
<b>Aggregate book value and market value of quoted investments</b>	<b>6,081.28</b>	<b>2,112.18</b>

Refer Note 49 for fair value measurement and Note 50 for credit risk and market risk of investments.

**Note 14: Trade Receivables**

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Considered Good	61,846.58	57,019.23
Considered Credit impaired	1,187.68	1,196.56
Less: Allowance for Credit impaired receivables	1,187.68	1,196.56
	<b>61,846.58</b>	<b>57,019.23</b>

Balance outstanding from related parties as at December 31, 2019 is ₹ 5,239.03 lakhs (December 31, 2018: ₹ 2,178.81 lakhs). Refer Note 47 for details.

Refer Note 50 for information about credit risk and market risk of trade receivables.

**Note 15: Cash and Cash equivalents**

Particulars	December 31, 2019	December 31, 2018
Balances with Banks		
On Current Accounts	648.08	582.59
On Unpaid Dividend Accounts (Refer Note below)	85.70	84.00
Deposits with original maturity of less than three months	3,699.65	4,082.25
Cash on Hand	14.53	15.05
	<b>4,447.96</b>	<b>4,763.89</b>

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, 2019	December 31, 2018
Deposits with original maturity of more than 3 months but less than 12 months	13.19	8.56
Deposit with original maturity of more than 12 months	-	3.90
	<b>13.19</b>	<b>12.46</b>

**Note 17: Current Assets - Loans**

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Security Deposit	27.00	37.44
Loans and Advances to employees	146.19	144.46
	<b>173.19</b>	<b>181.90</b>

Refer Note 50 for information about credit risk and market risk for loans.

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### Note 18: Other Current Financial Assets

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Claims Recoverable	44.41	114.49
Interest Receivable	14.29	22.49
Gratuity Recoverable	-	229.92
Derivatives at fair value through Profit & Loss	32.23	-
	<b>90.93</b>	<b>366.90</b>

Refer Note 49 for fair value measurement and Note 50 for credit risk and market risk of Other Current Financial Assets.

### Note 19: Other Current Assets

Particulars	December 31, 2019	December 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
Prepaid Expenses	458.65	472.28
Balances with Customs, Excise, Sales Tax and GST Authorities etc.	664.09	657.49
Export Benefit Receivables	2,007.24	1,769.61
Advances Recoverable in Kind	284.76	269.59
Others	1.65	1.65
	<b>3,416.39</b>	<b>3,170.62</b>

### Note 20: Share Capital

#### a) Authorised Share Capital

Particulars	Equity shares of ₹ 2 each		Preference shares of ₹100 each		Unclassified shares of ₹ 100 each	
	Numbers	₹ in Lakhs	Numbers	₹ in Lakhs	Numbers	₹ in Lakhs
<b>At December 31, 2018</b>	40,40,00,000	8,080	29,00,000	2,900	3,00,000	300
Increase/(decrease) during the year	-	-	-	-	-	-
<b>At December 31, 2019</b>	<b>40,40,00,000</b>	<b>8,080</b>	<b>29,00,000</b>	<b>2,900</b>	<b>3,00,000</b>	<b>300</b>

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

	Numbers	₹ in Lakhs
<b>At December 31, 2018 (includes amount received on Forfeited Shares ₹ 0.09 lakhs)</b>	<b>7,55,21,934</b>	<b>1,510.53</b>
Changes during the year	-	-
<b>At December 31, 2019</b>	<b>7,55,21,934</b>	<b>1,510.53</b>

#### c) Terms/ rights attached to equity shares:

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

#### d) 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, 2019	December 31, 2018
5,05,53,997 shares (December 31, 2018: 5,05,53,997) held by Huhtavefa B.V., Netherlands, the Holding Company	1,011.08	1,011.08

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

Particulars	December 31, 2019	December 31, 2018
Huhtavefa B.V., Netherlands, the Holding Company – No. of Shares	5,05,53,997	5,05,53,997
Huhtavefa B.V., Netherlands, the Holding Company – % holding	66.94%	66.94%

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.

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**Note 21: Other Equity**

Particulars	December 31, 2019	December 31, 2018
Share Options Outstanding Account	623.51	709.40
Debenture Redemption Reserve	-	7,700.00
General Reserve	15,544.45	7,844.45
Retained Earnings	52,170.02	37,897.45
Other Comprehensive Income	(113.43)	(14.04)
	<b>68,224.55</b>	<b>54,137.26</b>

**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. Debenture Redemption Reserve (DRR)**

During the current year, the Company has repaid the entire balance of redeemable non-convertible debentures. Accordingly, balance lying in DRR has been transferred to General Reserve.

**iii. General Reserve**

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

**iv. Retained Earnings**

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

**Note 22: Distribution made and proposed**

Particulars	December 31, 2019	December 31, 2018
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on December 31, 2018: ₹ 3.00 per share (December 31, 2017: ₹ 3.00 per share)	2,265.66	2,265.66
Dividend Distribution Tax on final dividend	465.71	465.71
	<b>2,731.37</b>	<b>2,731.37</b>
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on December 31, 2019: ₹ 5.00* per share (December 31, 2018: ₹ 3.00 per share)	3,776.10	2,265.66
Dividend Distribution Tax on proposed dividend	-	465.71
	<b>3,776.10</b>	<b>2,731.37</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at December 31, 2019.

**Note 23: Borrowings (unsecured)**

Particulars	Non-Current		Current	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interest bearing loans and borrowings at amortised cost				
i. Non-Convertible Debentures				
3,850 (Previous Year: 3,850) 7% Unsecured Non-Convertible Debentures of ₹ 10 lakhs each (Refer Note a)	-	38,484.60	-	-
ii. Deferred Sales Tax Loan				
Telangana (Refer Note b)	175.96	552.08	376.11	359.30
iii. Term Loan (Refer Note c)	10,000.00	-	-	-
<b>Total Borrowings</b>	<b>10,175.96</b>	<b>39,036.68</b>	<b>376.11</b>	<b>359.30</b>
Less: Amount classified under Other Current Financial Liabilities (Refer Note 29)	-	-	(376.11)	(359.30)
<b>Total Non-Current Borrowings</b>	<b>10,175.96</b>	<b>39,036.68</b>	<b>-</b>	<b>-</b>

\*Considering the need to conserve its financial resources during the current economic slowdown consequent to the COVID 19 pandemic, the Board of Directors at their meeting held on 15th May, 2020 revised its previous recommendation of payment of final dividend of ₹ 5/- per equity share for the year ended December 31, 2019 to ₹ 3/- per share (December 31, 2018 - ₹ 3/- per share).

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

- a) Unsecured Debentures have been repaid in full on December 20, 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 avilment 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 Term Loan from Citibank which is secured by a Corporate Guarantee given by Huhtamaki Oyj. The loan, carrying an interest @ 7.2% p.a. is due for repayment on February 28, 2021.

### Note 24: Non-current – Other financial liabilities

Particulars	December 31, 2019	December 31, 2018
<b>At amortised cost</b>		
Employee Benefits Payable	121.54	74.46
Payable for Stock Appreciation Rights (Refer Note 46 (d))	-	5.00
	<b>121.54</b>	<b>79.46</b>

### Note 25: Long-term Provisions

Particulars	December 31, 2019	December 31, 2018
Provision for Employee Benefits	915.10	335.38
	<b>915.10</b>	<b>335.38</b>

### Note 26: Other Non-Current liabilities

Particulars	December 31, 2019	December 31, 2018
Deferred – Government Grants	779.39	1,110.63
	<b>779.39</b>	<b>1,110.63</b>

Deferred – Government Grants relates to accrual of custom duty availed on import of plant and equipment under EPCG scheme.

### Note 27: Borrowings – Current

#### At amortised cost

Particulars	December 31, 2019	December 31, 2018
<b>Secured loans</b>		
Overdraft Facilities	11.58	915.27
Supplier Finance	6,929.78	-
Commercial Paper	9,766.72	-
	<b>16,708.08</b>	<b>915.27</b>

Above borrowings raised by the Company are short-term in nature ranging between repayable on demand to six months.

Above borrowings carry interest rates ranging from 5% p.a to 9% p.a.

### Note 28: Trade Payables

Particulars	December 31, 2019	December 31, 2018
Total outstanding dues of Micro and Small Enterprises	1,766.38	520.85
Total outstanding dues of Others	41,188.42	35,652.28
	<b>42,954.80</b>	<b>36,173.13</b>

Balance outstanding to related parties as at December 31, 2019 is ₹ 1,078.76 lakhs ( December 31, 2018: ₹ 128.81). Refer Note 47 for details.

#### Dues to Micro and Small Enterprises (On the basis of the information and records available with the Management)

Particulars	December 31, 2019	December 31, 2018
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	1,766.38	520.85
- Interest amount	1.65	0.56
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.	58.96	-
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.	35.64	25.10
The amount of interest accrued and remaining unpaid at the end of each accounting year.	37.29	25.66
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.	66.91	88.58



**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**Note 29: Other Current Financial Liabilities**

Particulars	December 31, 2019	December 31, 2018
<b>At amortised cost</b>		
Employee Benefits Payable	2,382.35	3,185.20
Payable for Stock Appreciation Rights (Refer Note 46 (d))	-	23.32
Current Maturity of Long-Term Borrowings (Refer Note 23)	376.11	359.30
Interest accrued but not due	65.28	1,180.95
Interest accrued and due	41.46	47.40
Retention Money Payable (Refer Note a)	766.67	915.53
Creditors for Capital Goods	675.83	352.22
Unclaimed dividend*	85.70	84.00
Others	3.46	8.51
	<b>4,396.86</b>	<b>6,156.43</b>

a) Retention Money represents:-

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

- ₹ 98.27 lakhs, being money payable to Ajanta Packaging for purchase of business.

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

**Note 30: Other Current Liabilities**

Particulars	December 31, 2019	December 31, 2018
Advance from Customers	451.76	327.03
Employee Statutory Liabilities payable	194.35	188.60
Taxes payable	1,027.60	650.42
TDS payable	181.97	349.38
Deferred – Government Grants	621.09	306.30
	<b>2,476.77</b>	<b>1,821.73</b>

Deferred – Government Grants relates to accrual of custom duty availed on import of plant and equipment under EPCG scheme.

**Note 31: Short-Term Provisions**

Particulars	December 31, 2019	December 31, 2018
Provision for Employee Benefits	1,381.52	1,415.02
Provision for Litigations	605.15	677.98
	<b>1,986.67</b>	<b>2,093.00</b>

For movement in Provision for Litigation refer movement schedule below:

Particulars	
<b>At December 31, 2017</b>	<b>593.99</b>
Arising during the year	96.48
Unused amounts reversed/utilised during the year	(12.49)
<b>At December 31, 2018</b>	<b>677.98</b>
Arising during the year	197.86
Unused amounts reversed/utilised during the year	(270.69)
<b>At December 31, 2019</b>	<b>605.15</b>

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

**Note 32: Current Tax Liabilities (Net)**

Particulars	December 31, 2019	December 31, 2018
Current Tax Liabilities (net)	1,158.50	1,726.11
	<b>1,158.50</b>	<b>1,726.11</b>

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### Note 33 : Revenue from Operations

Particulars	December 31, 2019	December 31, 2018
Sale of Products	2,53,218.05	2,31,368.79
Rendering of Services	1,549.08	1,842.21
<b>Subtotal:</b>	<b>2,54,767.13</b>	<b>2,33,211.00</b>
<b>Other Operating Revenue</b>		
- Scrap Sales	2,561.23	2,688.72
- Compensation received for Loss of Profits	74.02	72.96
- Government Grant (Refer Note (a) below)	287.80	297.89
- Income from Manpower Services	546.82	636.60
	<b>2,58,237.00</b>	<b>2,36,907.17</b>

a) The Company has recognised a Government grant of ₹ 287.80 lakhs (December 31, 2018: ₹ 297.89 lakhs) relating to benefit received from Export Promotion Capital Goods (EPCG) Scheme.

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

Particulars	December 31, 2019	December 31, 2018
Revenue as per contracted price	2,56,614.23	2,35,122.88
Less: Price/ other adjustments such as discount, rebates and returns	1,847.10	1,911.88
<b>Total</b>	<b>2,54,767.13</b>	<b>2,33,211.00</b>

Contract liabilities as at December 31, 2019 is ₹ 451.76 lakhs (December 31, 2018: ₹ 327.03 lakhs)

Contract assets as at December 31, 2019 is ₹ 61,846.58 lakhs (December 31, 2018: ₹ 57,019.23 lakhs)

### Revenue from geographical segment

Particulars	December 31, 2019	December 31, 2018
India	1,95,223.39	1,82,351.16
Outside India	59,543.74	50,859.84
<b>Total</b>	<b>2,54,767.13</b>	<b>2,33,211.00</b>

### Note 34: Other Income

Particulars	December 31, 2019	December 31, 2018
<b>Interest Income on</b>		
- Bank Deposits	53.50	57.25
- Others	51.54	76.66
Dividend Income on Current Investments	-	98.25
Fair value gain on financial instruments at fair value through Profit or Loss (Refer Note a)	32.24	111.02
Net Gain on sale/fair value changes of Current Investments	650.80	503.22
Profit on Sale of Property, Plant and Equipment (Net)	563.74	429.83
Foreign Exchange Gain (Net)	53.82	246.01
Insurance claim received	195.15	-
Other Non Operating Income	73.42	144.50
	<b>1,674.21</b>	<b>1,666.74</b>

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

### Note 35: Cost of Materials Consumed

Particulars	December 31, 2019	December 31, 2018
Inventory at the beginning of the year	12,053.84	11,545.64
Add: Purchases during the year	1,68,178.04	1,62,441.80
Less: Inventory at the end of the year	(9,230.17)	(12,053.84)
	<b>1,71,001.71</b>	<b>1,61,933.60</b>

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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

Particulars	December 31, 2019	December 31, 2018
<b>Inventories at the end of the year</b>		
Work-in-Process	2,997.19	3,907.37
Finished Goods	2,701.79	1,975.59
	<b>5,698.98</b>	<b>5,882.96</b>
<b>Inventories at the beginning of the year</b>		
Work-in-Process	3,907.37	3,259.07
Finished Goods	1,975.59	1,459.81
	<b>5,882.96</b>	<b>4,718.88</b>
<b>Net Change in Inventories</b>	<b>183.98</b>	<b>(1,164.08)</b>

**Note 37: Employee benefits expenses**

Particulars	December 31, 2019	December 31, 2018
Salaries, Wages and Bonus	22,018.09	20,577.51
Contribution to provident and other funds	1,298.59	1,249.07
Stock Appreciation Right Scheme (Refer Note 46)	-	14.46
Staff welfare expense	1,942.75	1,658.36
Group Share Purchase Arrangement (Refer Note 46)	(85.89)	17.71
	<b>25,173.54</b>	<b>23,517.11</b>

**Note 38: Finance costs**

Particulars	December 31, 2019	December 31, 2018
<b>Interest</b>		
- To Banks	429.82	17.41
- To Others (Refer Note 41)	(940.46)	1,156.05
- On Debentures	2,606.40	2,709.22
Unwinding of Discount on Liabilities	15.40	14.19
Net Interest on net defined benefit liability (Refer Note 45)	2.23	17.95
	<b>2,113.39</b>	<b>3,914.82</b>

**Note 39: Depreciation and amortisation expense**

Particulars	December 31, 2019	December 31, 2018
Depreciation of Tangible assets (Refer Note 4)	8,307.95	8,319.62
Amortisation of Intangible assets (Refer Note 5)	384.68	216.68
	<b>8,692.63</b>	<b>8,536.30</b>

**Note 40: Other Expenses**

Particulars	December 31, 2019	December 31, 2018
Consumption of Stores and Consumables	2,390.30	2,672.61
Power and Fuel	8,592.80	8,527.23
Repairs to Building	350.28	351.72
Repairs to Machinery	2,990.02	2,259.63
Other Repairs	567.49	597.63
Sub-Contracting Expenses	1,603.17	1,734.41
Insurance	254.52	262.90
Rent	833.13	741.45
Rates and Taxes	448.55	690.47
Travelling and Conveyance	1,341.31	1,362.40
Legal and Professional Charges	1,308.07	1,245.32
Commission-Directors (Refer Note 47)	96.00	90.00
Communication Costs	296.01	289.85
Payment to Auditor (Refer Note a)	139.05	144.43
Donation	1.04	23.67
Printing and Stationery	191.10	191.37
Cost for Centralised Services (Refer Note 47)	858.78	-
Commission on Sales-Others	681.53	697.67
Freight and Forwarding Expenses	5,274.91	3,598.89

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	December 31, 2019	December 31, 2018
Corporate Social Responsibility Expenses (Refer Note b)	147.19	238.26
Fixed Assets Written Off	23.09	16.58
Bank Charges	144.31	156.86
Provision for Doubtful Debts	(9.42)	937.58
Bad debts written off	105.73	-
Miscellaneous Expenses	3,959.49	3,647.76
	<b>32,588.45</b>	<b>30,478.69</b>

### a) Payments to the auditor:

Particulars	December 31, 2019	December 31, 2018
<b>As auditor</b>		
Audit fee	136.46	136.34
Other Services	-	1.50
<b>In other capacity:</b>		
Certification Fees	-	-
<b>Reimbursement of Expenses</b>	<b>2.59</b>	<b>6.59</b>
	<b>139.05</b>	<b>144.43</b>

### b) Details of CSR expenditure:

The Company has incurred ₹ 147.19 lakhs (Previous Year: ₹ 238.26 lakhs) 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 ₹ 147.19 lakhs (Previous Year: ₹ 224.95 lakhs).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2019 is ₹ 246.57 lakhs (Previous Year: ₹ 213.49 lakhs) 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 previous year, basis a ruling of the Supreme Court on a similar issue concerning other assesseees, the Company had recognised a provision for income-tax of ₹ 2,107 lakhs and interest thereon ₹ 1,000 lakhs in respect of a disputed tax matter of earlier years. In this regard, based on the assessment being concluded during the 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 ₹ 2,107 lakhs and interest thereon of ₹ 1,000 lakhs included in 'Tax expense' and 'Finance Costs', respectively, in the year ended December 31, 2019.

### Note 42 : Research and Development Expenses

Particulars	December 31, 2019	December 31, 2018
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 *	100.11	112.45
<b>Total Research and Development Expenses</b>	<b>100.11</b>	<b>112.45</b>

\* Revenue Expenditure of ₹ 100.11 lakhs has been grouped under various expense heads of the Financial Statements.

### Note 43: Earnings Per Share (EPS)

Particulars	December 31, 2019	December 31, 2018
Profit after Tax	17,003.94	3,488.49
Weighted Average Number of Equity Shares	7,55,21,934	7,55,21,934
Basic and Diluted Earnings per Equity Share (in ₹)	22.52	4.62
Nominal Value of Share (in ₹)	2.00	2.00

### Note 44: Contingent Liabilities and Commitments

#### A. Contingent Liabilities

##### Claims against the Company not acknowledged as Debts

Particulars	December 31, 2019	December 31, 2018
<b>a) Excise Duty</b>		
Matters in Appeal - Duty	320.87	346.28
Matters in Appeal - Penalties	295.80	282.87
Show Cause Notices - Duty	470.23	33.40

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	December 31, 2019	December 31, 2018
<b>b) Service Tax</b>		
Matters in Appeal – Tax	412.21	403.51
Matters in Appeal – Penalties	109.60	55.29
Show Cause Notices – Duty	7.38	19.68
<b>c) Customs Duty</b>		
Matters in Appeal – Duty	38.12	38.65
<b>d) Income Tax Demands in Appeal</b>	295.99	809.45
<b>e) Sales Tax Demands in Appeal</b>	10.31	92.44
<b>f) Others</b>	117.68	118.66

**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. Operating Lease Commitments**

The Company has taken certain office premises, factory premises, warehouses and residential facilities under Operating Lease arrangements. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss. There are no restrictions imposed under the lease arrangements. The Company has not entered into sublease agreements.

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

Particulars	December 31, 2019	December 31, 2018
Not later than one year	421.45	460.16
Later than one year and not later than five years	1,056.19	1,032.96
Later than five years	514.55	590.96

**ii. Capital Commitments**

Particulars	December 31, 2019	December 31, 2018
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	2,027.07	1,882.60

**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. 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.



## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

### A. Balance Sheet

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

Particulars	December 31, 2019	December 31, 2018
Present Value of Obligation	3,104.91	2,832.28
Fair Value of Plan Assets	2,456.03	2,859.16
<b>(Asset)/Liability recognised in Balance Sheet</b>	<b>648.88</b>	<b>(26.88)</b>

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

Particulars	Gratuity		
	Plan Obligation	Plan Assets	Difference
<b>As at December 31, 2017</b>	<b>2,825.38</b>	<b>2,651.90</b>	<b>173.48</b>
Current service cost	216.78	-	216.78
Past service cost	-	-	-
Interest cost	220.90	-	220.90
Return on Plan Assets	-	202.95	(202.95)
On account of Acquisition of business of Ajanta Packaging	45.95	45.99	(0.04)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(1.95)	19.45	17.50
Actuarial (gain)/loss arising from experience adjustments	34.22	-	34.22
Employer contributions	-	483.39	(483.39)
Benefits Paid	(509.00)	(505.62)	(3.38)
<b>As at December 31, 2018</b>	<b>2,832.28</b>	<b>2,859.16</b>	<b>(26.88)</b>
Current service cost	218.56	-	218.56
Past service cost	-	-	-
Interest cost	219.79	-	219.79
Return on Plan Assets	-	217.56	(217.56)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	112.22	38.02	74.20
Actuarial (gain)/loss arising from experience adjustments	58.62	-	58.62
Employer contributions	-	(326.29)	326.29
Benefits Paid	(336.56)	(332.42)	(4.14)
<b>As at December 31, 2019</b>	<b>3,104.91</b>	<b>2,456.03</b>	<b>648.88</b>

### C. Statement of Profit and Loss

Particulars	Gratuity	
	December 31, 2019	December 31, 2018
Current service cost	218.56	216.78
Past service cost	-	-
<b>Finance Cost</b>		
Interest cost	219.79	220.90
Interest income	(217.56)	(202.95)
<b>Net impact on profit (before tax)</b>	<b>220.79</b>	<b>234.73</b>
<b>Remeasurement of the net defined benefit plans:</b>		
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	74.20	17.50
Actuarial (gain)/loss arising from experience adjustments	58.62	34.22
<b>Net impact on total comprehensive income (before tax)</b>	<b>353.61</b>	<b>286.45</b>

### D. Assets

Particulars	Gratuity	
	December 31, 2019	December 31, 2018
The fair value of plan assets at the Balance Sheet date for the defined benefit plan is as follows:		
Investment Value in Unit Linked Plans	1,727.90	1,549.97
Investment Value in Non Unit Linked Plans	413.85	920.79
Investment Value in Special Deposit Scheme of Bank of Baroda	113.59	113.28
Insurer Managed Funds	200.69	275.12
<b>Total</b>	<b>2,456.03</b>	<b>2,859.16</b>

The Plan does not invest directly in any property occupied by the Company or any financial securities issued by the Company.

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**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, 2019	December 31, 2018
Discount rate	7.41%	7.76%
Future salary increases	5.50%	5.50%

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.

**Demographic Assumptions**

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table

**F. Sensitivity Analysis**

A quantitative sensitivity analysis for significant assumption as at December 31, 2019 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	(304.59)	358.77	362.11	(312.39)	56.07	(63.97)

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 ₹ 601.23 lakhs (Year 2018: ₹ 182.40 lakhs).

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

**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 program 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 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. The reward, if any, will be paid during 2021.

**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.

**Performance Share Plan 2016–2018**

The Performance Share Plan 2016–2018 commenced in 2016. The reward was based on the Group's earnings per share (EPS) in 2018 and since the target was not achieved the same was not paid.

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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	16-18 Plan	17-19 Plan	18-20 Plan	19-21 Plan
Maximum number of Shares Eligible	22,000	20,100	20,000	15,500
<b>Outstanding as at December 31, 2018</b>	<b>22,000</b>	<b>20,100</b>	<b>20,000</b>	-
Granted during the year	-	-	-	15,500
Forfeited during the year	22,000	20,100	7,000.00	-
Exercised during the year	-	-	-	-
<b>Outstanding as at December 31, 2019</b>	-	-	<b>13,000</b>	<b>15,500</b>
Vesting Period	2.7 years	2.6 years	2.6 years	3 years
Grant Date	April 20, 2016	June 12, 2017	May 14, 2018	January 1, 2019
Exercise price	Nil	Nil	Nil	Nil
Fair Value on the date of Grant (in Euro)	34.31	35.98	34.82	27.07
Fair Value on the date of Grant (in ₹)	2,738.28	2,871.56	2,778.98	2,160.46

There have been no cancellations or modification to the plans.

### b) Share Appreciation Rights

During the year 2016, at the General Meeting, the shareholders of the Company had unanimously passed Special Resolution on May 10, 2016 to grant stock appreciation rights (SARs) to the eligible employees of the Company. Pursuant to this resolution, Huhtamaki PPL Limited Employee Phantom Stock Scheme 2015 has been formulated and adopted. Fair value of the SARs is measured at each reporting date taking into account the terms and conditions upon which the SAR's were granted.

The SARs will be settled in cash and vest after 2 years from the date of allotment as per the terms and conditions of the grant.

### Movements during the year:

Particulars	December 31, 2019	December 31, 2018
	Number	Number
Outstanding at the beginning of the year	25,500	50,000
Granted during the year	Nil	8,500
Forfeited during the year	25,500	Nil
Exercised during the year	Nil	33,000
Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	25,500
Exercisable at the end of the year	Nil	Nil
Exercise Price	Nil	Nil

### c) The expense recognised for employee services during the year is shown in the following table:

Particulars	December 31, 2019	December 31, 2018
Equity Settled Performance Share Plans	(85.89)	17.71
Stock Appreciation Rights (SAR)	-	14.46
<b>Total</b>	<b>(85.89)</b>	<b>32.17</b>

### d) Details of Liabilities/Equity arising from Company's Cash settled and Equity Settled share based payment transactions respectively:

Particulars	December 31, 2019	December 31, 2018
Other Equity - Equity Settled	623.51	709.40
Current Liabilities (Cash Settled)	-	23.32
Non-Current Liabilities (Cash Settled)	-	5.00

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**Note 47: Related party transactions**

<b>a) Enterprises exercising control</b>	
Ultimate Parent Company	Huhtamaki Oyj., Finland
Holding Company	Huhtavefa B.V., Netherlands
<b>b) Other Related Parties with whom transactions have taken place during the year :</b>	
Fellow Subsidiaries	Huhtamaki Australia Ltd. Huhtamaki Foodservice Packaging India Pvt. Ltd. Huhtamaki Flexible Packaging Germany GmbH & Co. KG. Huhtamaki (Thailand) Ltd. Huhtamaki Flexible Packaging Middle East LLC Positive Packaging United (M.E.) FZCO Huhtamaki Finance B V, Netherlands Positive Packaging Industries South Africa Pty. Ltd. . Huhtamaki S.a.r.l Huhtamaki Flexible Packaging Kenya Limited Huhtamaki Mexicana S.A. De C.V. Huhtamaki (UK) Ltd.
<b>c) Key Managerial Personnel</b>	Mr. Murali Sivaraman, Non-Executive Independent Chairman w.e.f January 1, 2019 Mr. Suresh Gupta, Executive Chairman till December 31, 2018 Dr. Arup Basu, Managing Director 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 09, 2019 Ms. Sukanya Kripalu Mr. Ramesh K. Dhir till March 30, 2018 Non-executive Directors Mr. Jukka Moisio till March 26, 2019 Mr. Olli Koponen Mr. Sami Pauni w.e.f. February 18, 2019
<b>d) Post Employment Benefit Plans</b>	Huhtamaki PPL Limited Employees Gratuity Fund Trust Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme

**e) Details of transactions with related parties that have taken place during the year :**

Particulars	December 31, 2019	December 31, 2018
<b>1) Ultimate Parent Company</b>		
- Huhtamaki Oyj., Finland		
a) Software and Expense Reimbursements Charge	95.96	94.59
b) Cost for Centralised Services ^	858.78	-
c) Expense Reimbursements - Charge	34.66	11.03
d) Expense Reimbursements - Recovery	221.68	204.03
e) Amount received on behalf of Huhtamaki Oyj., Finland	3.60	-
f) Due to Ultimate Parent Company	973.19	83.66
g) Due from Ultimate Parent Company	27.17	37.78

^ The Company has entered into a License Agreement and a Service Agreement with Huhtamaki Oyj for payment of royalty towards use of Trademark and receiving centralised services, respectively w.e.f. October 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, there is no royalty payable as per the terms of the agreement.

<b>2) Holding Company</b>		
Dividend Paid		
- Huhtavefa B.V., Netherlands	1,516.62	1,516.62
<b>3) Fellow Subsidiaries</b>		
Sale of Goods		
- Huhtamaki Australia Ltd.	141.90	26.44
- Positive Packaging Industries South Africa Pty. Ltd.	9,500.48	8,133.48
- Positive Packaging United (M.E.) FZCO	65.33	71.39

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	December 31, 2019	December 31, 2018
- Huhtamaki Flexible Packaging Middle East LLC.	150.66	14.27
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	22.44	32.27
- Huhtamaki Mexicana S.A. De C.V.	3,523.06	162.44
- Huhtamaki Thailand	1,106.43	522.97
- Huhtamaki Foodservice Packaging India Pvt. Ltd.	54.09	-
- Huhtamaki Flexible Packaging Kenya Limited	0.29	-
Sale of Services		
- Huhtamaki Finance B V, Netherlands	519.06	636.60
Interest on Non-convertible Debentures		
- Huhtamaki S.a.r.l.	2,606.40	2,695.00
Repayment on Non-convertible Debentures		
- Huhtamaki S.a.r.l.	38,500.00	-
Commission Expenses on Sales		
- Positive Packaging Industries South Africa Pty Limited	54.60	78.26
- Huhtamaki Flexible Packaging Kenya Ltd.	4.88	9.40
Expense Reimbursements - Recovery		
- Positive Packaging United (M.E.) FZCO	1.24	1.37
- Huhtamaki Finance B V, Netherlands	111.35	268.83
Expense Reimbursements - Charge		
- Huhtamaki Mexicana S.A. De C.V.	21.03	-
- Huhtamaki (UK) Ltd.	30.41	-
Balances due to		
- Huhtamaki S.a.r.l. (Debentures and interest thereon not due)	-	39,672.71
- Huhtamaki Flexible Packaging Kenya Limited	13.22	40.15
- Huhtamaki Mexicana S.A. De C.V.	21.03	-
- Huhtamaki (UK) Ltd.	26.77	-
- Positive Packaging Industries South Africa Pty. Ltd.	71.72	42.78
Balances due from		
- Huhtamaki Australia Ltd.	69.81	0.41
- Positive Packaging Industries South Africa Pty. Ltd.	2,489.23	1,402.42
- Positive Packaging United (M.E.) FZCO	33.52	40.35
- Huhtamaki (Thailand) Ltd.	247.96	398.07
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	-	8.75
- Huhtamaki Flexible Packaging Middle East LLC	64.21	0.66
- Huhtamaki Finance B V, Netherlands	285.22	165.71
- Huhtamaki Mexicana S.A. De C.V.	2,014.85	162.44
- Huhtamaki Foodservice Packaging India Pvt. Ltd.	34.23	-
4) Huhtamaki Oyj has given a Corporate Guarantee to Standard Chartered Bank as security in respect of Fund and Non-Fund availed by the Company based facilities of ₹ 10,265 lakhs		
5) Huhtamaki Oyj has given a Corporate Guarantee to JP Morgan as security in respect of Fund based facilities of ₹ 7,400 lakhs availed by the Company.		
6) Huhtamaki Oyj has given a Corporate Guarantee to Citibank as security in respect of Term Loan of ₹ 10,000 lakhs availed by the Company.		
<b>7) Details of Contribution to Post Employment Benefit Plans</b>		
- Huhtamaki PPL Limited Employees Gratuity Fund Trust	(323.38)	404.71
- Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme	52.70	78.68
<b>8) Compensation of Key Management Personnel</b>		
Short-term Employee Benefits*	411.22	524.32
Post-Employment Benefits*	11.64	27.05
Share-Based Payment Transactions**	33.70	10.94
Sitting fees to Independent Directors	30.10	24.70
Commission to Independent Directors***	96.00	90.00
<b>Total Compensation Paid to Key Management Personnel</b>	<b>582.66</b>	<b>677.01</b>
<b>Balances due to Key Managerial Personnel on Retirement</b>	<b>-</b>	<b>184.53</b>

\* 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 31 December each year.



**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**9) 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	Year ended December 31, 2019	Year ended December 31, 2018
India	1,95,223.39	1,82,351.16
Outside India	59,543.74	50,859.84
<b>Total</b>	<b>2,54,767.13</b>	<b>2,33,211.00</b>

**ii. Entire Non-Current Assets of the Company are situated in India****iii. Major customer**

Revenue from a major customer of the Company is ₹ 32,334.98 lakhs (2018: ₹ 24,483.06 lakhs) which is 12.69% (2018: 10.50%) 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, 2019		As at December 31, 2018	
		Carrying values	Fair values	Carrying values	Fair values
<b>Financial Assets measured at Fair value through Profit and Loss</b>					
i. Current Investments	13	6,081.28	6,081.28	2,112.18	2,112.18
ii. Other Financial Assets - Derivative Assets (Current)	18	32.23	32.23	-	-
<b>Financial Liabilities measured at Amortised Cost</b>					
i. Floating Rate Borrowings (Current and Non-Current)	27	11.58	11.58	915.27	915.27
ii. Sales Tax Deferral Loans (Current and Non-Current)	23	552.07	505.21	911.38	822.92
iii. Term Loan	23	10,000.00	10,000.00	-	-
iv. Supplier Finance from	27	6,929.78	6,929.78	-	-
v. Commercial paper	27	9,766.72	9,766.72	-	-
vi. Debentures	23	-	-	38,484.60	38,484.60

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.

**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. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

2. The fair values of the forward contracts used for expected future sale has been determined using forward pricing, based on present value calculations .
3. The fair value of the Company's Sales Tax Deferral Loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

4. Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, supplier finance, commercial paper and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.
5. Loans have fair values that approximate their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

### C. Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending

on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured and disclosed at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarised below:

### Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2019

Particulars	Level 1	Level 2	Level 3	Total
<b>Assets at Fair value</b>				
Current Investments	6,081.28	-	-	6,081.28
Derivatives - Forward exchange Contracts	-	32.23	-	32.23
<b>Liabilities for which fair value has been disclosed</b>				
Floating Rate Borrowings	-	-	11.58	11.58
Sales Tax Deferral Loans	-	-	505.21	505.21
Debentures	-	-	-	-
Term Loan from CITI Bank	-	-	10,000.00	10,000.00
Supplier Finance from	-	-	6,929.78	6,929.78
Commercial paper	-	-	9,766.72	9,766.72

### Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2018

Particulars	Level 1	Level 2	Level 3	Total
<b>Assets at Fair value</b>				
Current Investments	2,112.18	-	-	2,112.18
<b>Liabilities for which fair value has been disclosed</b>				
Floating Rate Borrowings	-	-	915.27	915.27
Sales Tax Deferral Loans	-	-	822.92	822.92
Debentures	-	-	38,484.60	38,484.60

There have been no transfers between Level 1 and Level 2 during the period

### 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, 2019 and December 31, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in other highly marketable debt investments to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Particulars	Undiscounted			Total
	Carrying amount	Payable within one year	More than one year to 5 years	
<b>As at December 31, 2019</b>				
Borrowings (Long-term)	10,175.96	-	10,175.96	10,175.96
Other Financial Liabilities (Non-Current)	121.54	-	121.54	121.54
Borrowings (Current)	16,708.08	16,708.08	-	16,708.08
Trade Payables	42,954.80	42,954.80	-	42,954.80
Retention Money Payable (Current)	766.67	766.67	-	766.67
Current Maturity of Long-term Borrowings	376.11	376.11	-	376.11
Other Financial Liabilities (Current)	3,254.08	3,254.08	-	3,254.08
<b>As at December 31, 2018</b>				
Borrowings (Long-term)	39,036.68	-	39,052.08	39,052.08
Other Financial Liabilities (Non-Current)	79.46	-	79.46	79.46
Borrowings (Current)	915.27	915.27	-	915.27
Trade Payables	36,173.13	36,173.13	-	36,173.13
Retention Money Payable (Current)	915.53	915.53	-	915.53
Current Maturity of Long-term Borrowings	359.30	359.30	-	359.30
Other Financial Liabilities (Current)	4,881.60	4,881.60	-	4,881.60

**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	Foreign Currency in Lakhs		
	Currency	December 31, 2019	December 31, 2018
<b>Derivative Instruments Outstanding</b>			
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export	USD	34.00	24.00
<b>Foreign Exchange Exposures</b>			
Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods.	USD	210.61	183.20
	EUR	8.61	9.28
	GBP	13.63	1.10
	AED	32.00	23.80
	AUD	3.78	4.43
	CAD	6.56	7.81

## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Currency	Foreign Currency in Lakhs	
		December 31, 2019	December 31, 2018
Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	USD	109.48	99.34
	EUR	6.74	2.65
	JPY	18.48	28.47
	GBP	0.34	0.09
<b>Cash and Bank balance in foreign currency</b>	USD	0.08	0.34
	EUR	0.02	0.29
	GHS	0.04	-
	Chinese Yuan	-	-
	JPY	-	-
	GBP	1.78	0.25
<b>Derivatives taken to Cover Forecast Exposures</b>			
Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	USD	32.00	48.00
Forward Exchange contracts taken for the forecast capital imports.	EUR	-	10.00

Total Unhedged Exposure as on respective reporting dates:

Particulars	Foreign Currency in Lakhs	
	December 31, 2019	December 31, 2018
<b>Currency</b>		
USD	35.21	12.20
EUR	1.89	16.92
GBP	15.07	1.26
AED	32.00	23.80
AUD	3.78	4.43
CAD	6.56	7.81
JPY	(18.48)	(28.47)
GHS	0.04	-

### b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates by 5% (holding all other variables constant) arises mainly from foreign currency denominated financial instruments

Particulars	December 31, 2019		December 31, 2018	
	Increase in Profit	Decrease in Profit	Increase in Profit	Decrease in Profit
<b>Currency</b>				
USD	125.58	(125.58)	42.74	(42.74)
EUR	7.54	(7.54)	67.85	(67.85)
GBP	70.58	(70.58)	5.58	(5.58)
AED	31.07	(31.07)	22.69	(22.69)
AUD	9.43	(9.43)	10.96	(10.96)
CAD	17.90	(17.90)	20.07	(20.07)
JPY	(0.60)	0.60	(0.90)	0.90
GHS	0.02	(0.02)	-	-

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, 2019, the investments in debt mutual funds amounts to ₹ 6,081.28 lakhs (December 31, 2018: ₹ 2,112.18 lakhs). These are exposed to price risk.

A 1% increase in prices would have led to approximately an additional ₹ 61 lakhs gain in the Statement of Profit and Loss (2018: ₹ 21 lakhs gain). A 1% decrease in prices would have led to an equal but opposite effect.

**Notes to the Financial Statements** for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

**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, 2019	December 31, 2018
Floating Rate Borrowings	11.58	915.27
<b>Total Borrowings</b>	<b>11.58</b>	<b>915.27</b>

**b) Sensitivity**

The sensitivity of profit or loss to changes in interest rates is as follows:-

Particulars	December 31, 2019	December 31, 2018
Interest rates increase by 100 basis points* - Decrease in Profit	(0.12)	(9.15)
Interest rates decrease by 100 basis points* - Increase in Profit	0.12	9.15

\* 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, 2019 and December 31, 2018 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 commuted 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, 2019	December 31, 2018
Borrowings	27,260.15	40,311.25
Investments in liquid mutual funds	6,081.28	2,112.18
Cash and cash equivalents	4,447.96	4,763.89
Bank balance other than cash and cash equivalents	13.19	12.46
<b>Net debt</b>	<b>16,717.72</b>	<b>33,422.72</b>
Equity share capital	1,510.53	1,510.53
Other equity	68,224.55	54,137.26
<b>Total Equity</b>	<b>69,735.08</b>	<b>55,647.79</b>
<b>Debt-Equity Ratio</b>	<b>0.24</b>	<b>0.60</b>



## Notes to the Financial Statements for the year ended December 31, 2019

(All amounts ₹ in Lakhs, unless otherwise stated)

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, 2019 and December 31, 2018.

### Note 52: Acquisition of business

- a) On September 30, 2019, the Company has entered into a Business Transfer Agreement for acquisition of the Flexible packaging business of Mohan Mutha Polytech Private Limited, Sri City Andhra Pradesh India on a slump sale basis. The said acquisition has been completed on January 10, 2020 hence no effect of the acquisition has been given in the financial statements for the year ended December 31, 2019.
- b) The Company had acquired the business of Ajanta Packaging from June 1, 2018, hence the figures for the current year are not comparable with corresponding figures of the previous year.

### 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, 2019.

### Note 54: Events after the reporting period

The Board of Directors have recommended a dividend of ₹ 5\* per share (December 31, 2018: ₹ 3 per share) for the year 2019. 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

#### For S R B C & CO LLP

Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors

#### Murali Sivaraman

Chairman  
DIN: 01461231

#### Dr. Arup Basu

Executive Director  
DIN: 02325890

#### per Vinayak Pujare

Partner  
Membership No. 101143

#### Ranjeev Lodha

Executive Director & Chief Financial Officer  
DIN: 07478890

#### D. V. Iyer

Company Secretary  
Membership No. 13004

Place of Signature: Mumbai  
Date: February 17, 2020

Place of Signature: Mumbai  
Date: February 17, 2020

*\*Considering the need to conserve its financial resources during the current economic slowdown consequent to the COVID 19 pandemic, the Board of Directors at their meeting held on 15th May, 2020 revised its previous recommendation of payment of final dividend of ₹ 5/- per equity share for the year ended December 31, 2019 to ₹ 3/- per share (December 31, 2018 - ₹ 3/- per share).*

## Manufacturing Locations

### Parwanoo

Khasra No. 90/1, Village Amboli,  
Old Kasauli Road, Sec-4,  
Parwanoo 173220. Dist. - Solan,  
Himachal Pradesh.  
Tel.: +91 - 0179 - 2234038 / 039

### Rudrapur

Plot No. 70-73, Sector - 4, IIE Pantnagar, Rudrapur,  
Dist. U.S. Nagar,  
Rudrapur - 263 153, Uttarakhand.  
Tel.: +91 - 05944 250183/84/85  
Fax: +91 - 05944 250186

### Gangtok

Parcha Khaitan No.298, Plot No. 2276, West Pandam Block,  
Gangtok Sub-Division, Majhitar, Rangpo, East Sikkim,  
Gangtok - 737136, Sikkim.  
Tel.: +91 9816064164

### Guwahati

Village Abhaypur, Mouza Sila Sindurighopa,  
North Guwahati, Distt Kamrup (R)  
Assam - 781031  
Tel.: +91 - 6913307133

### Silvassa

Survey No 34, Hissa 1/3, At Post Umarkoi, via Silvassa,  
Dadra & Nagar Haveli (U.T.)  
396 230 Silvassa Tel.: +91 - 260 - 2681005, 2681009,  
Fax: +91 - 260 - 2681003

### Bengaluru

#### Unit I :

Plot No. 152, 153 & 33,  
Bommasandra - Jigani Link Road Indl. Area,  
Anekal Taluka, Bengaluru,  
Karnataka - 560 105  
Tel.: +91 - 080 - 30565000  
Fax: +91 - 080 - 30565100

#### Unit II :

Plot No. 155 Bommasandra - Jigani Link Road Indl. Area,  
Anekal Taluka, Bengaluru, Karnataka - 560 105  
Tel.: +91 - 080 - 30564700  
Fax: +91 - 080 - 30565100

### Daman

OIDC, Plot No. C-5, Mahatma Gandhi Udyog Nagar Industrial  
Estate, Dabhel, Daman - 396 210  
Tel.: +91 - 260 - 2240756/3248772

### Sri City, Andhra Pradesh

80, Italia Lane, Sector 21 - Sri City, Varadaiahpalem, Near Tada,  
Chittoor District, Andhra Pradesh - 517 541  
Tel.: +91 - 8886669001

### Taloja

P. O. Box No. 55, Plot No. V 26, MIDC, Taloja Industrial Area  
Taluka Panvel, Dist. Raigad - 410 208, Maharashtra  
Tel.: +91 22 - 39211600  
Fax: +91 22 - 39211610

### Mahape

A-68 TTC Industrial Estate,  
Processing Zone, Mahape  
Navi Mumbai - 400709  
Maharashtra  
Tel.: + 91 22 - 2778 0303  
Fax: + 91 22 - 2778 0301

### Thane

L.B.S. Marg Majiwade,  
Thane (West) 400601  
Tel.: + 91 22 21735551/21735591  
Fax: + 91 22 21735599/21735650

### Ambernath

#### Unit I :

21/1, Chikhholi MIDC,  
Kalyan - Badlapur Road,  
Ambernath (W), Dist. Thane - 421 505,  
Maharashtra  
Tel.: +91 - 251 - 2685300  
Fax: +91 - 251 - 2683300

#### Unit II :

B-84, Additional Ambernath MIDC  
Anandnagar, Ambernath (E),  
Dist Thane - 421 506,  
Maharashtra  
Tel.: +91 - 251 - 3081200 / 2621246  
Fax: +91 - 251 - 2621978

### Khopoli

Village Ransai, KM. 16  
Survey no 51, 52 & 53, Pen Road  
410 203 Khopoli, Maharashtra  
Tel.: +91 - 2192 - 391300  
Fax: +91 - 2192 - 391310

### Hyderabad

#### Unit I :

Plot Nos. 139 & 148, Sri Venkateshwara Co-op Industrial Estate,  
Bollaram, Medak Dist., Hyderabad, Telangana - 502325  
Tel.: +91 8458 - 279628, 279616  
Fax: +91 8458 - 279464

#### Unit II :

Plot No. 172, Survey No 172,  
Bollaram Village Jinnaram Mandal,  
Medak District, Hyderabad,  
Telangana - 502325  
Tel.: +91 - 8458-279110

### Baddi

Plot No. 9, Village Kunjhal,  
P.O. Barotiwala, Dist. Solan,  
Baddi, Himachal Pradesh - 173 205







## Corporate Information

### BOARD OF DIRECTORS

**Mr Murali Sivaraman**

Chairman

**Dr Arup Basu**

Executive Director

**Ms Seema Modi**

Independent Director

**Mr Ashok Kumar Barat**

Independent Director

**Mr Sami Pauni**

Non-Executive Director

**Mr Ranjeev Lodha**

Executive Director & CFO

**Mr D V Iyer**

Company Secretary & Head - Legal

### BANKERS

Standard Chartered Bank  
The Hongkong and Shanghai  
Banking Corporation Ltd.  
State Bank of India  
HDFC Bank Ltd.  
Axis Bank  
Kotak Mahindra Bank  
DBS Bank  
JP Morgan Chase Bank N.A., India  
Citi Bank N.A. India

### AUDITORS

**S R B C & CO LLP**

Chartered Accountants

### REGISTERED OFFICE

12A, 06, B Wing, 13th Floor,  
Parinee Crescenzo, C - 38/39, G Block  
Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051  
Tel: + 91 22 61740400  
Fax: + 91 22 61740401

### CENTRAL HEADQUARTERS

L.B.S. Marg Majiwade,  
Thane (West) 400601  
Tel.: + 91 22 21735551/21735591/61740100  
Fax: + 91 22 21735599/ 21735650

### CUSTOMER SUPPORT OFFICES

#### Bengaluru

28/1/1, 1st cross, 15th main, E - block,  
Sahakarnagar Bengaluru - 560092,  
Karnataka  
Tel.: +91 - 80 - 40979597, 80 40947131

#### New Delhi

504/506, Ansal Chamber II,  
6 Bhikaji Cama Palace,  
New Delhi - 110066  
Tel.: +91 11 2619 4795/5641  
Fax: +91 11 26194389

#### Kolkata

5th Floor, Laha Paint House,  
7 Chittaranjan Avenue  
Kolkata - 700072, West Bengal  
Tel.: +91 33 2237 2812/2234 8281  
Fax: +91 33 2225 5654

#### R & D Centre - Thane

L.B.S. Marg Majiwade,  
Thane (West) 400601  
Tel.: + 91 22 21735551/21735591/61740100  
Fax: + 91 22 21735599/ 21735650

#### Mumbai

914, Hubtown Solaris, 9th Floor,  
N.S. Phadke Road,  
Opp. Telli Galli, Near Andheri Flyover,  
Andheri (E), Mumbai - 400 069.  
Tel.: + 91 22 6691 4433



## Huhtamaki PPL Limited

<https://www.huhtamaki.com/en-in/flexible-packaging/>

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 - 400051

Tel No: +91 22 6174 0400

Fax No: +91 22 6174 0401

# Huhtamaki-PPL

# Huhtamaki PPL Limited

CIN: L21011MH1950FLC145537

Regd. Office: Unit No. 12A-06, B-Wing, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39,  
"G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051

Email: investor.communication@huhtamaki.com, website: www.huhtamaki.com

Contact No. 022 6174 0400 Fax – 022 61740401

## NOTICE OF THE SEVENTIETH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Seventieth Annual General Meeting (70th AGM) of the members of Huhtamaki PPL Limited will be held on Tuesday, 30th June, 2020, at 2.00 p.m., by Video Conferencing /Other Audio Video Means to transact the following:

### ORDINARY BUSINESS :

1. To consider and adopt the Financial Statements of the Company for the year ended 31st December, 2019 together with the Reports of the Board of Directors and the Auditor's thereon.
2. To declare Dividend on Equity shares.
3. To appoint a Director in place of Mr. Sami Pauni (DIN: 08112919), who retires by rotation and being eligible offers himself for re-appointment.
4. Appointment of Statutory Auditors :

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. B S R & Co. LLP, Chartered Accountants (Firm's Registration No. 101248W/W-100022) be and are hereby appointed as Statutory Auditors of the Company (in place of M/s SRBC & Co., LLP, Chartered Accountants, the retiring Auditors), for a period of five (5) years, to hold office from the conclusion of the 70th Annual General meeting until the conclusion of 75th Annual General Meeting at an remuneration as provided in the Explanatory Statement to the Notice of the Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 ("the Act") if any, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of M/s R. Nanabhoy & Co., Cost Accountants, who were appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of the cost records of the Company for year ending 31st December, 2020, at a remuneration of ₹ 7,00,000/- (Rupees Seven Lakhs only), plus applicable Goods and Service Tax and out of pocket expenses that

may be incurred in the course of their audit, be and is hereby ratified.

6. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (SEBI Listing Regulations), Ms. Seema Modi (DIN: 05327073), who has given her consent for appointment as an Independent Director of the Company and has also submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act and Regulation 16 of SEBI Listing Regulations and who is eligible for appointment, in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five consecutive years, with effect from 1st January, 2020.

7. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (SEBI Listing Regulations), Mr. Ashok Kumar Barat (DIN: 00492930), who has given his consent for appointment as an Independent Director of the Company and has also submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and Regulation 16 of SEBI Listing Regulations and who is eligible for appointment, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five consecutive years, with effect from 1st April, 2020.

8. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of

the Companies Act, 2013 read with Schedule V to the said Act, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof and pursuant to the recommendations of the Nomination & Remuneration Committee and Board of Directors and such other approvals/ permissions as may be required to be obtained

in this regard, Mr. Ranjeev Lodha, (DIN: 07478890), be and is hereby appointed as an Executive Director & Chief Financial Officer of the Company for a period of 5 (Five) years, with effect from 8th August, 2019, as per the Terms and conditions including remuneration as contained in the Explanatory Statement to this Resolution:

#### I Remuneration :

- a. Base Salary -
    - i) Basic Salary: in the scale of ₹ 39,60,000/- to ₹ 79,20,000/- per annum.
    - ii) House Rent Allowance: in the scale of ₹ 19,80,000/- to ₹ 39,60,000/- per annum.
    - iii) Special Allowance: in the scale of ₹ 73,81,200/- to ₹ 1,47,62,400/- per annum.
    - iv) Leave Travel Assistance: in the scale of ₹ 3,30,000/- to ₹ 6,60,000/- per annum.
  - b. At the discretion of the Board of Directors of the Company (Board), the Company might pay Bonus under the Management Incentive Programme (MIP) with a maximum of 35% of annual base salary [80% of a (i) to a (iv) above] per calendar year of service or a proportionate part thereof for any incomplete year of service;
  - c. The Company will pay Mediciam Insurance premium for him and his family as per Company's policy;
  - d. Corporate Club Membership of one club;
  - e. The Company will pay Personal Accident Insurance premium for him as per rules of the Company;
  - f. The Company will pay Group Term Insurance premium for him as per rules of the Company;
  - g. The Company will contribute 12% of basic salary or as specified, towards the statutory provident fund, and to such pension benefits as per Company Scheme and Rules;
  - h. Gratuity, Leave entitlement and Leave Encashment as per rules of the Company;
  - i. The employment can be terminated by either party by giving to the other party 90 days notice.
- II. The aggregate salary and perquisites in any one financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act.
  - III. In the event of inadequacy of profits or loss in any financial year during the currency of tenure of service of the Executive Director, the payment of salary, perquisites and other allowances in excess of the limits prescribed under Section II of part II of Schedule V of the Companies Act, 2013 for the time being in force shall be paid subject to the approval of shareholders in the General Meeting.
  - IV. Mr. Ranjeev Lodha, Executive Director & CFO shall be entitled to be paid / reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purposes of or on behalf of the Company.

**RESOLVED FURTHER THAT**, the Board including a Committee of the Board, be and is hereby authorized to alter & vary the terms & conditions of his appointment & remuneration, within the overall limits as approved by the members in general meeting.

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

**D V Iyer**  
Company Secretary & Head –  
Legal (ACS 13004)

Place: Mumbai  
Date: 15th May, 2020

**Registered Office**  
12A-06, B-Wing, 13th Floor,  
Parinee Crescenzo,  
Plot Nos. C-38 & C-39,  
"G" Block, Behind MCA, BKC,  
Bandra (E), Mumbai 400051

**NOTES:**

1. In view of the massive outbreak of the COVID contagion and restrictions placed on any sort of gatherings & social distancing norms to be followed by all, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed with the requirements of physical presence of the members at AGMs. Accordingly, Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 (collectively referred to as "MCA Circulars"), prescribing procedures and manner of conducting the General Meeting through VC/OVAM. In terms of the said Circulars, the 70th AGM of the members of the Company is being held through VC / OAVM. Hence, members can attend and participate in the AGM through VC/OVAM only. The detailed procedure for participating in the meeting through VC/OVAM is annexed herewith (Refer serial no. 22,23, 24 and 25) and available at the Company's website [www.huhtamaki.com](http://www.huhtamaki.com)
2. As this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., are allowed to attend the AGM without restriction on account of first come first served basis.
4. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their questions at least 3 days in advance i.e. on or before 3.00 p.m. Friday, 26th June 2020, mentioning their name, demat account number/ folio number, email id, mobile number at [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com) to enable the Company to reply suitably during the AGM. The Chairman will endeavour to respond to the same at the AGM. Queries received after this time and date may not be responded to, at the AGM. Further, the Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.huhtamaki.com](http://www.huhtamaki.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
7. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto.
8. In case of joint holders, the Member whose name appears as the first holder in the order of names as per Register of Members of the Company will be entitled to vote at the AGM.
9. **Proposed Dividend**  
  
The economic impact of the coronavirus pandemic in India has been largely disruptive. Given that the nation is under a lockdown and the rapid spread of the contagion has adversely affected all segments of society, business environment remains uncertain.  
  
Considering the need to conserve its financial resources during the current economic slowdown consequent to the COVID 19 pandemic, the Board of Directors at its meeting held on 15th May, 2020 revised its previous recommendation of payment of final dividend of ₹ 5/- per equity share for the year ended December 31, 2019 to ₹ 3/- per share (December 31, 2018 - ₹ 3/- per share).
10. The Final Dividend for the financial year ended 31st December, 2019, as recommended by the Board, if approved at the AGM, will be paid within 30 days of declaration, to those Members whose name appears in the Register of Members of the Company as on i.e. Sunday, 14th June, 2020. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 15th June, 2020 to Tuesday, 23rd June, 2020 (both days inclusive) for determining the shareholders who are entitled to receive dividend on equity shares.
11. Members can submit details to the Company for receiving dividend directly in their bank accounts through Electronic Clearing Services (ECS) by writing an email to [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com) or [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com). Further, in case the current Covid-19 lockdown scenario gets extended, the physical warrants/demand drafts, (for shareholders who have not registered their bank mandate with the Company), will be printed and dispatched, as and when normalcy returns.
12. All correspondence for shares held in physical form relating to transfer of shares, change of address, dividend mandates, etc. quoting their folio numbers should be sent to the Registrar & Transfer Agents (R&T Agents) only, at their following address:  
  
**TSR Darashaw Consultants Pvt Ltd. (Unit : Huhtamaki PPL Limited)**  
Address: 6- Haji Moosa Patrawala Industrial Estate, 20 Dr. E Moses Road, Mahalaxmi, Mumbai, Maharashtra -400011  
Tel: + 91 22 - 66568484 Fax: + 91 22 - 66568494  
Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com),  
Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

13. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f April 01, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at prescribed rates. The shareholders are requested to update their PAN (Permanent Account Number) with the Company (in case of shares held in physical mode).

A Resident Shareholder being an individual or any other entity entitled to exemption from TDS or lower deduction of TDS in view of nil/ lower deduction certificate issued under section 197 of the Income-tax act or any other order, rules, regulations can avail the benefit of nil deduction or lower deduction on submission of self attested copy of Certificate, relevant order, rules, regulations by email to investor. communication@huhtamaki.com.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment Declaration, Beneficial Ownership Declaration, Principal Purpose Test Declaration Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits etc and forwarding the said documents by email to investor. communication@huhtamaki.com. The aforesaid declarations and documents needs to be submitted by the shareholders by 11.59 IST on or before 14th June 2020.

#### 14. Unclaimed/Unpaid Dividend & Shares:

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of 7 years is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government as per the tentative dates mentioned herein below:

Sr. No.	Financial Year	Date of Declaration of Dividend	Tentative date of transfer to IEPF
1	2012	10th May, 2013	11th June, 2020
2	2013	9th May, 2014	11th June, 2021
3	2014	11th May, 2015	11th June, 2022
4	2015	13th May, 2016	15th June, 2023
5	2016	15th June, 2017	17th July, 2024
6	2017	11th May, 2018	7th June, 2025
7	2018	14th May 2019	25th May, 2026

Further, the Ministry of Corporate Affairs notified the IEPF Rules and amendment thereto. Pursuant to the provisions of the IEPF Rules read with Section 124(5) and Section 124(6) of the Companies Act, 2013, all shares on which dividend has not been encashed or claimed for seven consecutive years or more shall be transferred to demat account of IEPF Authority. It may be noted that once the unclaimed dividend/share is transferred to the IEPF as above, no claim shall lie in respect thereof with the Company. The Members/ Claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fee as decided by the Authority from time to time. Post making the online application the shareholder shall send the duly signed Form IEPF-5 along with requisite documents to the Nodal Officer of the Company at the registered address

for verification of the claim and payment/transfer of the shares by IEPF Authority.

15. The Member/Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules and amendments thereto. All corporate benefits on such shares viz Bonus shares, split of shares etc. including dividend shall be credited to the IEPF.
16. The Notice of AGM and Annual Report 2019 is being sent only by electronic mode to those members whose email ID is registered with the Company/Depositories in accordance with MCA Circulars and SEBI Circular dated 12th May, 2020.
17. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members those who want to inspect the same may please send an email to investor. communication@huhtamaki.com
18. Members holding shares in dematerialised form:
- may contact their Depository Participant(s) for recording nomination in respect of their shares;
  - are requested to intimate all changes pertaining to their bank details, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their DP only. Changes intimated to the DP will then be automatically reflected in the Company's records.
  - Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants;
  - Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.
19. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Registrar & Share Transfer Agent, TSR Darashaw Consultants Pvt. Ltd. for assistance in this regard. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar &

Share Transfer Agent, M/s TSR Darashaw Consultants Pvt. Ltd. quoting their folio number.

20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (“ICSI”) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 23rd June, 2020, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). In addition, the facility for voting through electronic voting system shall also be made available during the AGM for members participating the AGM through video conference and who have not cast their vote by remote e-voting, who only shall be eligible to vote during the AGM (Refer detailed procedure to vote through e-voting at serial no. 24). The Company has appointed Ms. Malati Kumar, Practicing Company Secretary (COP 10980) or failing her Ms. Ashwini Vartak, Practicing Company Secretary (COP 16723) of M/s S. N. ANANTHASUBRAMANIAN & CO., Company Secretaries, ICSI Unique Code: P1991MH040400 as Scrutinizer to scrutinize the voting and remote e-voting process and the voting at the Meeting in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given at serial no. 22. Members whose email ids are not registered with the depositories are requested to refer the instructions provided at serial no. 23 for procuring user id and password and registration of email ids for e-voting for the resolutions.

21. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

22. The instructions for members for remote E-Voting are as under:-

The remote e-voting period begins on Saturday, 27th June, 2020 at 9:00 a.m. and ends on Monday 29th June, 2020 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter.

#### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file.



The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

#### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Registrar & Share Transfer Agent, M/s TSR Darashaw Consultants Pvt. Ltd. by e-mail to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
23. Process for those Shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice :
- a. Member may send an e-mail request to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) for obtaining User ID and Password by proving the details mentioned in Point (b) or (c) as the case may be.
  - b. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com).
  - c. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to by email to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)
24. **The instructions for members for e-voting on the day of the AGM:**
- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

- b. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- c. The voting rights of Members shall be reckoned as on the cut-off date. i.e., 23rd June, 2020.
- d. Only those Members/ shareholders, who attend the AGM will be present at the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote at the AGM.
- e. Any person, who acquires shares of the Company and becomes a member of the Company after sending of the AGM Notice and holding shares as of the cut-off date, may obtain login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting he vote.
- f. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
- d. Further, Members will be required to use Camera and use Internet with a good speed to avoid any disturbances while participating in the meeting.
- e. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- f. The Chairman of the meeting shall satisfy himself and cause to record the same before considering the business in the meeting that all efforts feasible under the circumstances have indeed made by the Company to enable members to participate and vote on the items being considered in the meeting.

**25. Instructions for members for participating in the AGM through VC/OAVM are as under:**

- a. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.
- b. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further, members can also use the OTP based login for logging into the e-Voting system of NSDL.
- c. Members can participate in AGM through smart phone/ laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops/Desktops connected through broadband internet connectivity.
- a) During the 70th AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.
- b) The Scrutinizer shall after the conclusion of e-Voting at the 70th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the 70th AGM, who shall then countersign and declare the result of the voting forthwith.
- c) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.huhtamaki.com](http://www.huhtamaki.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of Results by the Chairman or a person authorised by him. The Results shall also be forwarded to the BSE Limited and National Stock Exchange of India Limited.

## EXPLANATORY STATEMENT

### In terms of Regulation 36(5) of Listing Regulations, 2015

#### Item No. 4 :

Pursuant to the provisions of Section 139 (2) of the Companies Act, 2013 along with other applicable provisions, the current Statutory Auditors of the Company, M/s SRBC & Co LLP, Chartered Accountants would be completing their term as Statutory Auditors at the conclusion of 70th Annual General Meeting.

In view of the above, it is proposed to appoint M/s BSR & Co., LLP, (Firm Registration No. [101248W/W-100022] as the new Statutory Auditors of the Company for a period of five years from conclusion of the 70th Annual General Meeting of the Company till conclusion of the 75th Annual General Meeting, subject to approval of the shareholders.

The relevant details as required under SEBI (Listing Obligations & Disclosures Regulations), 2015, as under:

- (a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;

It is proposed to pay an annual remuneration of ₹ 1,47,78,000/- (Rupees One Crores Forty Seven Lakhs Seventy Eight thousand only) plus Administrative Fees, travelling & conveyance expenses, Out of Pocket expenses and applicable taxes, to M/s. B S R & Co. LLP, Chartered Accountants, Mumbai for carrying out the Statutory Audit of the Company for the Financial Year 2020. The term of the incoming Statutory Auditors is for a period of 5 (Five) years & there is no any material change in the fees payable to the incoming auditor from that paid to the outgoing auditor.

- (b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.

The term of the current auditors of the Company M/s SRBC & Co., expire at the ensuing AGM of the Company, on compulsory rotation of Auditors. The Audit Committee/Board have recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors of the Company, based on their following credentials –

B S R & Co. ('the firm') was constituted on 27 March 1990 having firm registration no. as 101248W. It was converted into limited liability partnership i.e. B S R & Co. LLP on 14 October 2013 thereby having a new firm registration no. 101248W/W-100022. B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

B S R & Co. LLP is a network of eight Chartered Accountants Firms and registered with the Institute of Chartered Accountants of India. The object of the network is to pool the common resources and exhibit them together before the service user as those belonging to one particular set of professionals.

International Affiliation:

B S R & Co. LLP is a sub-licensee of KPMG International and KPMG India. The sub-licensees are entitled to share professional knowledge, ethics & independence, quality control & professional standards.

The incoming statutory Auditors M/s. BSR & Co. LLP, Chartered Accountants, have provided their consent and confirmed that their re-appointment, if made, would be within the limits specified under section 141(3)(g) of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

### Item no. 5

The Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the appointment of M/s. R. Nanabhoj & Co., Cost Accountants (Firm Registration No. 7464), as Cost Auditors to conduct audit of cost records of the Company for year ending 31st December 2020.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor needs to be approved by the members of the Company.

Accordingly, consent of the Members is being sought by way of an Ordinary Resolution as set out at item no. 5 of the Notice for approval of the remuneration amounting to ₹ 7,00,000/- (Rupees Seven Lakh only), plus applicable Goods and Service Tax and out of pocket expenses to the Cost Auditors.

Your Board of Directors recommend passing of the Ordinary Resolution as set out in this Notice.

None of the Directors or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

### Item no. 6

The Board of Directors at their meeting held on 20th December, 2019 based on recommendations of Nomination & Remuneration Committee and pursuant to provisions of Section 161 of the Companies Act, 2013 and subject to approval of members in General Meeting, appointed Ms. Seema Modi (DIN: 05327073) as an Independent Woman Director of the Company not liable to retire by rotation, to hold office for a term of five consecutive years, with effect from 1st January 2020. Pursuant to the provisions of Section 160 of the Companies Act, 2013, Ms. Seema Modi holds her office till the date of the ensuing AGM. Ms. Seema Modi has submitted a declaration that she meets the criteria of Independence under Section 149 (6) of the Act read with Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Directors of the Company have taken on record the declaration and confirmation submitted by Ms. Seema Modi after undertaking due assessment of the veracity of the same.

The Company has also received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director at the forthcoming Annual General Meeting of the Company.

It is proposed to appoint Ms. Seema Modi (DIN: 05327073) as an Independent Woman Director of the Company under provisions of Section 149 of Companies Act, 2013 and read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office for a term of five consecutive years, with effect from 1st January, 2020.

Ms. Seema Modi has given her consent to act as Director and is not disqualified from being appointed as Director in terms of

Section 164 of the Act and in the opinion of the Board, fulfills the conditions for appointment as an Independent Woman Director as specified in the Companies Act, 2013 and the Rules made thereunder & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Detailed information about Ms. Seema Modi is provided in the Annexure to this notice.

Copy of the draft letter for appointment of Ms. Seema Modi as an Independent Woman Director of the Company setting out the terms and conditions are available on the website of the Company [www.huhtamaki.com](http://www.huhtamaki.com).

Accordingly, the Board of Directors recommends the resolution as set out in item no. 6 of the Notice of AGM for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, except Ms. Seema Modi or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

### Item no. 7

The Board of Directors at their meeting held on 18th March, 2020 based on recommendations of Nomination & Remuneration Committee and pursuant to provisions of Section 161 of the Act and subject to approval of members in General Meeting, appointed Mr. Ashok Kumar Barat (DIN: 00492930) as an Independent Director of the Company not liable to retire by rotation, to hold office for a term of five consecutive years, with effect from 1st April 2020. Mr. Ashok Kumar Barat pursuant to Section 160 of the Companies Act, 2013 holds his office till the date of the ensuing AGM. Mr. Ashok Kumar Barat has submitted a declaration that he meets the criteria of Independence under Section 149 (6) of the Act read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Directors of the Company have taken on record the declaration and confirmation submitted by Mr. Ashok Kumar Barat after undertaking due assessment of the veracity of the same.

The Company has also received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director at the forthcoming Annual General Meeting of the Company.

It is proposed to appoint Mr. Ashok Kumar Barat as an Independent Director of the Company under the provisions of Section 149 of Companies Act, 2013 read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office for a term of five consecutive years, with effect from 1st April 2020.

Mr. Ashok Kumar Barat has given his consent to act as Director and is not disqualified from being appointed as a Director in terms of Section 164 of the Act and in the opinion of the Board, fulfills the conditions for appointment as an Independent Director as specified in the Companies Act, 2013 and the Rules made thereunder & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Detailed information about Mr. Ashok Kumar Barat is provided in the Annexure to this notice.

Copy of the draft letter for appointment of Mr. Ashok Kumar Barat as an Independent Director of the Company setting out the terms and conditions are available on the website of the Company [www.huhtamaki.com](http://www.huhtamaki.com).

Accordingly, the Board of Directors recommends the resolution as set out in item no. 7 of the Notice of AGM for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, except Mr. Ashok Kumar Barat or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

#### **Item no. 8**

The Board of Directors of the Company at their meeting held on 8th August, 2019 based on recommendation of Nomination & Remuneration Committee and in accordance with the provisions contained in Section 196 and 197 read with Section 203 of the Act, appointed Mr. Ranjeev Lodha, Chief Financial Officer of the Company (DIN: 07478890) as an Additional & Whole Time Director for a period of 5 (Five) years, with effect from 8th August 2019, and re-designated him as Executive Director & Chief Financial Officer of the Company. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr. Ranjeev Lodha holds his office till the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director at the forthcoming Annual General Meeting of the Company.

Accordingly, it is proposed to seek shareholders approval for appointment of Mr. Ranjeev Lodha, Chief Financial Officer (DIN: 07478890) as Executive Director of the Company for a

period of five years w.e.f 8th August 2019 and re-designate him as Executive Director & Chief Financial Officer.

Mr. Ranjeev Lodha has given his consent to act as Director and is not disqualified from being appointed as Director in terms of Section 164 of the Act and Rules made thereunder.

Detailed information including the terms and conditions of the appointment of Mr. Ranjeev Lodha is provided in the Annexure to this notice. Accordingly, the Board of Directors recommends the resolution as set out in Item No. 8 for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, except Mr. Ranjeev Lodha (DIN: 07478890) or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

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

**D V Iyer**  
Company Secretary & Head –  
Legal (ACS 13004)

Place: Mumbai  
Date: 15th May, 2020

**Registered Office**  
12A-06, B-Wing, 13th Floor,  
Parinee Crescenzo,  
Plot Nos. C-38 & C-39,  
“G” Block, Behind MCA, BKC,  
Bandra (E), Mumbai 400051

## Annexure

Profile of the Director being appointed/re-appointed as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 –

Name of Director	Mr. Sami Pauni (DIN: 08112919)	Ms. Seema Modi (DIN: 05327073)	Mr. Ashok Kumar Barat (DIN: 00492930)
Date of Birth	10/06/1974	09/02/1965	05/12/1956
Nationality	Finnish	Indian	Indian
Date of Appointment	18/02/2019	01/01/2020	01/04/2020
Qualification	Master's Degree in Law	Master's Degree in Chemistry and MBA	Graduate in Commerce and Fellow Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India, and CPA (Australia)
Expertise in specific field	<p>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.</p>	<p>Ms. Seema Modi, presently the Director – Commercial, Marketing, Supply Chain and Display at Trent Hypermarket Private Limited, is a post-graduate in Organic Chemistry from Mumbai University and has completed her MBA from Narsee Monjee Institute of Management Studies, Mumbai. She has close to 30 years of experience in reputed organisations, such as Heinz, Parle and Colgate. Ms. Modi has also worked as the Marketing Director at a global level with Heinz ASEAN and Heinz ABC (Indonesia), and was the first woman Managing Director for Heinz India Private Limited. During her stint with Heinz, she won many awards for driving growth, the most notable one being H.J. Heinz Chairman's Award 2010 for driving consistent double-digit growth. She is also an Independent Director of SEAMEC Ltd. Ms. Modi was appointed as an Independent Director of Huhtamaki-PPL w.e.f January 1, 2020.</p>	<p>Mr. Ashok Kumar Barat had a long and distinguished executive career in the corporate sector until his retirement in 2016 as the Managing Director and Chief Executive Officer of Forbes &amp; Company Limited. He has held leadership positions in various Indian and multinational organizations, both in India and overseas - Hindustan Lever Limited, RPG Group, Pepsi, Electrolux, Telstra, and Heinz. Mr. Barat is a Fellow, Institute of Chartered Accountants of India, Fellow, Institute of Company Secretaries of India, and CPA (Australia). He has been an active contributor to public life and dialogue; Past President Bombay Chamber of Commerce and Industry, for several years a Trustee of the Mumbai Port Trust, and presently Member, Managing Committee of ASSOCHAM and President, Council of EU Chambers of Commerce in India. He is a Certified Mediator empaneled with the Ministry of Corporate Affairs, Government of India. Mr. Barat mentors budding entrepreneurs and advises companies on 'Strategy', 'Performance Improvement' and Governance initiatives. He is a Member of the Board of Directors of several companies.</p>
Name of other Companies in which he holds Directorship*	Nil	SEAMEC Ltd - Director	<ul style="list-style-type: none"> <li>• Cholamandalam Investment &amp; Finance Co Limited.</li> <li>• Cholamandalam Home Finance Limited</li> <li>• Cholamandalam Financial Holding Limited</li> <li>• Bata India Limited</li> <li>• Birlasoft Limited</li> <li>• Mahindra Intrade Limited</li> <li>• DCB Bank Limited</li> </ul>



<b>Name of other companies in which he holds Chairmanship/ Membership of Committees of Board\$</b>	Nil	SEAMEC Ltd Stakeholders Relationship Committee - Chairperson Audit Committee - Member	Cholamandalam Investment & Finance Co Limited <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> Cholamandalam Home Finance Limited <ul style="list-style-type: none"> <li>• Audit Committee - Chairman</li> </ul> Cholamandalam Financial Holding Limited <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> Bata India Limited <ul style="list-style-type: none"> <li>• Audit Committee - Chairman</li> </ul> Birlasoft Limited <ul style="list-style-type: none"> <li>• Audit Committee - Chairman</li> </ul> Mahindra Intratrade Limited <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> DCB Bank Limited <ul style="list-style-type: none"> <li>• Audit Committee - Chairman</li> </ul>
<b>No. of Shares held in Huhtamaki PPL Ltd</b>	Nil	Nil	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil	Nil	Nil

<b>Name of Director</b>	Mr. Ranjeev Lodha (DIN: 07478890)
<b>Date of Birth</b>	23/08/1964
<b>Nationality</b>	Indian
<b>Date of Appointment</b>	8/08/2019
<b>Qualification</b>	Associate Member of the Institute of Chartered Accountants of India, Member of The Institute of Certified Management Accountants, Australia and Post Graduate Diploma in Management of Business Finance (MBF) from Indian Institute of Finance, Delhi.
<b>Expertise in specific field</b>	Mr. Ranjeev Lodha, a member of the Institute of Chartered Accountants of India and of The Institute of Certified Management Accountants, Australia, has an experience of 30 years in the Finance function. He has worked in multiple roles at Tata Chemicals Ltd (TCL) and Mahindra and Mahindra Ltd. Over the years, Ranjeev has worked in areas of Financial Reporting and Consolidation, Mergers and Acquisitions, Divestments, Investor Relations, Treasury, Strategic Finance, Controlling and adoption of ERP systems. In his last role as Vice President and Group Corporate Controller of TCL he was responsible for the Controlling function and was instrumental in setting up the Centre of Excellence in Financial Reporting for TCL and with the divestment of TCL's Fertilizer business. During his tenure at TCL, Ranjeev was nominated on the Boards of JOil (a green-energy JV based out of Singapore), Tata Chemicals South Africa, Durban and NCourage Social Enterprise Foundation. He was also nominated as a Trustee on Trusts associated with social activities.
<b>Name of other Companies in which he holds Directorship*</b>	Nil
<b>Name of other companies in which he holds Chairmanship/ Membership of Committees of Board\$</b>	Nil
<b>No. of Shares held in Huhtamaki PPL Ltd</b>	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil

\* excludes directorships held in private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, foreign companies and Companies under Section 8 of Companies Act, 2013.

\$ includes Chairmanship/ membership of the Audit Committee and the Stakeholders Relationship Committee of only public limited companies, whether listed or not.