



13<sup>th</sup> April, 2022

The Department of Corporate Services  
**BSE Limited**  
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Dalal Street,  
MUMBAI – 400 001  
Fax No.: (022) 2272 3121/3719/2037  
[corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

**Security Code No.: 509820**

Listing Department,  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot no. C/1,  
G Block, Bandra-Kurla Complex, Bandra (East)  
Mumbai - 400 051  
Fax. No. (022) 26598237/8  
[cmlist@nseindia.com](mailto:cmlist@nseindia.com)

**Security Code: HUHTAMAKI**

**Sub: Notice of 72<sup>nd</sup> Annual General Meeting (AGM) and Annual Report for the financial year ended 31<sup>st</sup> December, 2021.**

**Ref : Huhtamaki India Limited (Formerly Huhtamaki PPL Limited)**

Dear Sir,

Please take note that the 72<sup>nd</sup> Annual General Meeting (AGM) of the Company is scheduled on Thursday, 12<sup>th</sup> May, 2022 at 2.00 p.m. through Video Conferencing (VC)/Other Audio-Visual Means (OAVM).

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, 2021, which is being sent through electronic mode to the Members.

The Directors have recommended a final dividend of Re.1/- per equity share of face value of Rs 2/- each for the financial year ended 31<sup>st</sup> December 2021, subject to approval by the shareholders at the ensuing AGM.

Registered Office:  
Huhtamaki India Ltd.  
(Formerly Huhtamaki PPL Ltd)  
12A-06 B-Wing, 13th Floor,  
Parinee Crescenzo, C-38/39,  
G-Block, Bandra Kurla Complex,  
Bandra (E), Mumbai-400051  
Maharashtra.

Tel: +91 (022) 61740400  
Fax: +91 (022) 6174 0401  
CIN: L21011 MH1950FLC145537  
[www.flexibles.huhtamaki.in](http://www.flexibles.huhtamaki.in)



Pursuant to Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 22<sup>nd</sup> April, 2022 to Thursday, 5<sup>th</sup> May, 2022 (both days inclusive) for determining entitlement of members to final dividend for the financial year ended 2021. 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, Saturday, 11<sup>th</sup> June, 2022 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 Thursday, 5<sup>th</sup> May, 2022;
- 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 Thursday, 5<sup>th</sup> May, 2022.

The Notice and Annual Report for the Year ended 31<sup>st</sup> December, 2021 has been uploaded on the Company's website [www.flexibles.huhtamaki.in](http://www.flexibles.huhtamaki.in)

Kindly take the same on your records.

Thanking you,

Yours sincerely,

**For Huhtamaki India Limited**

DAKSHINAM  
URTHY IYER

Digitally signed by  
DAKSHINAMURTHY IYER  
Date: 2022.04.13  
16:24:52 +05'30'

**D V Iyer**

**Company Secretary & Legal Counsel**

**Encl: 1) Annual Report 2) Notice of 72<sup>nd</sup> AGM**

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# Across the Pages

## Corporate Overview

### 01-37

Packaging for Better Tomorrow	01	Strategy 2030: Expanding Horizons. Adapting Change.	12
Expanding Footprints. Delivering Sustainable Solutions.	02		
Leading Sustainable Packaging Solutions	04	Building a Future-fit Organisation	14
Driving Excellence in the Packaging Industry	07	Huhtamaki India Poised for Growth	16
Board of Directors	08	Care	18
Values Create Value	10	Dare	28
How We Create Value	11	Deliver	34

## Statutory Reports

### 38-89

Directors' Report	38	Management Discussion and Analysis	82
Corporate Governance	63		

## Financial Statements

### 90-146

Independent Auditor's Report	90	Statement of Changes in Equity	102
Balance sheet	100	Cash Flow Statement	103
Statement of Profit and Loss	101	Notes to Financial Statements	105



An electronic version of this Report is available online at:

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



Scan this QR code to navigate investor-related information

#### Disclaimer

This document contains statements about anticipated future events and financials of Huhtamaki India Limited ('Huhtamaki' or 'The Company, or 'We, or 'Our'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

# Packaging for Better Tomorrow

We are passionate about helping brands enhance their impressions through reliable, responsible, and innovative packaging solutions. Our leadership in flexible packaging and decorative labelling solutions is built across all modern technologies. This enables a consistent, safe and memorable consumer experience through the right packaging.

Huhtamaki Oyj is a global leader in sustainable packaging solutions with over a 100-year-long legacy and Nordic heritage. We believe in protecting food, people and the planet. In India, our operations are supported by 16 state-of-the-art and fully-integrated manufacturing facilities. Our skilled and experienced team contributes across the business functions with their expertise, for enhanced efficiency and efficacy.

With 3,025 employees across India, we strive to play a key part in helping great products reach more people easily, with safety, sustainability and ethics at the core of what we do.

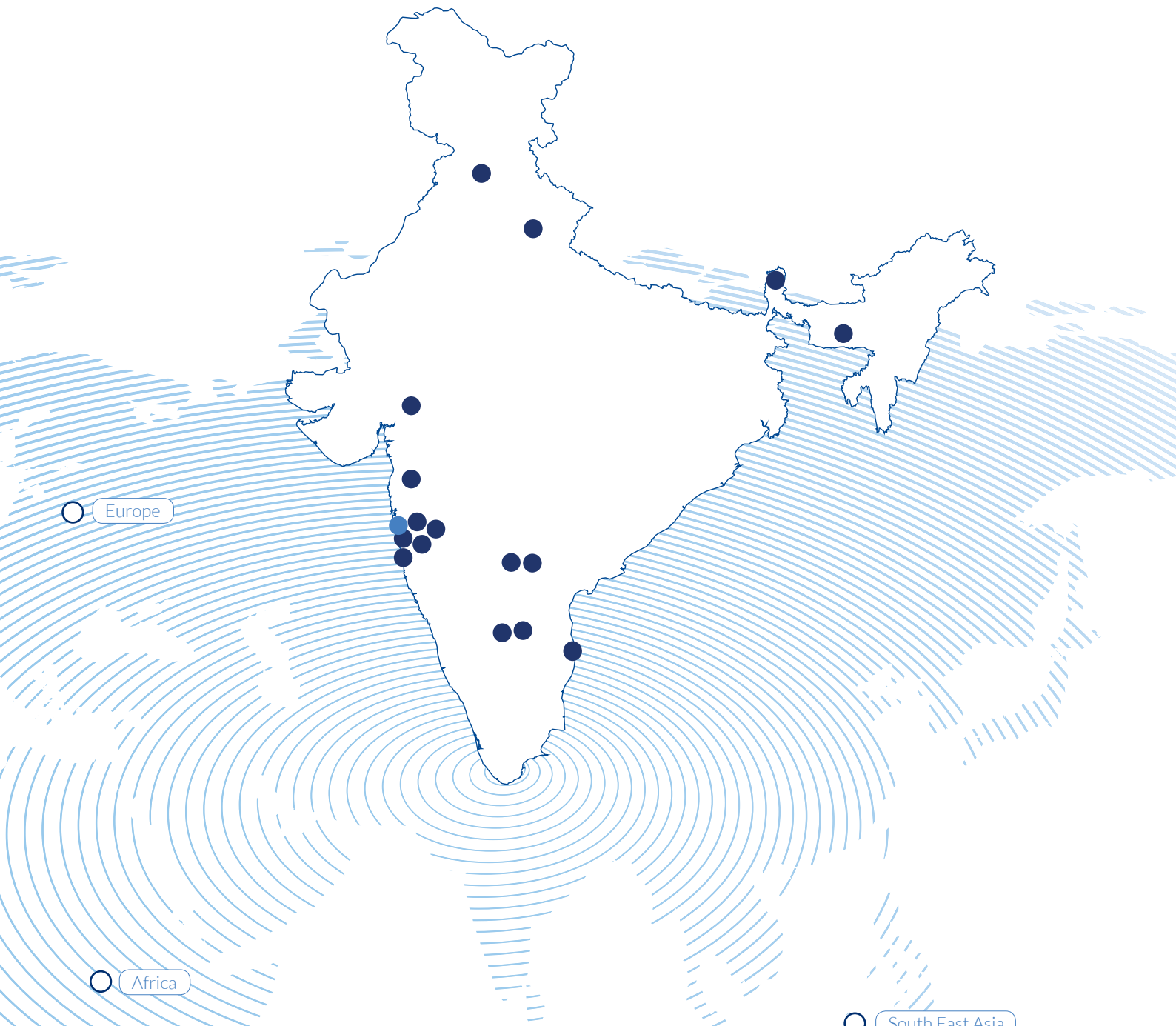


# Expanding Footprints. Delivering Sustainable Solutions.



○ North America

○ South America



### ● Manufacturing locations

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

### ● R&D centre

- Khopoli (Maharashtra)

### ○ Export presence

Oceania

Australia



# Leading Sustainable Packaging Solutions

**We are a fast-growing global packaging company with a heritage of innovative and transformative solutions, touching people's daily lives across industries.**

We believe packaging is essential. By ensuring hygiene and safety, packaging keeps food and beverages edible for longer, reducing food waste. Our belief lies in developing fit-for-purpose packaging solutions, integral to the industries such as healthcare, personal and home care, pet care and other non-food solutions. To this end, we are material positive, choosing the right packaging materials based on their functionality and full-lifecycle, making evidence-based decisions to drive the circular economy.

Our product portfolio also includes tube laminates, making us a partner of choice for beauty care, oral care and the pharma industry. We try to offer innovation in our designs through our labelling solutions portfolio.

Packaging is about continuous innovation. At Huhtamaki India, we consistently innovate to develop an edge over the competition. Our decisions are supported by our specially designed technologies and capabilities like promotions, security solutions, digital printing solutions, specialised pouching solutions, and Rotogravure cylinder. Through our recyclable solutions, we cater to over 12 different markets worldwide.



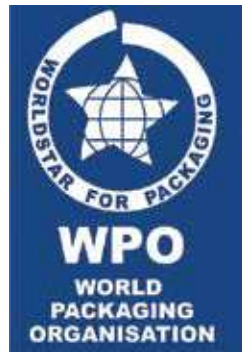








# Driving Excellence in the Packaging Industry



## Excellence in Packaging

### WorldStar Awards 2021

- Alu-free retort and microwave-safe easy-peel lid
- Coconut paste bottoms up pouch
- KitKat Celebreak glow-in-dark pack



## Excellence in Packaging

### SIES SOP Star Awards 2021

- Sticker in a laminate for brand promotions
- Alu-free retort and microwave-safe easy-peel lid



## Excellence in Packaging

### IFCA Star Awards 2021

- Sticker in a laminate for brand promotions
- Coconut paste bottoms-up pouch
- Interactive both-side printed flow-wrap
- KitKat Celebreak glow-in-dark pack



## Excellence in Packaging

### ET Polymer Excellence Award

- Coconut paste bottoms-up pouch

## Board of Directors

Our leaders play an important role in creating and delivering transformative strategies, guiding Huhtamaki India towards success.

### Mr Murali Sivaraman

#### Chairman & Independent Director

- An accomplished business leader who has worked with global multinational companies, including Philips and Akzo Nobel (formerly ICI) in India, Singapore, China, Canada and the UK

#### Positions Currently Held

- Independent Director on the Boards of Bharat Forge Limited, ICICI Lombard General Insurance Company Limited and MedPlus

#### Educational Qualification

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



### Mr Ashok Kumar Barat

#### Independent Director

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

#### Positions Currently Held

- Member, Managing Committee of ASSOCHAM
- Past President Council of EU Chambers of Commerce in India
- Certified Mediator empanelled with the Ministry of Corporate Affairs, Government of India
- Independent Director on the Board of Directors of prominent Companies, such as Bata India, Birlasoft Limited, Cholamandalam Investment and Finance Co. Limited, DCB Bank Limited, Mahindra Intertrade Limited and Alembic Pharmaceuticals Limited

#### Educational Qualification

- Fellow, Institute of Chartered Accountants of India
- Fellow, Institute of Company Secretaries of India
- Associate Member of the Institute of Chartered Accountants of England and Wales and CPA, Australia



### Ms Seema Modi

#### Independent Director

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

#### Positions Currently Held

- Director – Commercial, Marketing, Supply Chain and Display at Trent Hypermarket Private Limited

#### Educational Qualification

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

#### Awards Won

- H. J. Heinz Chairman's Award 2010



## Mr Marco Hilty

### Non-Executive Director

#### Positions Currently Held

- President, Flexible Packaging and a member of the Global Executive Team at Huhtamaki

#### Educational Qualification

- Ph.D. in Business Administration from University of St. Gallen (Switzerland)



## Mr Sami Pauni

### Non-Executive Director

- Heads the Global Functions of Legal, Compliance and Risk Management for the Huhtamaki Group

#### Positions Currently Held

Executive Vice President, Corporate Affairs and Legal, Group

- Legal Counsel and member of the Global Executive Team of Huhtamäki Oyj
- Secretary of the Huhtamaki Board
- Member of the Market Practice Board of Securities Market Association in Finland
- Member of the Legal Affairs Committee of the Confederation of Finnish Industries EK

#### Educational Qualification

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



## Mr Stefan Lotz

### Non-Executive Director

#### Positions Currently Held

- Vice President Finance, Flexible Packaging

#### Educational Qualification

- Master of Economics and Engineering from the University of Europe for Applied Sciences in Hamburg.
- He also successfully completed a Strategic Leadership Program from IMD Business School.



## Values Create Value

We will continue to develop, grow and nurture our talent by building strategic capabilities and a high-performance culture based on our values – Care, Dare, Deliver.



### 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.



# How We Create Value



# Strategy 2030: Expanding Horizons. Adapting Change.

The primary function of packaging was to protect and preserve products and differentiate and connect with consumer values. These functions are rapidly evolving, adding value to the customer expectations, influenced by sustainability, digitalisation and personalisation. Our business model factors in the changing operating environment. To further accommodate and cater to these changing trends, we have built our 2030 Strategy on transformative trends impacting the future of packaging.

## Emerging markets expected to offer next billion set of consumers

- Expecting the middle-class population to increase by 1.8 billion people globally in the next 10 years, coming from China, India, Southeast Asia and longer-term Africa
- Demanding safe access to affordable food every day, enabled by packaging
- Driving the need for local scale and cost competitiveness

## Future consumers expected to require smart, individual and sustainable packaging

- Rising focus and value towards convenience and traceability (e.g. product origin)
- Increasing consciousness of personal and environmental well-being
- Emergence of new brands and models, with room for self-expression, in food delivery, fast-moving consumer goods and retail

## Sustainability will drive innovation and collaboration

- Increasing consumer sentiment and regulation, globally, demanding circularity and plastic substitution solutions
- Driving a need for innovation in products and business models, creating better and smarter packaging
- Increasing need for investment in infrastructures for recycling, incentivisation to drive change in consumer behavior, and better regulation to enable innovation
- Requiring participation across the value chain to address challenges in the development of a circular economy and be part of the solution

## Digitalisation will influence packaging and the way we do business globally

- Creating demand for smart packaging, product traceability and consumer engagement
- Reshaping operations and processes through digital technologies and data, globally
- Facilitating the emergence of digitally enabled business models, including better integration across the value chain (e.g. for recycling)





Packaging creates value by securing hygiene, food availability and food safety for consumers around the globe. In addition to increasing focus on the planet's future, packaging also plays an instrumental role in reducing food waste – by far the most significant environmental impact from food systems on climate change. Our customers, consumers, communities and the planet need our sustainable packaging solutions more than ever before. All the digital breakthroughs have increasingly enabled advanced solutions, including traceability of products and circularity.

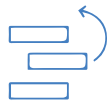
# Building a Future-fit Organisation

We are playing a pivotal role in fulfilling Huhtamäki Oyj's 2030 sustainability ambition - of being the first choice in sustainable packaging solutions. Taking a step ahead in this direction, we have set a bold aspiration for 2030 in India.





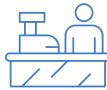
## We have set a bold aspiration for 2030, in India



### 01 Sustaining clear differentiation over competition

**Customer-centric** - To be the preferred business partner  
Go to company for innovation, sustainability and new technology  
Differentiated agility and techno servicing capability  
Cost competitive

**Manufacturing 5.0**  
**Most competitive sourcing hub globally**  
**Leads in digitisation**



### 02 Best place to work

**Best in-class engagement and capability**

Our 2030 Strategy sets the tone for our achievements. Through an aggressive approach, we aim at altering enterprise-wide perspective by setting targets for growth, competitiveness and sustainability. The Strategy will bolster our endeavours in becoming the prime choice in sustainable packaging solutions, enabling well-being and convenience for people around the world by:

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

We will continue growing and scaling our core businesses, expanding in the right market, developing sustainable solutions, and focusing on long-term innovation and venturing. Through this, we aspire to become the most reliable solutions-focused partner for our customers.

Furthermore, through digitalisation, we shall attain a competitive edge in terms of our operations by manufacturing more efficiently and simplifying the way we work globally. All of this will lead us towards a world-class operational performance. We will continue developing, growing, and nurturing our talent by building strategic capabilities and a high-performance culture based on our values – Care, Dare, Deliver.

## Message from Marco Hilty

President, Flexible Packaging

# Huhtamaki India Poised for Growth



### Dear Stakeholders,

The next billion consumers are anticipated to come from emerging markets, and these consumers will expect packaging to be innovative and sustainable. The growth of the middle class in emerging markets offers great opportunities for us. Improving standards of living in emerging

economies are translating into greater purchasing power, thus fuelling consumer demand for high-quality products that are affordable and sustainable.

We produce state-of-the-art packaging for different kind of products whilst meeting quality standards. We offer light, innovative and increasingly sustainable flexible packaging materials, pouches and labels for food and beverages, coffee packaging, pet food packaging, barrier packaging, retort pouches and packaging for healthcare products.

Huhtamaki's strong customer relationships and our strong manufacturing footprint gives us an advantage globally, as we can provide local solutions for local customers across our sites and respond to fast changing customer needs in key emerging markets such as India. The Indian market is an exciting one for Huhtamaki today and for the future. According to projections by UNFPA, the United Nations Population Fund, India will continue to have one of the youngest populations in the world until 2030. While most consumer goods companies have an established presence in India, thus providing us an excellent opportunity as a key global supplier. Also, India is an attractive export location especially for Africa, the Middle East and parts of South-East Asia. We see the following trends in India:

- **Behaviour:** Consumers have adapted to new consumption behaviours in a pandemic world
- **E-commerce:** Is creating fresh pathways to purchase in the new normal
- **Digitalisation:** Businesses must now adapt and create value around the new consumer digital journey

- **Health & Hygiene:** Increased focus and consciousness about nutrition, immunity & health, means consumers are turning to reliable brands
- **Sustainability:** Increasingly important throughout the value chain, we are seeing increased momentum on recyclable solutions and carbon-efficient packaging

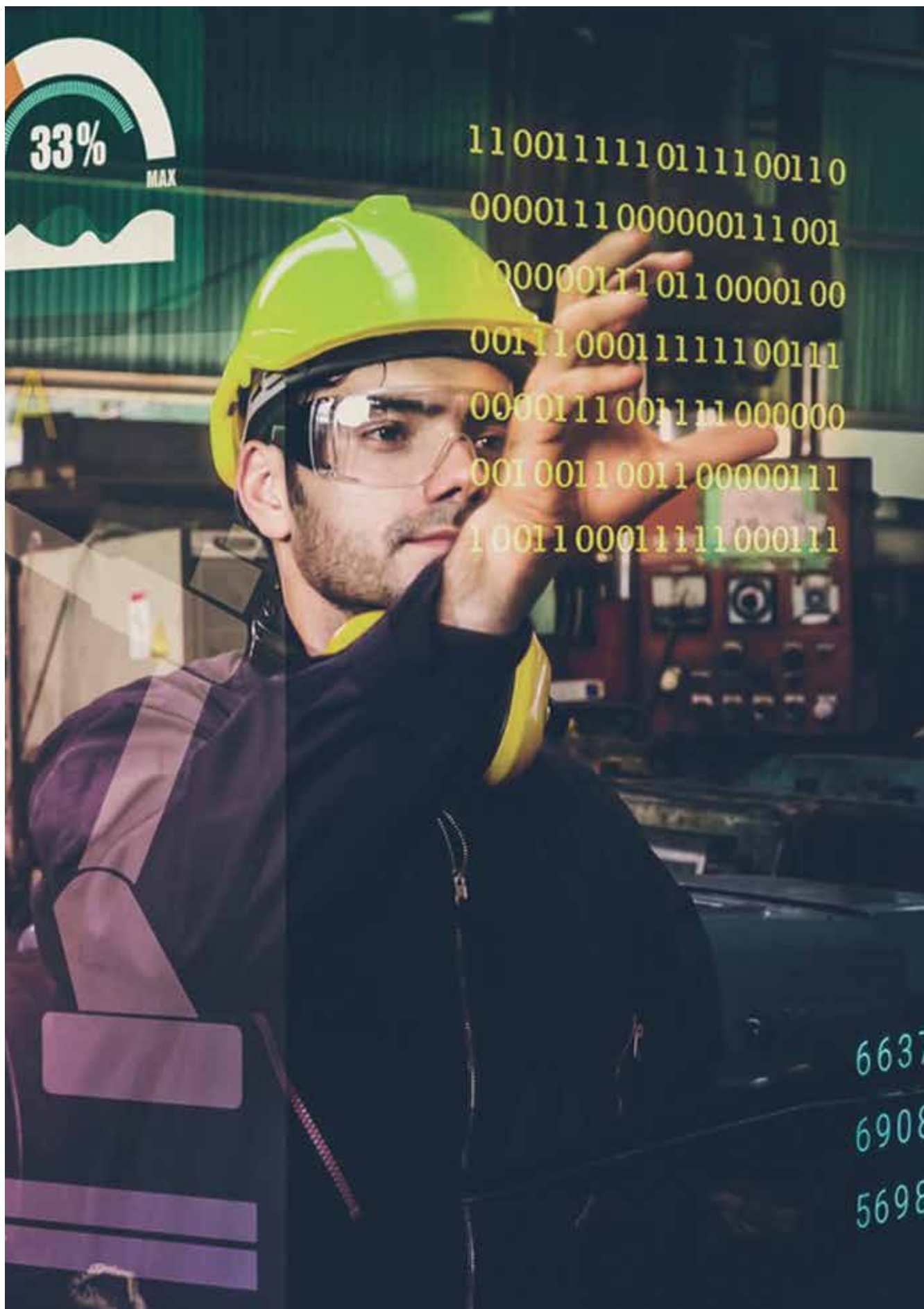
While these key trends have opened opportunities, the uncertainties and dynamism continue to prevail. This includes disruptions in raw material availability and frequent unplanned price increases, competitive intensity with respect to investments in technology and capacity, demand for talent and high attrition, aggressive cost management and a stronger focus on ESG by various stakeholders. With this backdrop, in 2021 we embarked on our India transformation journey and set out a bold ambition to deliver our 2030 strategy for the Flexibles business segment. We also develop fit-for-purpose packaging integral to industries like health care, personal & home care, pet care and other non-food solutions. To this end, we are material positive, choosing the right packaging materials based on their functionality and full-life cycle, making evidence-based decisions to drive the circular economy. We believe in India and our plan is to continue to strengthen our business in India by investing further in this attractive and promising market.

Our people are our most important pillar to drive growth and engagement at Huhtamaki India. Developing talent will continue to remain on top of our agenda. Our committed team has developed sustainable packaging solutions, with effort and dedication. Despite the recent challenges because of the COVID-19 pandemic, our people have worked relentlessly to ensure seamless business operations. I would like to extend a sincere thank you to each of our employees for their valuable contribution and for walking the talk when it comes to our Huhtamaki values every day. Together, as a winning team we aim to drive continuous growth in India.

Kind regards,

**Marco Hilty**





# Care







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

## Our People Matter – Building a High-performance Culture

When it comes to talent, recruiting the right caliber into the business and having the right measures in place to enable them to perform at their best is key to creating a productive high performance culture. By staying true to our values of Care, Dare, Deliver, we all become the driving force behind bringing our strategy to life. Without our colleagues, our purpose and vision of protecting food, people and the planet would not be possible. Employee engagement has been put to test during the COVID-19 pandemic and as has been widely noted people are changing jobs more frequently now more than before. The impact is clear on labour-intensive industries, such as manufacturing. Therefore, we continuously focus on improving our OHS performance and building our capabilities and competencies across the organisation to provide our people with a safe working environment.

In addition, we place emphasis on building engagement and high-performing teams to drive our strategy forward. Developing a diverse workforce is a key element of the 2030 strategy that will help the organisation to grow multifold. Creating the strategic competencies needed to meet tomorrow's challenges in areas such as long-term innovation and digitisation will help us drive a culture of excellence.

Talent development and retention continues to be our biggest priority for 2022. We will continue to adopt a holistic approach towards employee development, health and well-being. Huhtamaki India is invested in ensuring our people strategies support our business objectives. Building a succession pipeline, enhancing internal capabilities both in infrastructure and in talent management and leveraging on automation will be our focus to prepare for a future-fit organisation.

### Developing assets for a better tomorrow

In our pursuit to create an attractive, motivating and safe workplace in the industry, we continue to direct our efforts to achieve it. We empower our people to take responsibility for their careers by enhancing their skills through a variety of virtual learning programs and tools and participating in key projects to achieve the 2030 Transformation Strategy.

### Extending support to the extended family

Huhtamaki India took several measures to support its employees during the pandemic. Several guidelines and protocols were issued to employees to educate them. Our factories and offices have been well equipped with hand sanitisers and masks at all times. Offices





and factories were thoroughly disinfected, and the process of workplace sanitisation is now a part of our standard operation.

Medical and hospitalisation assistance was extended to employee families as well. Our Occupational Health Centre (OHC) and panel of doctors were made available to support our employees and families for quick consultation. Insurance service agencies were involved in providing beds for hospitalisation in case of emergency. To recover from the COVID-19 distress we connected and provided counselling support to our employees and their families.

### Engaging with Employees

As a responsible organisation, we strive to offer an employee experience where the employees' feel safe, valued and included, and create an environment where they can offer their unique contribution. An engaged workforce is essential for our organisation to have an impact and deliver on our purpose, and engaging with our employees in a year such as 2021 was crucial. We adopted different ways of engaging with our employees such as online webcasts, virtual family days and employee events, virtual Reward & Recognition programs, Townhalls, Retirement Celebrations, Festivity celebration, 100 years Huhtamaki Celebration. We also introduced working communities & other engagement activities to keep people connected.

## 24.24

Average hours of training per year per employee

## 3 Programs

Online learning modules completed per employee

## 98.7%

Employees participated in at least one targeted training session

## Rs. 37 lacs

Invested in employee development



## Embedding Sustainability in Everything We do

Our key focus is on circularity solutions and climate action alongside a sustainability approach covering all the three pillars – environment, social accountability and governance ampersand ethics. We took significant steps in all these areas during the past year, demonstrating our commitment to our goals.

### Our sustainability ambition at a glance

We see sustainability as a key differentiator. Our work in the Packaging for Good programme – launched in 2018 – has been the founding block for our 2030 sustainability ambition. Going forward, delivering on our 2030 sustainability ambition will set the pace and framework for how we embed sustainability across our organisation.

Our sustainability ambitions are in line with the ten principles of the UN Global Compact initiative, covering areas of human rights, labour, environment and anti-corruption. We set out a holistic approach under the UN Sustainable Development Goals (SDG) and identified our focus areas. We recognise their value in ensuring a future sustainable, resilient and inclusive of all. In 2020, out of the 17 SDGs, we reviewed our contribution

to the SDGs most relevant to what we do. This resulted in the alignment with three main goals and two supporting goals as a basis for our 2030 sustainability ambition.

### Defining the key areas most impacted in the Sustainable Development Goals:

- By assessing the relevance and importance of the issue towards our value chain and our stakeholders
- By identifying our potential to drive positive change and mitigate possible negative impacts together with our stakeholders across the value chain
- By outlining key actions which we can implement to drive change

### Our Three Main Sustainable Development Goals



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We continue to make safety and how we engage with our people to reach their full potential a top priority. To inculcate sustainability throughout our value chain, we believe in providing a healthy and safe working environment, respecting human rights and maintaining a fair, diverse and inclusive workplace.



SDG 12: Ensure sustainable consumption and production patterns

We support the sustainable use of natural resources by:

- Developing safe, resource-efficient products that enable well-being and convenience
- Designing recyclable, compostable or reusable products
- Developing our processes to ensure responsible use of water and other natural resources



SDG 13: Take urgent action to combat climate change and its impacts

We are committed to creating science-based carbon emission targets by 2022 and actively encourage our suppliers, distributors and customers to sign-up and set their targets accordingly. We believe packaging that protects the product, reduces waste and enables efficient recycling will contribute largely towards a sustainable future. This will also help in transitioning to a climate-neutral society. Our ambition is to achieve carbon-neutral production by 2030.

As part of our due diligence processes, we also identify and evaluate climate change risks to the business and take appropriate mitigative and adaptive action.



## Our two supporting Sustainable Development Goals



**SDG 6:** We try to ensure availability and sustainable management of water and sanitation for all. Our focus is on managing and mitigating impact on water resources through various water management plans. We safeguard water ecosystems, especially in the water stress areas.



**SDG 15:** We protect sustainable use of terrestrial ecosystems and sustainably manage forests. We promote biodiversity and best practices in sustainable forest management by using certified fibre.



### Giving back to society

At Huhtamaki India, we are part of the communities in which we operate and support many local activities that improve the well-being of local society. We have embedded sustainability in our manufacturing operations. More importantly, we take care of the environment in all our activities, driving ethical, sustainable practices in everything we do.

Huhtamaki's Blueloop is a collaborative platform for making flexible packaging circular. With Blueloop sustainability, we are shaping the future of flexible packaging. Together, we work with our customers and partners to develop the knowledge and solutions to accelerate the adoption and scaling of circular flexible packaging, shaping the future.



## MLP Recycling Project

Huhtamaki Foundation's pilot post-consumer Multi layered Plastic (MLP) Project will convert post-consumer MLP laminates to polymer granules. The project entails predesigned machines which would aid in cleaning the post-consumer waste, segregation of it into near polymer groupings and then batchwise process those, extrude the polymer and produce pellets for use. This would find its way in processing plastic utility items through injection moulding process into gardening trays, buckets, waste bins and thus, aid in circularity.

Set-up at Khopoli, a pilot plant with an estimated capacity of 2 to 3 tons per day. This project will help us demonstrate our commitment to Plastic Circularity, and strengthen advocacy & partnership with like-minded bodies.





## Mithi River Project

The Mithi River Project, Mumbai, aims at cleaning up the clogged river. Huhtamaki has donated €600,000 to fund a project that aims to stop the flow of harmful waste and discharge into the Indian Ocean from the Mithi River. This project is run by a global partnership between the United Nations Technology Innovation Labs (UNTIL), VTT Technical Research Centre of Finland, RiverRecycle and Earth5R.



## Designing for circularity and partnering for change in waste management

Huhtamaki India continues to invest in the future – in technology and innovation, in people and the environment. We are utilising Solar Panels in India. So far, we have installed state-of-the-art Rooftop Solar Panels to power our plants in four locations in India – Guwahati, Daman, Silvassa, and Taloja. We see this as a small step forward in renewing the Earth and its finite resources and our quest towards sustainability and promoting renewable energy.

## Gallus LabelMaster 440

Huhtamaki India has installed a Gallus LabelMaster 440 flexo press for its Baddi plant in Himachal Pradesh. The automated pre-setting functions help the operator with a short set-up time. The Gallus Labelmaster's register accuracy is particularly striking – the printed image is always in register whether running at minimum or maximum speed. Printing cylinders and anilox rollers are gearless and directly driven by servo drives. This helps to deliver precise and stable register accuracy across all printing speeds. We added 10-color printing line to process FMCG label jobs with special features, such as foiling and embossing.

We believe in protecting food, people and the planet, enabling well-being for people around the world. We are grounded in our values of 'Care, Dare, Deliver' by embedding sustainability in everything we do.

## 5,00,000 Pouches

Manufactured and Delivered

At Huhtamaki, we feel proud to have supported communities during these unprecedented times. Our Baddi Plant provided 7 medical oxygen cylinders to the dedicated COVID-19 care facility at the Government Hospital in Sarahan. We were more than welcomed by the local council and communities in our endeavour to protect people.



## COVID-19 Support

Against the ongoing pandemic, Huhtamaki India has continued to play its part in supporting the communities in which it operates. The pandemic impacted health, safety, and livelihoods globally in unimaginable ways. These unprecedented times reaffirm Huhtamaki's commitment to protecting people, food, and the planet.

Every life saved is a battle won against the deadly virus. In our persistent endeavour to support local authorities, Huhtamaki India supported the local municipal corporations, provided them with medical equipment and other infrastructural basic requirements required to treat COVID-19 patients. Huhtamaki is committed to caring for communities and our planet.

Our team in Rudrapur quickly responded to an urgent request from the Uttarakhand Government to fulfil a requirement of Rs. 5 lacs (Rs. 5,00,000) flexible pouches for packing COVID-19-related medicines – by the State Government – for patients. Our team in Rudrapur quickly acted on the request from the Uttarakhand Government. We manufactured pouches and carried out the printing and labelling operations in an efficient and effective manner. Huhtamaki's global values – 'Care, Dare, Deliver' – helped us to remain focused on meeting the challenging timescale and making a difference to the communities we thrive within. We are happy to have contributed in our way to get medicine packs for the affected people during the pandemic.

## 7 Medical Oxygen Cylinders

Provided by Baddi plant

Huhtamaki India's team at Bengaluru donated 350 Personal Protective Equipment (PPE) kits containing face masks, face shields, goggles, shoe covers, gloves and full bodysuits. The initiative helped protect our healthcare workers amid the pandemic at Jigani locals.

Our team in Daman distributed battery-operated sprayers and hydro-chlorine liquid containers to

their local public health centre and village councils (Gram Panchayats). The initiative helped in sanitizing COVID-19 affected areas.

Huhtamaki India has been at the forefront of providing care to its employees, environment, and communities. During the second wave of COVID-19, Telangana faced a shortage of oxygen concentrators. Our Hyderabad team bridged this shortfall by contributing 4 oxygen concentrators, 10 wheelchairs and 15 glucometers for emergency care.

Huhtamaki India's Khopoli plant donated Rs. 2 lacs (Rs. 2,00,000) to the newly set COVID-19 dedicated hospital. This hospital provides free treatment to those affected by the virus in Khopoli-Khalapur, the areas surrounding our plant.

Our labels team at the Mahape facility organised a free vaccination drive for a nearby village, Adavali Buthavali, and successfully inoculated over 250 villagers of the age group 18 years and above.

## 350 Personal Protective Equipment

Donated by Bengaluru team





# Dare







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

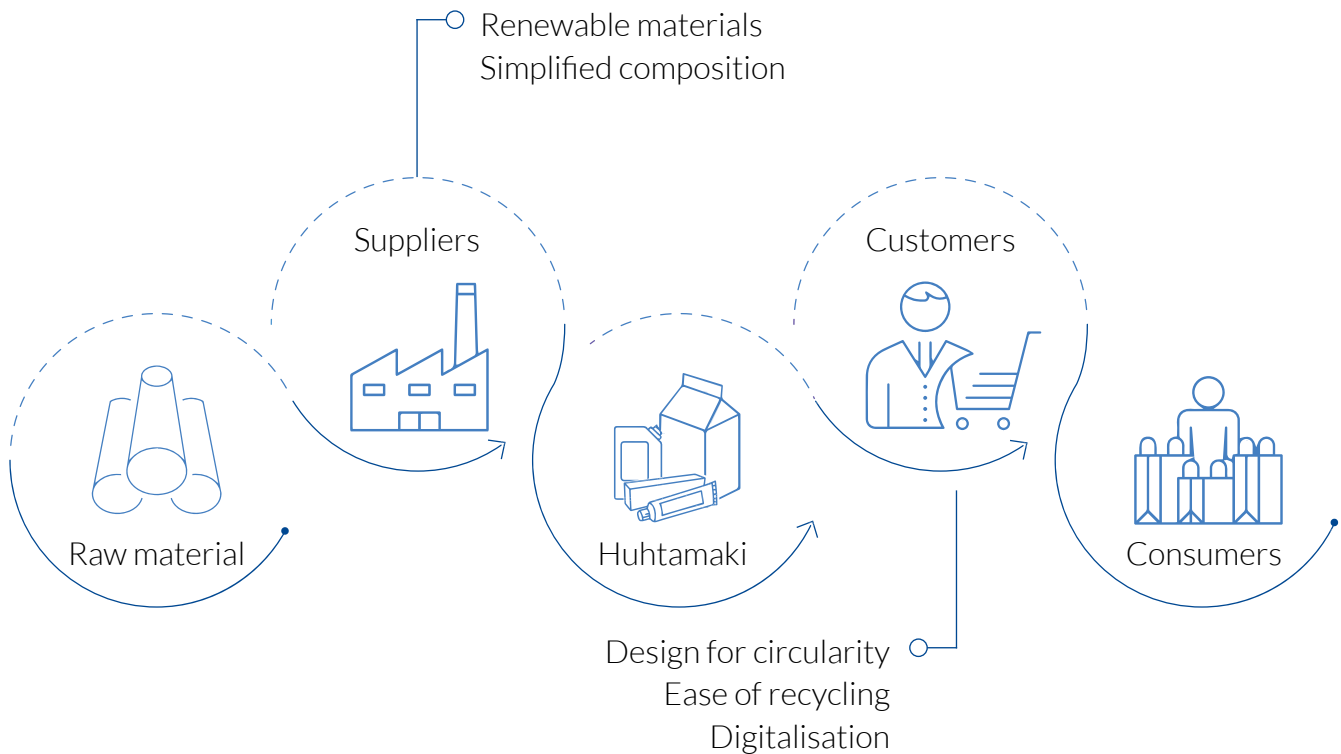
## Innovating for a Better Tomorrow

As an advanced manufacturer, we are at the centre of the value chain. We focus on understanding and delivering on our customers' needs. Our vision for the future raises our ambition level considerably. We want to become a proactive innovation catalyst for our customers and partners, both upstream and downstream. This pioneering work comes from anticipating society's needs of tomorrow to identify opportunities for developing new solutions, such as smart packaging, and add value by bringing transformative packaging solutions.

As a company, we strongly believe that only those who rethink packaging every day will succeed together with customers and ultimately with consumers alike. At Huhtamaki India, innovation and R&D are at the core of our DNA as we focus on future trends. We engage with multiple stakeholders across the value chain to ensure the highest value creation for everyone during the innovation process. We believe in increasing the use of life-cycle inventory to reduce environmental impact and ecological footprint. Today, our focus lies in developing smart, sustainable packaging solutions to address the needs of society as a part of our innovation process.

### As an advanced manufacturer, we are at the center of the value chain

#### INNOVATION THEMES



# Our Benchmark Products

## Introducing biodegradable barrier PE pouches for dry pet food

Our teams in India and Dubai collaborated with customers and developed a protective, PE-based biodegradable stand up pouch for dry pet food packaging. This mono-material biodegradable PE pouch serves as an efficient and sustainable alternative to existing PET/PE solutions. It is capable of natural degradation in open-air or a standard terrestrial environment. Simply put, it requires no specific condition to degrade – just moisture, oxygen and sunlight. A sufficient barrier is added to the pouch for protection as required in primary packages. We have added more convenience with a press-to-close zipper made with the same biodegradable technology as that of the pouch to offer a complete biodegradable packaging solution.

## Meeting sustainability needs with modified PE for flexible PVC film replacement

We are ready with modified PE for laundry applications such as fabric conditioners, liquid detergents, and bleach to help recyclers free from PVC contamination. As a co-extruded mono-film, the modified PE offers good mechanical properties, seal features, moisture barrier and better yield with a density less than PVC. In terms of aesthetics, it provides a matt effect without the use of lacquers. It also maintains the required fragrance intensity with balanced permeation.

## Going plastic-free with paper-based soap wrappers

We are ready with a paper-based soap wrapper to boost recyclability and waste reduction. Overall, expanding our portfolio of recyclable soap wraps. It offers our brand partners the choice of switching from conventional Pet/Paper/Hotmelt to a PET-free Paper/Hotmelt structure. This offers easy paper recovery for repulping during recycling, compared to laminated soap wrappers where paper is sandwiched in the middle. Our offering is designed with FSC-certified paper and offers 80% re-pulpability in the entire construct.



## Foil replacement solutions

Most foil-based structures are used in products that are hygroscopic in nature and require high gas barrier properties. We provide alternatives to foil-based laminates, such as high barrier Met PP and Met PE films, to provide the required barrier at par. These are thin but impart good mechanical and barrier properties. In addition to source reduction, they majorly contribute to sustainability goals.

## Paper-based flow wraps for secondary packs

We are ready with a paper-based flow wrap to serve as secondary packaging for light weight product applications. Especially suited for the beauty and personal care segment, this plastic-free solution enables the choice of shifting away from conventional PET/PE secondary packs used in hair colourants, face creams, make-up and other products. Designed using FSC-certified paper and heat-seal lacquer, it helps our customers responsibly transit to renewable, paper-based packaging. All this with minimal modifications to their existing horizontal flow wrap lines.

## Agility with process innovation for tomato paste packs

We are introducing a tandem extrusion laminate for tomato paste. This will replace 4-ply adhesive-based laminates successfully, offering one-shot 3-ply extrusion laminate with agile manufacturing. This multi-layer flexible solution by Huhtamaki India represents a first of its kind. Its potential benefits to our customers include reduced lead time, enhanced bond strength, and efficient costs while maintaining the desired barrier properties.







## Transparent barrier PE to make better first impressions

Addressing the clutter challenges of competitive product segments such as confectionery, chocolate, snacks, shampoo and pet food, we are ready with transparent barrier PE-based laminates and pouches. This solution is cost-competitive and offers the required barrier performance for larger pack sizes, as compared to existing transparent barrier alternatives for a given film thickness. Combined with BOPP, it further offers recyclability advantages and helps brands sustainably transition from 3-ply to 2-ply structures with no machine modifications. Besides optimised barrier performance and resource use, it captures shopper attention with good transparency and differentiated aesthetics.

## Variable digital PS labels for mass customisation

As a tribute and to deliver some warranted consumer attention to our pandemic heroes, we partnered with our customer for printing over 100 uniquely inspiring stories of COVID-19 Warriors on PS labels of handwash containers. With our HP Indigo wide-web digital press, we could offer design freedom for mass customisation and speed to deliver personalised and unique consumer experiences.



## Alu-free retortable easy peel lid

Delivering the value of quick service with no strings attached, this lid solution adds a new dimension to convenience in the ready-to-eat food sector in India. It is aluminium-free and represents the first-of-its-kind to offer compatibility with multiple extreme processes – retorting, microwaving and hot water baths - along with easy peel.

# Deliver





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

## Digitalisation is the Enabler and Connector of Our Strategic Priorities

The pace of digitalisation is accelerating, and it is no longer just an option. External factors like COVID-19, changing consumer behaviour, and greater sustainability legislation have hastened the need for digitalisation.

At Huhtamaki India, we see digitalisation as a vital lever in reaping our ambition of becoming the most preferred sustainable packaging solution provider. It can assist us in three ways: by enhancing our operational performance, permitting us to serve our clients higher and helping us design for circularity through smart packaging with sustainability at its centre. We have set formidable desires for digitalisation in our 2030 Strategy. Through our 2030 Strategy, we will

- Have 100% of our production sites and equipment digitally connected
- Have 100% of all our worldwide customer transactions digital
- Ensure 100% of our packaging has a digital identity

### Improving operational performance – digitisation in production

The potential impact of digitalisation is evident in the organisation and management of our operations. Digital

improvements in manufacturing processes, such as real-time machine data, predictive maintenance and automated material flow, lead to significant efficiency gains. These same initiatives will also help us improve the sustainability of operations continuously.

### Exploring new business growth avenues – smart packaging

Digitisation is also affecting smart packaging solutions. At Huhtamaki, we envision printed tags and codes that allow us a trustworthy digital identity to significantly add value to our packaging. One of the critical values of smart packaging is easy access to information on the raw materials used. This facilitates recycling, customer engagement and product-tracking. Smart packaging can provide sustainability and promote cycling beyond printed labels, codes and other potential functions. Today, we are actively exploring our role in providing these digital services to our global customers. We see the future full of possibilities, and digitalisation plays a transformative role in our ability to deliver on our 2030 Strategy. The pace of change is accelerating, and we are excited about the possibilities that follow to protect food, people, and the planet.





# We Deliver on Our Promises, with Integrity and as a Team

## Hello Friends!

I am COCO, a friend of Huhtamaki and I am here to help you to #DoRight



We treat our world with respect. Huhtamaki is committed to complying with laws and regulations and to acting in accordance with commonly accepted best practices. This is described in the Huhtamaki Code of Conduct, which sets out the standards for ethical behaviour for all employees. The Code is based on our values and describes our company culture. ZERO tolerance to violations of the Code, any laws or regulations, or unethical business dealings. Employees can play important role in raising any suspected violations through the company's Speak Up platform.

### Principles governing Code of Conduct:

- Compliance with laws and regulations
- Doing the right thing, making sound judgments, thoughtful decision making

- Demonstrating respect for employees and treating them fairly, demonstrating fair dealings with customers, vendors and other third parties

An awareness campaign #DoRight – The Huhtamaki Way! has been launched across Huhtamaki India to reiterate ethics and compliance as an integral part of working. The campaign has a series of messages shared through CoCo as a Mascot. The name CoCo is derived from Code of Conduct - to create awareness and guide employees on the company's whistle blower policy, how to use the Speak Up platform more effectively and most importantly on how to #DoRight – The Huhtamaki Way!

## Directors' Report

Your Directors have pleasure in presenting the 72nd Annual Report along with the Audited Statements of Accounts for the year ended December 31, 2021.

### FINANCIAL HIGHLIGHTS:

Your Company's financial performance during the year was as under: (Rs. in million)

Particulars	2021	2020
Net Sales	25708.6	24,188.0
Profit/(Loss) before Exceptional items & before tax	(5.9)	1,175.9
Exceptional items - (Expenses)	309.8	0.0
Profit/(Loss) after Exceptional items & before tax	(315.7)	1,175.9
Less: Provision for Current Tax	(58.2)	221.9
Provision for Deferred Tax	(30.6)	5.9
Profit/(Loss) for the year	(226.9)	959.9
Opening balance of Retained Earnings	5,881.4	5,205.7
Other Comprehensive Income/(Loss) for the year	(24.4)	(57.6)
Dividend on Equity Shares for the year	226.6	226.6
Closing balance of Retained Earnings	<b>5,403.5</b>	<b>5,881.4</b>

### PERFORMANCE:

The Company's performance was adversely affected due to the unprecedented increase in raw material prices on back of the world-wide inflationary commodity cycle. The dynamic cost and volatile demand situation made reliability of forecast very challenging. Higher Ocean freight rates from mid of 2021 and erratic vessel/container schedule affected exports. The impact of the Covid pandemic, consumption which is yet to fully recover and reach pre Covid levels, has put pressure on volumes, pricing & product mix. Further in the third quarter, your Company rolled out a Voluntary Retirement Scheme (VRS) for employees at its Thane Plant, which was accepted by 102 employees and involved a (one time) pay-out cost of Rs. 309.8 million,

The Company registered net sales of Rs. 25,708.6 million, as compared to Rs. 24,188.0 million for the previous year, with a significant drop in Profit before Exceptional Items and Tax which stood at a Loss of Rs. (5.9) million as compared to Rs. 1175.9 million for the previous year.

The Company has embarked on 'Project Parivartan' (Transformation Project) which is focusing on cost transformation, stronger price realisation and better quality of growth to turnaround its performance. The Project focuses on improving efficiency of manufacturing network, labour productivity and reduce wastages from operations to boost the long-term competitiveness of the Company.

### DIVIDEND:

Your Directors are pleased to recommend a dividend of Re. 1/- (Rupee One only) per equity share (50%) having face value of Rs. 2/- each, for the year ended December 31, 2021. The said dividend will absorb an amount of Rs. 75.5 million.

The Dividend Distribution Policy of the Company is annexed to this Report as Annexure 1.

### FIXED DEPOSITS:

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

### BORROWINGS:

The Company continued to optimise borrowings during the year by focusing on cash flows and working capital management. During the year, the Company raised bank debt of Rs. 250 million, being the second and final tranche of the Rs. 500 million agreement signed in 2020 for Term Loan. The Company also availed Working Capital Demand Loan and Commercial Papers for funding Working Capital. The total increase in Borrowings is Rs. 1009.2 million primarily due to increase in raw material cost on back of the inflationary Commodity cycle.

In 2020, your Company had entered into a related party transaction with Huhtamaki Finance Company V B.V. Netherlands, to raise finance through External Commercial Borrowings (ECB) to the extent of Rs. 2,000 million at an interest rate of 6.5%, payable annually. Second and final

## Directors' Report (Contd.)

tranche of the ECB of Rs. 1,000 million was raised during the year with the objective of reducing cost of debt and for general corporate purposes.

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

### SUBSIDIARY COMPANIES AND FINANCIAL STATEMENTS:

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

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements, and related information of the Company are available on the website of the Company - [www.flexibles.huhtamaki.in](http://www.flexibles.huhtamaki.in). These documents will be made available to the Members for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 noon upto the date of 72nd Annual General Meeting. Members may please note that presently our offices are partially open due to the covid situation and adoption of work from home option.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

### CORPORATE GOVERNANCE REPORT:

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

### MANAGEMENT DISCUSSION AND ANALYSIS:

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

### DIRECTORS & KEY MANAGERIAL PERSONNEL:

#### CHANGES IN DIRECTORATE AND KEY MANAGERIAL PERSONNEL:

Dr Arup Basu, Non-Executive Director of the Company

stepped down from the above position with effect from May 12, 2021.

Mr Ranjeev Lodha, Executive Director and Chief Financial Officer (CFO), sought early retirement and resigned from the services of the Company with effect from September 30, 2021. Mr Jagdish Agarwal has been appointed as Chief Financial Officer (CFO) and designated as Key Managerial Personnel (KMP) of the Company with effect from January 5, 2022.

Mr Sudip Mall stepped down from the position of Managing Director of the Company with effect from November 30, 2021.

Mr Marco Hilty, President - Flexible Business and member of Global Executive Team" has been appointed as Additional Director (Non-Executive) of the Company with effect from September 24, 2021, subject to approval of members at ensuing Annual General Meeting, liable to retire by rotation.

Mr Stefan Lotz, VP - Finance, Flexible Packaging has been appointed as Additional Director (Non-Executive) of the Company with effect from February 18, 2022, subject to approval of members at the ensuing Annual General Meeting, liable to retire by rotation.

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 72nd 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 SEBI Listing Regulations, 2015 and the same has been noted by the Board of Directors.

The Board of Directors are of the opinion that Mr Murali Sivaraman, Ms Seema Modi and Mr Ashok Kumar Barat, Independent Directors of the Company who were appointed on January 1, 2019, January 1, 2020 and April 1, 2020 respectively, have the integrity, expertise & experience and have ascertained that the said Directors have cleared the proficiency self-assessment test conducted by the institute notified under sub-section (1) of section 150 of the Act / were exempted from appearing for the proficiency self-assessment test.

### EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND OF DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 2015 the Board of Directors has undertaken an annual evaluation of its own performance, its various Committees and individual directors. The manner in which the performance evaluation has been carried out has

## Directors' Report (Contd.)

been given in detail in the Corporate Governance Report, annexed to this Report.

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

### **BUSINESS RESPONSIBILITY REPORT:**

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

In line with the green initiative, Business Responsibility Report of the Company for the year ended December 31, 2021 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/globalassets/flexible-packaging/india/investors-india/news--announcements/2021/details-of-familiarisation-programe-2021.pdf>

### **MEETINGS OF THE BOARD:**

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

### **AUDITORS AND AUDITORS' REPORT:**

The Auditors' Report to the members on the accounts of the Company for the year ended 31st December 2021 is a part of the Annual Report. The said Audit Report does not contain any qualification, reservation, or adverse remark, except managerial remuneration paid to the erstwhile Managing

Director and the Executive Director & Chief Financial Officer of the Company amounting to Rs. 37.1 million, which was in excess of the limits under Section 197 read with Schedule V of the Companies Act, 2013, by Rs. 16.2 million. The Company is seeking approval of the shareholders in the forthcoming Annual General Meeting for the excess remuneration paid to the aforesaid Executive Directors.

### **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 2022. Pursuant to the provisions of Section 148 of 4(1) 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 2022. Ms R. Nanabhoy & Co have confirmed that they are free from any disqualifications as specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013. They have further confirmed their Independent Status.

### **SECRETARIAL AUDITOR:**

The Board of Directors of your Company has appointed S.N. Ananthasubramanian & Co., Company Secretaries, to conduct Secretarial Audit for the financial year 2021 pursuant to the provisions of Section 4 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 14. The Secretarial Audit Report in prescribed format is annexed as Annexure 4 to this Report.

### **ANNUAL SECRETARIAL COMPLIANCE REPORT:**

The Company has undertaken an audit for the financial year 2021 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

During the Year 2021, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and Annual Secretarial Compliance Report in prescribed format is annexed as Annexure 5 to this Report.

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



## Directors' Report (Contd.)

### PARTICULARS OF EMPLOYEES:

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

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. In terms of Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information which is available for inspection by the Members at the registered office of the Company during business hours on working days of the Company and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

### PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

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

All related party transactions entered during the Year 2021 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, 13. 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, 2021.

### CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility ("CSR") Policy of your Company is in alignment with the requirements of the Companies Act, 2013. Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (the Act), your Company has constituted a CSR Committee to monitor the CSR activities of the Company, details of which are provided in the Corporate Governance Report, forming part of this Report.

Your Company is committed to CSR and strongly believes that the business objectives of the Company must be in congruence with the legitimate development needs of the society in which it operates. During the year under review the Company incurred a CSR Expenditure of Rs. 81.2 million which was more than statutory limits required to be spent by the Company.

The CSR projects of the Company are primarily focused in the areas of environment sustainability, healthcare, promotion of education and skill development, social welfare & rural development and providing drinking water, sanitation facilities and hygiene. Huhtamaki Foundation successfully commissioned its facility for recycling of post consumer used flexible packaging material towards its drive and focus in the area of environmental sustainability and recyclability.

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

### VIGIL MECHANISM/ WHISTLEBLOWER 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 whistleblower 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.

## Directors' Report (Contd.)

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 14 complaints under Whistle Blower/Vigil mechanism and as of date, 1 complaint is under review. None of the complaints have any material impact on the Company and do not warrant a disclosure. There was 1 pending complaint carried over from the previous year which has been disposed of during the year. Your Company believes in the highest standard of governance and has been very proactive and swift in dealing with whistle blower complaints and have dealt strictly with cases wherever deviations or evidence of conflicts have been noticed.

### **RISK MANAGEMENT & INTERNAL FINANCIAL CONTROLS:**

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimisation procedures which are periodically reviewed to ensure that risk including the Information technology and Cyber Security risk, is controlled/mitigated by the Executive Management. The Company has also formulated Risk Management Policy to review and control risk. The Company has also constituted a Risk Management Committee which 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.

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 and corrective actions before the Audit Committee for their review.

### **ANNUAL RETURN:**

The Extracts of the annual return of the Company for Financial year 2021 has been placed on the website of the Company and can be accessed at link <https://www.huhtamaki.com/en-in/flexible-packaging/investors/financials>

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- a. that in the preparation of the annual financial statements for the year ended December 31, 2021, 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, 2021, 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, 13 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. that the proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

### **HUMAN RESOURCES AND PARTICULARS OF EMPLOYEES:**

People are our biggest asset and the Company is invested in the holistic development, health and well-being of our employees. The Company has been providing continuous skill upgradation and learning opportunities through structured training programs, career discussions and individual

## Directors' Report (Contd.)

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. Members may please note that presently our offices are partially open due to the covid situation and adoption of work from home option. The Company is closely monitoring the pandemic situation and will open its offices up, once it feels that it is safe for employees to resume working from office.

### **DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (POSH):**

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. The Company provides a safe and healthy environment for all our employees. In order to provide women employees a safe working environment 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. Our Company has a 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 has not received any complaint under 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;
- There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report;

### **APPRECIATION & ACKNOWLEDGEMENTS:**

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

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

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

Date: February 28, 2022

## Annexure to Directors' Report

### Annexure – 1

#### DIVIDEND DISTRIBUTION POLICY

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

#### 1. SCOPE AND PURPOSE OF THE POLICY

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

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

#### 2. FACTORS/PARAMETERS TO BE CONSIDERED WHILE DECLARATION OF DIVIDEND -

The Company will broadly take into consideration the following financial parameters and/or internal and external factors to determine whether or not to declare dividend or to determine the quantum of dividend to be declared. The philosophy of the Company is to maximise the stakeholders' wealth in the Company and the Board will consider the following factors while recommending dividend to its shareholders:

##### a) Internal Factors/ Financial Parameters:

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

##### b) External Factors:

- Interest rates;
- Taxation on distribution of dividend; and
- Dividend Payout Ratios of comparable companies/ Companies in same industry.

##### c) Utilisation of Retained Earnings:

In unusual cases, the Company may consider declaring dividend out of profits of previous years or free reserves as may be permitted by law, after taking into account the parameters laid down in this policy.

##### d) Circumstances under which shareholder may or may not expect dividend:

In an event where Company proposes/has undertaken a significant expansion project/ CAPEX; Mergers, Acquisitions or Joint Ventures; buy-back of securities or any such eventualities which requires higher capital allocation or due to inadequate profits or incurring of losses.

##### e) Provisions regarding various classes of shares -

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

#### 3. GENERAL -

- a. This Policy is subject to any amendments/revisions as per the guidelines that may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India, from time to time;
- b. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy, as it may deem fit; and
- c. In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.



## Annexure to Directors' Report (Contd.)

## ANNEXURE - 2

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

## A. CONSERVATION OF ENERGY

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

Some of the key initiatives for conserving energy during 2021 were:

- Installation of additional Solar Plant at Silvassa;
- Replacement of old Scroll Chillers with New Technology Energy Efficient Screw Chiller resulted into Energy Conservation;
- Replacement of Conventional Light with LED Lights in Plants in saving of electricity consumption;
- Variable Frequency Drive (VFD) for ventilation units resulted into energy conservation;
- Replacement of Old Technology DC Drive/DC Motor of Lamination M/C with New Technology AC Drive & AC Motor; and
- Under the re-configuration of plants, the Company shifted all flexible & cylinder Machines to other locations.

## B. TECHNOLOGY ABSORPTION, ADAPTION &amp; INNOVATION:

Your Company continued its R&D efforts in technologies and products that will help in continuous growth. The dedicated and combined R&D set up at Khopoli received recognition from DSIR, Government of India. The new set up also started bringing the agility in Innovation and product development activity.

As part of 2030 strategy, sustainability is an integral part of the organisation and our ambition is to be the first choice of its customers in flexible packaging solutions. To meet our ambition and prioritise our focus on sustainability, the Company is focusing on -

- Large investments to produce and provide sustainable packaging solutions;
- Embedding sustainability in operations;
- Final shape to a pilot project in circularity; and

- Rolling out various programs to create public awareness on flexible packaging as sustainable packaging solutions.

Your Company has earned new recognition in different categories of product innovations at different national and international prestigious award platforms like SIES SOP Star, IFCA Star & WorldStar. A few winning entries which won accolades at WorldStar awards are Alu-free retort and microwave-safe easy peel lid, Coconut paste bottoms up pouch & KitKat celebbreak glow in dark pack.

The Company has been recognised for its innovative efforts by several packaging organisations and was awarded with 5 awards for the year under review, details of the awards are mentioned below:

Name of the Award	Products
WorldStar Awards 22	Alu-free retort & microwave-safe easy peel lid Coconut paste bottoms up pouch KitKat Celebbreak glow in dark Pack
SIES SOP Star Awards	Sticker in laminate for brand promotions Alu-free retort & microwave-safe easy peel lid
SIES SOP Star Awards 21	Limited edition variable festive tea packs Side gusseted roasted coffee bean pouch with non-returnable valve
IFCA Star Awards 21	Sticker in laminate for brand promotions Coconut paste bottoms-up pouch Interactive both-side printed flow-wrap KitKat Celebbreak glow in dark Pack
ET Polymers Awards 21	Coconut paste bottoms-up pouch

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

		Rs. million
a.	Capital	Nil
b.	Recurring	14.6
	<b>Total</b>	<b>14.6</b>

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

### C. RESEARCH AND DEVELOPMENT:

Your Company continued to introduce easy to recycle laminate on Blue Loop platform with growing trend with all our customer base.

To meet the demand of food safe packaging, your Company associated with all its stakeholders to ensure that all input raw materials and process are safe to produce packaging, as per government introduced FSSAI standards and other global food safety standards.

With the help of dedicated NASP (New Applications, Structures, Products / Processes) and I2M activities, a strong new product pipeline is helping your Company to maintain its technology and innovation leadership in the market.

Your Company has completed filling final specifications with claims for 2 patents and has been granted 2 new patents in the year under review.

### D. FOREIGN EXCHANGE EARNINGS & OUTGO:

- a. Foreign exchange earnings from the exports of the Company's products & services amounted to Rs. 7679.9 million.
- b. The outflow of foreign exchange on account of import of raw materials, stores, spares, capital goods, expenses on travelling, commission on exports, and technical Service charges amounted to Rs. 4743.2 million

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

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

## Annexure to Directors' Report (Contd.)

**ANNEXURE - 3****NOMINATION AND REMUNERATION POLICY OF HUHTAMAKI INDIA LIMITED****1. PREAMBLE:**

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

**2. OBJECTIVE:**

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

**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 knowledge and experience, balance of skills and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise

responsibilities in a bonafide 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 and SEBI LODR provisions, as amended from time to time.

**II) POLICY FOR INDEPENDENT DIRECTORS -**

- a. Independent Directors shall receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lacs, 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

## Annexure to Directors' Report (Contd.)

provisions of the Companies Act, 2013. Where in any financial year, the Company has no profits or the profits are inadequate, Independent Directors may be paid remuneration or Commission not exceeding the limits laid down under Schedule V and other applicable provisions of the Companies Act, 2013

and SEBI LODR, as amended from time to time. Further, the Company may pay remuneration to such Independent Directors in excess of limits laid down under Schedule V, by following the process prescribed under law. 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, 2021

[Pursuant to Section 4(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

#### Huhtamaki India Limited

(Formerly Huhtamaki PPL Limited)

CIN: L21011MH1950FLC145537

12A-06, B-Wing, 13th Floor, Parinee Crescenzo,

C-38/39, G-Block, Bandra Kurla Complex,

Bandra (E), Mumbai - 400 051

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Huhtamaki India Limited (hereinafter called the Company)** for the financial year ended **December 31, 2021**. 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, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **December 31, 2021**, 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 financial year ended on December 31, 2021 according to the provisions of:

- i. The Companies Act, 2013 ('the Act'), and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not applicable to the extent of Overseas Direct Investment as there was no reportable event during the financial year under review.**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. 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;**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (up to August 12, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from August 13, 2021) - **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 (up to August 15, 2021) and The Securities and



## Annexure to Directors' Report (Contd.)

- Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from August 16, 2021) - **Not Applicable as the Company has not issued and listed debt securities during the financial year under review;**
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to 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 (up to June 9, 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from June 10, 2021) - **Not Applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchanges during the financial year under review; and**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable as the Company has not bought back/proposed to buy-back its equity shares during the financial year under review;**
- i. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from August 16, 2021)- **Not Applicable as the Company has not issued and listed debt securities during the financial year under review.**
- vi. The management has identified and confirmed the following laws as specifically applicable to the Company:
- The Petroleum Rules, 2002;
  - The Legal Metrology Act, 2009, Rules and Regulations thereunder;
  - The Environment (Protection) Act, 1986 and Rules thereunder;
  - The Environment Impact Assessment Notification, 2006;
  - The Food Safety and Standards (Licensing & Registration of Food Businesses) Regulations, 2011;
  - The Batteries (Management and Handling) Rules, 2001;
  - The Food Safety and Standards Act, 2006;
  - The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;

- The Plastic Waste Management Rules 2016;
- The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
- The Solid Waste Management Rules, 2016;
- The Bio-Medical Waste Management Rules, 2016;
- The E-Waste (Management) Rules, 2016.

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

- Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited.

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

**We further report that:**

- As on date of this report, there are no Executive Directors on the Board of Directors of the Company. The Board comprises of two Non-Executive and three (including one woman) Independent Directors.
- The changes in the composition of the Board of Directors viz.,

Name of the Director	Date of Appointment / Cessation	Particulars of Change
Mr Arup Basu	03.01.2021	Cessation as the Executive Director and appointed as Non - Executive Director effective 04.01.2021.
Mr Sudip Mall	04.01.2021	Appointment as Managing Director
Mr Arup Basu	12.05.2021	Cessation as Non-Executive Director.
Mr Ranjeev Lodha	30.09.2021	Cessation as Wholetime Director of the Company.
Mr Sudip Mall	30.11.2021	Cessation as the Managing Director of the Company.

that took place during the period under review were carried out in compliance with the provisions of the Act.

**We have been informed that the Company is in the process of appointing Non- Executive Director and Managing Director to comply with the requirement of Regulation 17(1) (c) of LODR Regulations and Section 203 of the Act.**

## Annexure to Directors' Report (Contd.)

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance before the meeting except where consent of Directors was received for circulation of agenda and notes to Agenda at a shorter notice. There exists system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of the Board and Committee meeting were carried 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 there are adequate systems and processes in place in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:

- As informed, the Company has responded appropriately

to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the review period, no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. above have taken place

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: P1991MH040400

Peer Review Cert. No.: 606/2019

**S. N. Ananthasubramanian**

Partner

FCS: 4206 | COP No.: 1774

ICSI UDIN: F004206C002615771

February 17, 2022 : Thane

### Annexure – A

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

Our Secretarial Audit Report for the financial year ended **December 31, 2021** 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. We have conducted our Audit remotely, based on the records and information made available to us through electronic platform by the Company, due to COVID-19 pandemic induced lockdown and restrictions/Work From Home policy of the Company in place, for the purpose of issuing this report.
6. 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.
7. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **S. N. ANANTHASUBRAMANIAN & Co.**

Company Secretaries

ICSI Unique Code: P1991MH040400

Peer Review Cert. No.: 606/2019

**S. N. Ananthasubramanian**

Partner

FCS: 46 | COP No.: 1774

ICSI UDIN: F004206C002615771

February 17, 2022 | Thane

## Annexure to Directors' Report (Contd.)

### ANNEXURE – 5

#### Annual Secretarial Compliance Report For The Financial Year Ended December 31, 2021

To,

**Huhtamaki India Limited**

(Formerly Huhtamaki PPL Limited)

CIN: L21011MH1950FLC145537

12A-06, B-Wing, 13th Floor, Parinee Crescenzo,

C-38/39, G-Block, Bandra Kurla Complex,

Bandra (E), Mumbai – 400 051

Sir/ Madam,

#### Annual Secretarial Compliance Report for the Financial Year 2021

We have been engaged by Huhtamaki India Limited (hereinafter referred to as 'the Company') bearing **CIN: L21011MH1950FLC145537** whose equity shares are listed on National Stock Exchange of India Limited (Symbol: HUHTAMAKI) and BSE Limited (Security Code: 5098) 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/CMD1/27/19 dated February 08, 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.

We have conducted our Audit remotely based on the records and information made available to us through electronic platform by the Company, due to COVID-19 pandemic induced lockdown and restrictions/Work From Home policy of the Company in place for the purpose of issuing this report.

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: 46 | COP No.: 1774

Date: February 17, 2022 | Thane

### Secretarial Compliance Report of

#### Huhtamaki India Limited

#### For The Financial Year Ended December 31, 2021

We have examined:

- (a) all the documents and records made available to us and explanations provided by **Huhtamaki India Limited** (Formerly Huhtamaki PPL Limited) ('the listed entity');
- (b) 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 financial year ended December 31, 2021 ('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) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) 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) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) 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 (up to August 12, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from August 13, 2021) – **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 (up to August 15, 2021) and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from August 16, 2021) – **Not Applicable as there was no reportable event during the financial year under review;**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (up to August 15, 2021) and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from August 16, 2021) – **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;
- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under insofar as it appears from my/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 – **NONE;**



## Annexure to Directors' Report (Contd.)

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended...	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	The Financial Statements except the Auditors' Report were submitted within 30 minutes of the closure of the Board Meeting.	December 31, 2020	The Auditors' Report was submitted on February 26, 2021	None

For **S. N. ANANTHASUBRAMANIAN & Co.**

Company Secretaries  
 ICSI Unique Code: P1991MH040400  
 Peer Review Cert. No.: 606/19

**S. N. Ananthasubramanian**

Partner  
 FCS: 4206 | COP No.: 1774  
 ICSI UDIN : F004206C002615870  
 February 17, 2022 | Thane

### ANNEXURE – 6

#### Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021 ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(Rs. in million)

Sr No	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for Financial Year (FY)	% increase in Remuneration in the Financial Year 2021	Ratio of remuneration of each Director to median
1.	Mr Ranjeev Lodha Executive Director & CFO <sup>^</sup>	15.89	(18.49)%	32.8:1
2.	Mr Sudip Mall, Managing Director*	25.6	NA*	54.9:1
3.	Mr Dakshinamurthy Iyer, Company Secretary	6.06	1.51%	13.0:1
4.	Dr Arup Basu Non-Executive Director %	8.2	(79.60)%	34.4:1

<sup>^</sup> Stepped down as Executive Director & CFO on September 30, 2021.

\*Appointed as a Managing Director w.e.f January 4, 2021 and stepped down on November 30, 2021.

% Appointed as Non-Executive Director w.e.f January 4, 2021 and stepped down on May 12, 2021.

#### Note:

- 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, as per Ind AS, the Company has recognised reversal of Rs. 7.2 million which were accrued in earlier years with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.
- Remuneration paid to Independent Directors consists only sitting fees and Commission for FY 2021 in accordance with Section 197 (ii) of the Companies Act, 2013 details of which are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for remuneration of Independent Directors are therefore not considered for the above purpose.
  1. The percentage increase in median remuneration of employees of the Company during the financial year was 2.17%.
  2. The number of permanent employees on the rolls of Company as on December 31, 2021 were 3025.
  3. Average percentage increase made in the salaries of employees other than managerial personnel in the financial year was 2.17%, while the increase in the remuneration of managerial personnel was also 2.17%. The aggregate limit of remuneration of managerial personnel was reviewed and revised, keeping in view the need for leveraging experience and expertise as well as rewarding talent and the prevailing trend in the industry.
  4. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

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

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

## Annexure to Directors' Report (Contd.)

## ANNEXURE - 7

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2021

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

The Company through its CSR policy intends to -

- Strive for economic development that positively impacts society at large with minimal resource footprint; and
- Embrace responsibility for the Company's actions and encourage a positive impact through its activities to alleviate hunger, poverty and malnutrition; to protect the environment; and to support communities, stakeholders and society.

In accordance with the requirements under the Companies Act, 2013 and the rules / regulations framed thereunder and circulars / clarifications issued thereunder (collectively, "Applicable Law"), Huhtamaki India's CSR activities, amongst others, will focus on 5 thrust areas:

Focus areas	Focus area Implementation strategy	Modes of implementation
HUNGER, POVERTY, MALNUTRITION AND HEALTH	Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	Work directly or with non-profit organisations at infrastructure and/or operational level to support meal or nutrition related programs in schools and other institutions across India.  Work with medical and health related organisations for projects in preventive healthcare, short term and long term care and treatments.
EDUCATION	Promoting education, including special education and employment-enhancing vocational skills, especially among children, women, and the differently abled, and livelihood enhancement projects; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies, this also includes skilling and reskilling initiatives for those who are in need.	Partner directly or with non-profit organisations, primary, secondary and higher educational institutions including schools, colleges, and universities to encourage efforts in a wide range of areas including training, provision of funding for continued education, skilling and re-skilling initiatives, offline and online education, research, infrastructure development and capacity building.
RURAL DEVELOPMENT PROJECTS	Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.	Rural Development Work with non-governmental organisations (NGOs) and local administrations to achieve community development goals. Partner directly or with governments and NGOs to support projects related to development and improvement of infrastructure and essential amenities, livelihood and skilling initiatives, training and education, and rehabilitating disaster affected victims in rural areas.
GENDER EQUALITY AND EMPOWERMENT OF WOMEN	Promoting gender equality and empowering women; Supporting NGO's in setting up homes, hostels and day care centers for women and orphans; setting up old age homes and other similar facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward groups.	Work directly or with NGOs to reach out to underprivileged and socially disadvantaged persons including women and children towards the cause of gender equality and empowerment. Projects include awareness activities, trainings, support for livelihood related efforts, infrastructure development, and operational needs.

## Annexure to Directors' Report (Contd.)

Focus areas	Focus area Implementation strategy	Modes of implementation
ENVIRONMENTAL SUSTAINABILITY	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.	Work with NGOs on safeguarding the environment, including protection of flora and fauna, promoting climate action, renewable energy, natural resource conservation as well as promoting resource efficiencies across energy, water and waste management.  Projects can include interventions in the areas of water and wastewater management (watershed management, lake rejuvenation, etc.), rural electrification, waste to energy (household biogas), avoidance or replacement of firewood for cooking with efficient alternatives, forestry, amongst others.

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

Sr. No	Name of the Members & Designation	No of meeting attended
1	Mr Murali Sivaraman – Chairman & Independent Director	3/3
2	*Dr Arup Basu - Non-Executive Director & Member	0/2
3	^Mr Sudip Mall - Managing Director & Member	2/2
4	# Mr Sami Pauni - Non-Executive Director & Member	1/1
5	% Mr Marco Hilty - Non-Executive Director & Member	1/1

\* Arup Basu ceased to be a member of Corporate Social Responsibility Committee w.e.f. May 12, 2021, consequent to his resignation from the position of Non-Executive Director.

# Mr Sami Pauni was appointed as a member of Corporate Social Responsibility Committee w.e.f. June 11, 2021, consequent to resignation of Dr Arup Basu.

^ Mr Sudip Mall was appointed as a member of Corporate Social Responsibility Committee w.e.f. January 22, 2021 and ceased to be a member w.e.f. November 30, 2021, consequent to his resignation.

% Mr Marco Hilty was appointed as a member of Corporate Social Responsibility Committee w.e.f. December 3, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR committee : <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>

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

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). Not applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

Sr. No	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be setoff for the financial year, if any (in Rs.)
-	-	-	-

6. Average net profit of the Company for last three financial years – Rs. 1,386.7 million
7. a) Two percent of average net profit of the company as per section 135(5) : Rs. 27.7 million  
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Nil



## Annexure to Directors' Report (Contd.)

- c) Amount required to be set off for the financial year, if any: Nil  
d) Total CSR obligation for the financial year (7a+7b-7c) : Rs. 27.7 million

8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 2021 (in Rs.)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
Rs. 81.2 million	NA	NA	NA	NA	NA

- b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No	Name of Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/No)	Location of the project	Amount allocated for the project (in Rs. million)	Amount spent in the current financial Year (in million Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135	Amount spent: Direct or through implementing agency
1	Providing Covid Care equipments	Promotion of Healthcare	Yes	Erragadda, Hyderabad (Telangana)	1.0	0.3	Nil	Direct
2	Protection Kit to frontline worker	Promotion of Healthcare	Yes	Kilwani, Erode Silvassa (UT of Dadra & Nagar Haveli)	0.6	0.4	Nil	Direct
3	Contribution to Federation of Industries Association, Dadra & Nagar Haveli towards health care	Promotion of Healthcare	Yes	Silvassa (UT of Dadra & Nagar Haveli)	0.7	0.7	Nil	Direct
4	Ration bags distribution under PMGKAY	Communication & Societal Development	Yes	Silvassa (UT of Dadra & Nagar Haveli)	0.4	0.2	Nil	Direct
5	Providing Sanitation System to Houses	Promotion of Healthcare	Yes	Umerkoi, Silvassa (UT of Dadra & Nagar Haveli)	2.6	2.0	Nil	Direct
6	5 lacs flexible Pouches for Uttarakhand COVID KIT to SIDCUL on Behalf of Uttarakhand State Government	Promotion of Healthcare	Yes	Rudrapur (Uttarakhand)	1.8	0.4	Nil	Direct
7	Toilet modification and providing safe drinking water in the Employment Exchange office.	Promotion of Healthcare	Yes	Guwahati (Assam)	0.1	0.1	Nil	Direct

## Annexure to Directors' Report (Contd.)

Sr. No	Name of Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/ No)	Location of the project	Amount allocated for the project (in Rs. million)	Amount spent in the current financial Year (in million Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135	Amount spent: Direct or through implementing agency
8	School Building Repair/ Distribution of Bag	Promotion of Education	Yes	Santhavellore - Govt. High School, Madanapalem village of Govt. high school Near Sri city (Andhra Pradesh)	0.3	-	Nil	Direct
9	Green Cover through Plantation of 33% of School area	Environment Sustainability	Yes	Santhavellore - Govt. High School, Andhra Pradesh)	0.1	-	Nil	Direct
10	Providing School Bags/ Shoes to students in slum areas near Plant	Promotion of Education	Yes	Majhitar Gov. School (Sikkim)	0.06	-	Nil	Direct
11	Providing Oxygen concentrators to sub district hospital Panvel	Promotion of Healthcare	Yes	Panvel (Maharashtra)	0.7	0.6	Nil	Direct
12	Helping to Local PHC Centre Jigani to Fight against COVID-19 Pandemic by doing Covid Test by Wearing PPE Kits.	Promotion of Healthcare	Yes	Jigani (Bengaluru)	0.2	0.10	Nil	Direct
13	Distribution of battery operated hand sprayer and hydrochloride liquid	Promotion of Healthcare	Yes	1) Dabhel Panchayat 2) Ghelwad Panchayat 3) Dungarwadi Gram Panchayat 4) Amalia PHC - Hospital 5) Samvedna Hospital	0.1	0.03	Nil	Direct

## Annexure to Directors' Report (Contd.)

Sr. No	Name of Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/ No)	Location of the project	Amount allocated for the project (in Rs. million)	Amount spent in the current financial Year (in million Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135	Amount spent: Direct or through implementing agency
14	Supply of medical oxygen cylinders for Govt Hospital Sarahan Distt. Sirmour (H.P) which is declared as dedicated Covid Care facility by Govt authorities.	Promotion of Healthcare	Yes	Govt. Hospital Sarahan Distt. Sirmour (H.P) Designated as Dedicated Covid care facility by Govt authorities	0.3	0.1	Nil	Direct
15	Providing equipment's and other material to the Hospital of Khopoli Municipal Corporation towards COVID relief.	Promotion of Healthcare	Yes	Khopoli. Tal Khalapur (Maharashtra)	0.9	0.5	Nil	Direct
16	Providing equipment's and other material to the Rural Hospital, Chauk towards COVID relief.	Promotion of Healthcare	Yes	Chauk, Tal Khalapur (Maharashtra)	0.9	0.6	Nil	Direct
17	Providing equipment's and other material to the Sub-District Hospital, Karjat towards COVID relief.	Promotion of Healthcare	Yes	Karjat, Tal Khalapur (Maharashtra)	0.9	0.6	Nil	Direct
18	Providing finance for staff salary of Covid Hospital developed with the joint efforts of Industries Association of Khopoli	Promotion of Healthcare	Yes	Khopoli (Maharashtra)	0.9	0.2	Nil	Direct
19	Mass Free Vaccination Drive at Adavali - Buthavali Gaon	Promotion of Healthcare	Yes	Mahape (Maharashtra)	0.3	0.2	Nil	Direct

## Annexure to Directors' Report (Contd.)

Sr. No	Name of Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/ No)	Location of the project	Amount allocated for the project (in Rs. million)	Amount spent in the current financial Year (in million Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135	Amount spent: Direct or through implementing agency
20	Contribution to Huhtamaki Foundation for Sustainability	Environment Sustainability	Yes	Khopoli (Maharashtra)	15	74.1	Nil	Direct
	<b>Total</b>				<b>27.9</b>	<b>81.2</b>		

- c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable
- d) Amount spent in Administrative Overheads : Nil
- e) Amount spent on Impact Assessment, if applicable : Not Applicable
- f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 81.2 million
- g) Excess amount for set off, if any

Sr. No	Particulars	Amount (in Rs.)
I	Two percent of average net profit of The Company as per section 135(5) 21	27.7
II	Total amount spent for the Financial Year	81.2
III	Excess amount spent for the financial year	53.2
IV	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
V	Amount available for set off in succeeding financial years [(iii)-(iv)]	53.2

9. a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

Sr. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in million Rs.)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial Years
				Name of the fund	Amount	Date of transfer	

- b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

Sr. No	Project ID	Name of the Project	Financial Year in which project had commenced	Project Duration	Total Amount allocated for the Project	Amount Spent on project in reporting financial year	Cumulative Amount spent at the end of reporting financial year	Status of Project Completed

## Annexure to Directors' Report (Contd.)

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year –

Asset-wise details:

- a) Date of creation or acquisition of the capital asset(s) - Not applicable
  - b) Amount of CSR spent for creation or acquisition of capital asset – Not applicable
  - c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc., - Not Applicable
  - d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - Not Applicable
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) - Not Applicable

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

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



## Company's Philosophy on Code of Governance

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

It is HIL's belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The implementation of HIL's Code of Conduct, Whistle Blowing Policy, Code for Prohibition of Insider Trading and such other policies exemplify this spirit of good ethics. With a view to simplify and make the system more robust, The Company has consolidated its Code of Conduct and Code of Ethics into one Code of Conduct for all its employees, including its officers, senior management and directors (including independent directors) and the new Code of Conduct received approval of the Board on February 11, 2022. The Company also replaced the existing Whistle Blowing Policy with a new policy with a view to simplify and clarify the forums available to employees to speak up. The Company also has a Code for Prohibition of Insider Trading and such other policies that exemplify 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, 15.

# Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended December 31, 2021.

## 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, 2021 comprised of 5 (Five) Directors, 3 (Three) being Independent Directors and 2 (Two) Non-executive Directors. The Chairman of the Board is a Non-executive Independent Director and more than one-third of the Board members were Independent Directors. The Board at its meeting held on February 18, 2022 inducted Mr Stefan Lotz as non-executive Director of the Company and accordingly, the Board composition is now 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 21/ Tenure	No. of Board Meetings attended	Attendance at last AGM
1	Mr Murali Sivaraman	Non -Executive, Independent	11	11	Yes
2	Ms Seema Modi	Non -Executive, Independent	11	11	Yes
3	Mr Ashok Kumar Barat	Non -Executive, Independent	11	11	Yes
4	Mr Sami Pauni	Non-Executive	11	9	Yes
5	Mr Marco Hilty	Non-Executive	3	2	NA
6	Dr Arup Basu*	Non-Executive	5	2	NA
7	Mr Sudip Mall%	Executive	10	10	Yes
8	Mr Ranjeev Lodha^	Executive	9	7	Yes
9	Mr Stefan Lotz*	Non-Executive	Nil	Nil	NA

\*Dr Arup Basu resigned as Non-executive Director w.e.f. May 12, 2021.

%Mr Sudip Mall was appointed as Managing Director w.e.f. January 4, 2021 for a period of 5 years, whose appointment was approved by the shareholders at their meeting held on June 29, 2021 and resigned from the position of Managing Director on November 30, 2021.

^Mr Ranjeev Lodha resigned as an Executive Director & CFO w.e.f. September 30, 2021.

\*Mr Stefan Lotz was appointed as Non-Executive Director of the Company effective February 18, 2022.

### A. Inter-Se Relationship among the Directors:

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

### B. Resignation of Independent Directors and Reasons Thereof:

During the year 21 none of the Independent Directors resigned from the Company's Board.

### C. Board Meetings:

During the Financial year 2021, 11 (Eleven) Board Meetings were held, i.e. on January 22, 2021, February 24, 2021, March 26, 2021, April 23, 2021, May 11, 2021, June 30, 2021, July 19, 2021, August 8, 2021, September 24, 2021, October 22, 2021 and December 2, 2021\*, with time gap not exceeding 120 days between any two such meetings. The Annual General Meeting of the Company was held on June 29, 2021.

\*Board Meeting dated December 2, 2021 was adjourned and concluded on December 3, 2021.

### 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, 2021			
	Other Directorship(s) <sup>1</sup>	Committee positions in other Companies (excluding HIL) <sup>2</sup>		
		Member	Chairman	Total
Mr Murali Sivaraman	3	1	1	2
Ms Seema Modi	Nil	Nil	Nil	Nil
Mr Ashok Kumar Barat*	6	2	4	6
Dr Arup Basu	Nil	Nil	Nil	Nil
Mr Sami Pauni	Nil	Nil	Nil	Nil
Mr Ranjeev Lodha	Nil	Nil	Nil	Nil
Mr Sudip Mall	Nil	Nil	Nil	Nil
Mr Marco Hilty	Nil	Nil	Nil	Nil
Mr Stefan Lotz	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.

\*Mr. Ashok Kumar Barat was appointed as an Additional Director on the Board of Alembic Pharmaceuticals Limited w.e.f. February 10, 2022 and Member of Audit Committee w.e.f. February 11, 2022.

### E. Directorship In Listed Companies:

Sr. No.	Name of the Director	Name of the Company
1	Mr Murali Sivaraman	1. Bharat Forge Limited 2. ICICI Lombard General Insurance Company Limited 3. Medplus Health Service Limited
2.	Ms Seema Modi	Nil
3.	Mr Ashok Kumar Barat	1. Bata India Limited 2. Cholamandalam Investment & Finance Company Limited 3. Birlasoft Limited 4. DCB Bank Limited 5. Alembic Pharmaceuticals Limited*

\* Mr. Ashok Kumar Barat was appointed as an Additional Director on the Board of Alembic Pharmaceuticals Limited w.e.f. February 10, 2022.

### F. Information provided to the board:

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

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

### 2. COMMITTEES OF THE BOARD:

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

## Corporate Governance (Contd.)

### 1. Audit Committee 2021:

The Audit Committee comprises of two Non-executive Independent Directors and one Non-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 FY 2021
Mr Ashok Kumar Barat – Chairman	Member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and CPA (Australia).	7/7
Mr Murali Sivaraman – Member	Member of the Institute of Chartered Accountants of India, Institute of Cost Accountants of India MBA from Indian Institute of Management, Ahmedabad and Advanced Management Program from Harvard	7/7
Dr Arup Basu – Member*	Ph.D. in Technology, Composite Materials from the University of Manchester, Institute of Science and Technology (UMIST), UK, and a Bachelors' Degree in Material Science and Engineering from Imperial College, London, UK. International Baccalaureate Diploma from United World College (UWC) of Atlantic, Wales, UK.	1/2
Mr Sami Pauni – Member <sup>5</sup>	Master's degree in Law and Business Administration (MBA)	5/5

\*Dr Arup Basu ceased to be a member of Audit Committee w.e.f. May 12, 2021, consequent to his resignation from the position of Non – Executive Director.

<sup>5</sup>Mr Sami Pauni was appointed as a Member of Audit Committee w.e.f. June 11, 2021.

During the Year, 7 (Seven) Audit Committee meetings were held on February 24, 2021, May 11, 2021, June 11, 2021, August 10, 2021, September 24, 2021, October 22, 2021 and December 3, 2021. The time gap between any two consecutive meetings of the Audit Committee was not more than 120 days.

#### A. Terms of Reference:

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

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
  - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - Approval of appointment of the CFO (i.e. the Whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience, background, etc. of the candidate; and
- Recommending appointment and removal of the external auditors, fixing of audit fees and approving payment for any other services.
  - 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 judgment by management;
    - d. significant adjustments made in the financial statements arising out of audit findings;
    - e. Recommending appointment and removal of external auditors, fixing of audit fees and approving payments for any other services;
    - f. compliance with listing and other legal requirements relating to financial statements;
    - g. disclosure of any related party transactions;
    - h. modified opinion(s) in the draft Audit Report;

## Corporate Governance (Contd.)

- 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 thereon;
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - 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 look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends);
  - To review the functioning of the whistle blower mechanism;
  - Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
  - Carrying out any other function as mentioned in the terms of reference of the audit Committee as per Securities and Listing Regulations, as amended from time to time;
  - Reviewing the utilisation of loans and/or advances from /investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;
  - Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the listed entity and its shareholders.
- The Audit Committee shall mandatorily review the following information:
- Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - Management letters/letters of internal control weakness issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee; and
  - Statement of deviations:
    - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
    - Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7)
- The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held in 2021 for addressing the shareholders queries. The Executive Director, CFO, the Statutory Auditors and the Internal



## Corporate Governance (Contd.)

Auditor are invited by the Committee to attend the Audit Committee meetings. Business Heads are also invited to attend the meetings, as and when required. The minutes of the Audit Committee meetings are placed before the Board. The Compliance Officer of the Company acts as Secretary to the Audit Committee.

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

### 2. STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

The composition of the Committee is given hereunder:

Name of the Director	Meetings attended / held during FY 2021
Ms Seema Modi – Chairperson	2/2
Mr Murali Sivaraman – Member	2/2
Mr Sami Pauni – Member	1/2

The Meetings of Stakeholders Relationship Committee were held on February 24, 2021 and August 10, 2021.

#### A. Terms of Reference:

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

- Performing any other functions as required to be done by the Stakeholders Relationship Committee as per the provisions of the Companies Act, 2013, Listing Regulations as amended from time to time and any other laws or regulations from time to time.

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

The status of complaints, if any, is also reported to the Board. The Compliance Officer and his team along with the Registrar and Share Transfer Agent of the Company address general queries of the shareholders to their satisfaction. Mr D V Iyer, Company Secretary is the Compliance Officer of the Company.

#### B. Details of Stakeholders Complaints received during 2021:

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	1	1	0
Others	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</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	Meetings attended / held during FY 21
Mr Murali Sivaraman – Chairman	3/3
Dr Arup Basu – Member*	0/2
Mr Sudip Mall – Member^	2/2
Mr Sami Pauni – Member#	1/1
Mr Marco Hilty – Member%	1/1

\* Dr Arup Basu ceased to be a member of Corporate Social Responsibility Committee w.e.f. May 12, 2021, consequent to his resignation from the position of Non – Executive Director.

#Mr Sami Pauni was appointed as a member of Corporate Social Responsibility Committee w.e.f. June 11, 2021, consequent to resignation of Dr Arup Basu as Non – Executive Director.

## Corporate Governance (Contd.)

^ Mr Sudip Mall was appointed as a member of Corporate Social Responsibility Committee w.e.f. January 22, 2021 and ceased to be a member w.e.f. November 30, 2021, consequent to his resignation from the position of Managing Director.

\*Mr Marco Hilty was appointed as a member of Corporate Social Responsibility Committee w.e.f. December 3, 2021, consequent to resignation of Mr Sudip Mall as Managing Director.

The Meetings of Corporate Social Responsibility Committee were held on February 24, 2021, April 23, 2021 and December 3, 2021.

### 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 2021 is given hereunder:

Name of the Director	Meetings attended / held during FY 2021
Ms Seema Modi, Chairperson	8/8
Mr Murali Sivaraman, Member	8/8
Mr Sami Pauni **, Member	3/4
Dr Arup Basu *, Member	2/4

\* Dr Arup Basu was appointed as a Member of Nomination & Remuneration Committee w.e.f. January 22, 21 and ceased to be a Member w.e.f. May 12, 2021 consequent to his resignation as a Non -Executive Director.

\*\*Mr Sami Pauni was appointed as a Member of Nomination & Remuneration Committee w.e.f. June 9, 2021.

During the year 8 (Eight) meetings of Nomination and Remuneration Committee were held on January 22, 2021, February 24, 2021, March 26, 2021, April 23, 2021, June 30, 2021, August 10, 2021, September 24,

2021 and December 3, 2021.

### 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;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - Use the services of an external agencies, if required;
  - Consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - Consider the time commitments of the candidates.
- 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

## Corporate Governance (Contd.)

- 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, including best practices from the Group are included in evaluating Board practices and performance of its Board, Committees and individual Directors, including the Chairman of the Board. 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 fulfilment of key responsibilities, etc.

Feedback was obtained from every individual director against the criteria mentioned above. Feedback was discussed by the independent directors at a separate meeting held on February 24, 2021. This was followed by a meeting of the Board of Directors with participation of all the directors to discuss feedback and areas of development for the Board / Committee / Directors and the Company.

### C. Skills/Expertise/Competencies Identified in the Context of the Business:

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

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

\*\*Mr Stefan Lotz was appointed as Non-Executive Director of the Company effective February 18, 2022.

### D. Remuneration to Executive Directors:

The remuneration paid to Executive Directors in FY 2021 was as under:

(Amt. in Rs.)

Name of the Director	Salary	HRA	Perquisites	Total
Dr Arup Basu	58,065	29,032	8,120,102	8,207,199
Mr Ranjeev Lodha	38,61,000	1,930,500	10,095,539	15,887,039
Mr Sudip Mall	7,280,555	3,640,277	14,718,158	25,638,990

#### Note:

1. Perquisites include Company's contribution to provident fund, medical and leave travel allowance, etc., as well as monetary value of perquisites as per Income Tax Rules.

## Corporate Governance (Contd.)

- 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 charged to the Company. Further, as per Ind AS, the Company has recognised reversal of Rs. 7.2 million which were accrued in earlier years with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.
- Remuneration for the period 4 to 15 July, 2021 paid to Mr Arup Basu, was in his capacity as member of the Global Executive Team and has been fully reimbursed by the Group to the Company and is not considered as remuneration in his capacity as Non-Executive Director.
- Managerial Remuneration paid is subject to shareholders approval in the ensuing Annual General Meeting.

### Terms of Appointment

Name of Director	Dr Arup Basu	Mr Ranjeev Lodha	Mr Sudip Mall
Date of contract	September 18, 2017	August 8, 2019	January 4, 2021
Term of Contract	Five Years w.e.f. November 1, 2017	Five Years w.e.f. August 8, 2019	Five Years w.e.f. January 4, 2021
Notice Period	90 days	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.	Salary and other emoluments for a period of 90 days in lieu of notice.

### E. Remuneration to Non-Executive Independent Directors:

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

Details of Sitting Fees paid to the Non-Executive Independent Directors during the year 2021 are as follows:

(Amount in Rs.)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr Murali Sivaraman	550,000	640,000	1,190,000
Ms Seema Modi	550,000	320,000	870,000
Mr Ashok Kumar Barat	550,000	410,000	960,000
<b>Total</b>	<b>1,650,000</b>	<b>1,370,000</b>	<b>3,020,000</b>

Commission to Non-Executive Independent Directors of the Company for FY 21 is as under:

Names of the Directors	Proposed Amount (in Rs.)
Mr Murali Sivaraman	30,00,000
Ms Seema Modi	25,00,000
Mr Ashok Kumar Barat	25,00,000
<b>Total</b>	<b>80,00,000</b>

Commission proposed to the Independent Directors of the Company for FY 2021 is subject to approval of shareholders at the ensuing 72nd Annual General Meeting (AGM) of the Company. Please refer the 72nd AGM Notice and Explanatory Statement for details. The Nomination and Remuneration Committee and Board have recommended the payment of the aforesaid Commission to Independent Directors in view of the valuable time, objective view, independent judgement,

diversified experience and contribution they bring to the Company.

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 4, 2021, February 11, 2021, April 30, 2021, May 28, 2021, June 25, 2021, September 15, 2021, November 9, 2021 and November 22, 2021.

## Corporate Governance (Contd.)

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

### A. Share Transfer System:

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

## 6. RISK MANAGEMENT COMMITTEE

The functions of Risk Management Committee as per LODR are as follows:

Formulate a detailed Risk Management Policy which shall include:

- A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee;
- Measures for risk mitigation including systems and processes for internal control of identified risks;
- Business continuity plan;
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Periodically reviewing and evaluating the Risk Management Policy at least once in two years including by considering the changing industry dynamics and evolving complexity;
- Keep Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Further, as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Risk

Management Committee shall consist of Board members and senior executives of the Company, with majority being Board members. The Risk Management was constituted on February 17, 2020.

The Risk Management 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 2021 is given hereunder:

Name of the Director	Meetings attended / held during FY 21
Mr Ashok Kumar Barat – Chairman	2/2
Ms Seema Modi – Member	2/2
Dr Arup Basu – Member*	0/0
Mr Sami Pauni – Member	2/2

\*Dr Arup Basu ceased to be a member of Risk Management Committee w.e.f. May 12, 2021 consequent to his resignation as a Non – Executive Director.

## 7. INDEPENDENT DIRECTORS

One meeting of Independent Directors as required under Regulation 25 of the Listing Regulations was held on February 24, 2021 which was attended by all the Independent Directors of the Company.

The Independent Directors of your Company fulfil the conditions as specified in SEBI Listing Regulations and the Companies Act, 2013 and are independent of the management. None of the Directors of your Company are related to each other. None of the Directors of your Company holds any share in the Company. In line with the amended SEBI Listing Regulations, the Company has obtained a certificate from 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



## Corporate Governance (Contd.)

manufacturing processes carried out by the Company. The COVID restrictions during the year limited the plant visit of Directors to the Company's other plants. However, the Company managed to conduct a visit for Directors at its Khopoli plant and familiarised them with manufacturing process, operations, products, markets, R&D, innovations and other aspects of the Company's business.

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/21/details-of-familiarisation-programme-21.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. Director/CFO Certification:

A certificate to the Board in terms of Schedule II Part B of the Listing Regulations was taken on record by the Board at its meeting held on February 28, 2022. 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, 2021. A declaration to this effect signed by a 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 2021. The Company

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

#### E. Prevention of Insider Trading Regulations:

The Company has notified and adopted the HIL Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information made pursuant to SEBI (Prohibition of Insider Trading) Regulations, 15 (PIT). Further, the Company has implemented a software for monitoring the Compliance under PIT. The Compliance Officer is responsible for the purpose of these Regulations. The said HIL Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company <https://www.huhtamaki.com/en-in/flexible-packaging/investors/corporate-governance-and-policies/policies/>.

#### F. Details of Capital Market Related Non-Compliance, if any:

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 the said period.

#### G. Risk Management:

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management. The Company has adopted a Business Risk Management Policy which lays down the framework to identify business risks at various levels. The Company has also constituted a Risk Management Committee to oversee and monitor implementation of Risk Management Policy, validate the process and procedure of Risk Management and Risk Mitigation and periodically review and evaluate the Company's Risk Management Policy.

#### H. Whistle Blower Policy/Vigil Mechanism:

The Company has adopted the Whistle Blower Policy for Prevention, Detection and Investigation of Frauds and Protection of 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

## Corporate Governance (Contd.)

necessary protection to the employees who report such fraudulent activities/ unethical behavior. 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 to its Statutory Auditors, B S R & Co. LLP for 2021 are as follows:

Sr. No	Type of Services	Amount (in million Rs.)
1	Statutory Audit Fees for the Year ended December 31, 2021	17.4
2	Reimbursement of Expenses	1.9
3	Certification Fees	0.1
	<b>Total</b>	<b>19.4</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.
- Mr Manish Idnani is the Internal Auditor of the Company;
- The Company has separated the post of Managing Director and Chairman.

## 4. APPOINTMENT/RE-APPOINTMENT OF DIRECTORS:

### A. Appointment or Re-Appointment of Directors:

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

The Board of Directors of the Company at their meeting held on September 24, 2021, approved the appointment of Mr Marco Hilty (DIN: 09332097) as an Additional & Non-Executive Director of the Company with effect from September 24, 2021, liable to retire by rotation.

The Board of Directors of the Company at their meeting held on February 18, 2022, approved the appointment of Mr Stefan Lotz (DIN: 09511913) as an Additional & Non-Executive Director of the Company with effect from February 18, 2022, liable to retire by rotation.

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 November 24, 2020, based on recommendation of Nomination & Remuneration Committee approved appointment of Mr Sudip Mall as Additional Director to hold position as Managing Director of the Company for a period of 5 years w.e.f. 4, 2021 and his appointment was approved by the shareholders at the Annual General Meeting held on June 29, 2021. The approval of Central Government is yet to be received. Further, Mr Sudip Mall has resigned from the position of Managing Director w.e.f. November 30, 2021.

### 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 06, 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 Limited between 2001-2006. Mr Pauni is a member of the Market Practice Board of Securities Market Association in Finland, and a member of the Legal Affairs Committee of the Confederation of Finnish Industries EK and a member of the Finnish Committee of the International Chamber of Commerce (ICC).

## Corporate Governance (Contd.)

Mr Marco Hilty holds a Ph.D. in Business Administration from University of St. Gallen (Switzerland). Mr Marco Hilty is President, Flexible Packaging and Member of the Global Executive Team at Huhtamaki Oyj w.e.f September 1, 2021. Mr Marco Hilty joins Huhtamaki from Rubicon, a software platform that provides smart waste and recycling solutions for businesses and governments worldwide. Prior to Rubicon, he held several leadership roles with Amcor in Switzerland and in the United States, covering Group Sales and Commercial Excellence, lastly as Vice President for Amcor Flexibles in North America. Prior to Amcor, Marco worked as an Engagement Manager at McKinsey & Company in the United States and Switzerland.

Mr Stefan Lotz is a proficient business professional with more than 20 years of experience in financial management and strategy. He has held considerable leadership roles in multinational consumer goods and industrial companies in Singapore, Dubai, Hungary, London and Germany. He joined Huhtamaki Oyj recently as VP Finance Flexible Packaging after working many years in Asia as a CFO for Perfetti van Melle, the largest global confectionary manufacturer. Prior to this, he held various senior finance roles in Europe for British American Tobacco (BAT). Mr Stefan Lotz holds a Master of Economics and Engineering degree from the University of Europe for Applied Sciences in Hamburg. He has also successfully completed a Strategic Leadership Program from IMD Business School. Mr Lotz will be a very valuable asset to the Board and the Company.

### 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
2018	May 09, 2019	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 0	Nil
2019	June 30, 2020	2.00 p.m.	Video Conferencing / Other Audio Visual Means	Nil
2020	June 29, 2021	11.00 a.m.	Video Conferencing / Other Audio Visual Means	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 Financial year 2021. The details of the previous postal ballots are available on the website, at <https://www.huhtamaki.com/globalassets/flexible-packaging/india/investors-india/news--announcements/2020/postal-ballot-notice.pdf>

#### 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said results are also made available on the Company’s website: <https://www.huhtamaki.com/en-in/flexible-packaging/investors/financials/quarterly-results/>. The Official press releases, Company information, Annual Reports and the extracts of media coverage are also displayed on the Company’s website.

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

## Corporate Governance (Contd.)

**6. GENERAL SHAREHOLDER INFORMATION:****A. Annual General Meeting: (Refer Note Below@)**

Day & Date	Time	Venue
Thursday, May 12, 2022	2.00 p.m.	By Video Conference and Audio Visual means @

**B. Financial Calendar:**

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

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

Quarter ended/ending	Date of Board Meetings
March 2022	April 28, 2022 (Thursday)
June 2022	July 22, 2022 (Friday)
September 2022	November 11, 2022 (Friday)
December 2022	Second/Third week of February, 2023

@ In accordance with the General Circular No 02/21 dated 13, 2021, the 72nd Annual General Meeting of the Company has been scheduled on May 12, 2022 @ 2.00 p.m. via video conference mode.

**C. Book Closure Date:**

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Friday, April 22, 2022 to Thursday, May 5, 2022 ^ (both days inclusive).

**D. Dividend Payment Date**

Dividend at the rate of Re. 1/- per share has been recommended by the Board and is subject to the approval of shareholders at the ensuing AGM, the same will be paid on or before Saturday, June 11, 2022 to:

- All those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end-of-the-day on Thursday, May 5, 2022^; and
- All those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on Thursday, May 5, 2022^.

**E. Dividend History of the Company:**

Year	AGM Date	Dividend Rate Rs. (%)
2018	May 09, 2019	Rs. 3.00 (150%)
2019	June 30, 2020	Rs. 3.00 (150%)
2020	June 29, 2021	Rs. 3.00 (150%)

**F. Credit Ratings:**

Sr. No	Instrument	Rating Agency	Ratings Assigned
1	Long Term Bank Facilities	CRISIL Limited	CRISIL AA-Stable
2	Short Term Bank Facilities	CRISIL Limited	CRISIL A1+

Note -

^ The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, April 22, 2022 to Thursday, May 5, 2022 (both days inclusive) - The said date will be reckoned for determining the shareholders who are entitled to receive dividend.

**A. 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	5098
The National Stock Exchange of India Limited (NSE)	Equity	HUHTAMAKI

The ISIN of Company's equity shares is INE275B01026

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

**Company Identification Number (CIN)**

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

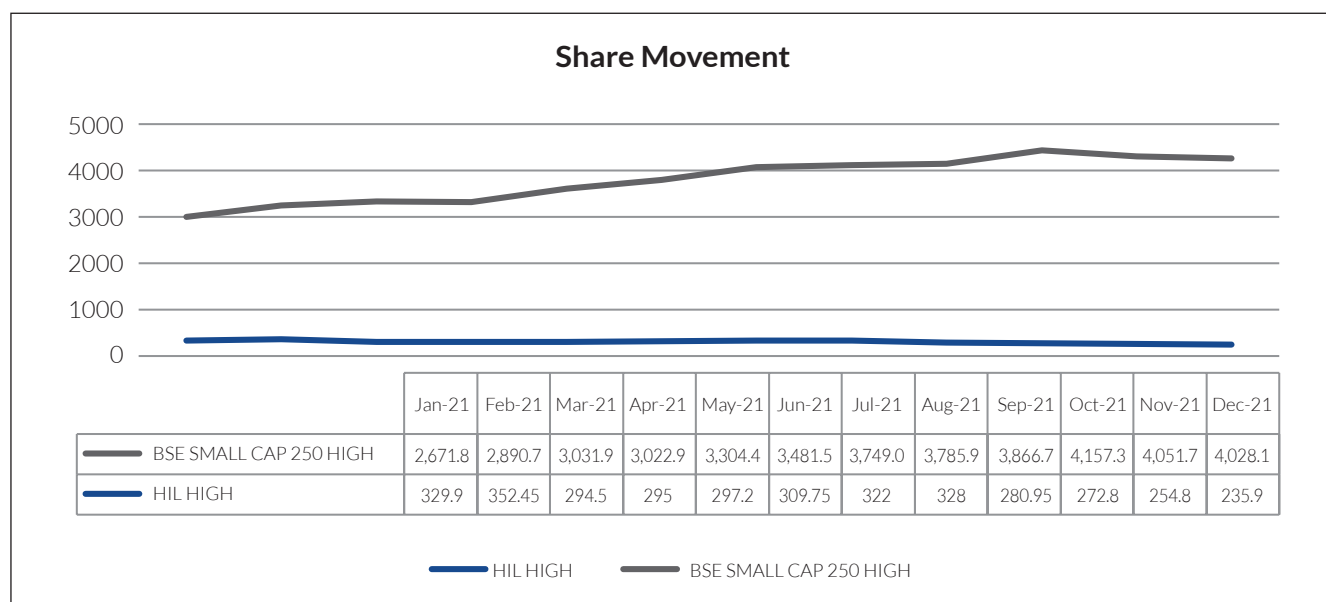
### B. Stock Data:

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 2021 to December 2021:

Month & Year	BSE			NSE		
	High (Rs./share)	Low (Rs./share)	Volume (No. of Shares)	High (Rs./share)	Low (Rs./share)	Volume (No. of Shares)
Jan-21	329.90	295.10	152,080	327.00	295.00	1,621,735
Feb-21	352.45	285.00	338,371	352.15	285.10	3,972,253
Mar-21	294.50	262.05	255,928	294.90	270.00	2,269,733
Apr-21	295.00	261.05	137,977	289.40	266.20	1,025,705
May-21	297.20	260.00	315,625	297.80	260.22	3,299,872
Jun-21	309.75	277.00	554,621	309.70	278.00	6,222,333
Jul-21	322.00	292.45	354,074	321.95	292.30	4,254,876
Aug-21	328.00	260.50	216,344	328.00	260.55	3,561,236
Sep-21	280.95	261.00	149,121	279.75	261.00	1,456,992
Oct-21	272.80	235.00	228,523	272.80	234.70	1,473,494
Nov-21	254.80	220.10	189,950	255.00	220.05	737,526
Dec-21	235.90	205.10	189,950	236.20	206.00	1,396,822

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

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





## Corporate Governance (Contd.)

## I. Distribution of Shareholdings:

Following is the distribution pattern of shareholding of the Company as on December 31, 2021:

## Distribution of Shareholdings by Ownership:

Sr. No	Category	No. of Shares	% of Total Holding
1.	Indian Promoters	0	0.00
2.	Foreign Promoters – Huhtavefa B.V.	51,153,997	67.73
3.	Foreign Institutional Investors	3,243,773	4.30
4.	NRI's & OCB's	1,002,340	1.33
5.	Bodies Corporate/NBFC	4,841,515	6.39
6.	Banks/Financial Institutions	5,330	0.01
7.	Insurance Companies	0	0
8.	Mutual Funds	663,186	0.88
9.	Resident Individuals	14,330,445	18.99
10.	Trust	0	0
11.	IEPF	281,348	0.37
	<b>Total</b>	<b>75,521,934</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	31,262	88.61	2,894,990	3.84
501 – 1000	1,890	5.36	1,518,325	2.01
1001 – 2000	962	2.73	1,466,895	1.94
2001 – 3000	388	1.10	976,546	1.29
3001 – 4000	164	0.46	582,286	0.77
4001 – 5000	154	0.43	728,675	0.96
5001 – 10000	236	0.67	1,746,722	2.31
10001 and above	226	0.64	65,607,495	86.88
<b>Total</b>	<b>35,282</b>	<b>100.00</b>	<b>75,521,934</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, 2021:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1	NTASAIN DISCOVERY MASTER FUND	2,482,750	3.29
2	PLUTUS WEALTH MANAGEMENT LLP	1,750,000	2.32
3	SHREE CAPITAL SERVICES LIMITED	925,900	1.23
4	AMAR BANSILAL CHHAJED	678,646	0.90
5	HABROK INDIA MASTER LP	389,025	0.52
6	JITESH BABULAL CHHAJED	373,521	0.49
7	IDFC EMERGING BUSINESS FUND	354,721	0.47
8	UTI-MNC FUND	306,000	0.40
9	SEEMA RAHUL CHHAJED	285,421	0.38
10	CHINMAY G PARIKH	268,590	0.36
	<b>Total</b>	<b>7,814,574</b>	<b>10.36</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, 2021.

### L. Dematerialisation of Shares:

As on December 31, 2021, 99.31% 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 on December 31, 2021:

Mode of Holding	Number of Shareholders	Number of shares	Percentage
Physical	608	518,178	0.69
Dematerialised	34,674	75,003,756	99.31
<b>Total</b>	<b>35,282</b>	<b>75,521,934</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 9,865 Equity Shares of Rs. 2/- each fully paid up to IEPF Account.

### Q. Dealing with Securities which have remained Unclaimed

Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013 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 Harrassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance for sexual harassment at workplace and as per the requirements of the Sexual

## Corporate Governance (Contd.)

Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, has constituted an Internal Complaints Committees (ICC). The details of complaints filed during the year 2021 are as follows:

Sr. No	Particulars	Details
1	Number of Complaints filed during the financial year 2021	Nil
2	Number of Complaints disposed during the financial year 2021	Nil
3	Number of Complaints pending as on end of the financial year 2021	Nil

### S. Address for correspondence with the Company

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

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

Registered Office:	Registrar and Transfer Agent (RTA)
Huhtamaki India Limited Unit No.12A-06, B-Wing, 13th Floor Parinee Crescenzo, Plot No. C-38 & C-39, G Block, Behind MCA, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Tel: +91 22 6174 0400, Fax: +91 22 6174 0401, Website: <a href="http://www.flexibles.huhtamaki.in">www.flexibles.huhtamaki.in</a> Email: <a href="mailto:investor.communication@huhtamaki.com">investor.communication@huhtamaki.com</a>	TSR Darashaw Consultants Private Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai - 400083 Tel: + 91 22 - 66568484 Fax : + 91 22 - 66568494 Website: <a href="https://tcplindia.co.in">https://tcplindia.co.in</a> Email : <a href="mailto:csg-unit@tcplindia.co.in">csg-unit@tcplindia.co.in</a>

### 7. Auditors 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 – 400051.

**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

#### CFO Certification

(As per Regulation 17 - Part B of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 15)

To  
The Board of Directors,  
Huhtamaki India Limited

I, the undersigned, in my capacity as Chief Financial Officer, respectively of Huhtamaki India Limited, certify that in the preparation of the Financial Accounts for the year ended December 31, 2021:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief, I certify that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of my knowledge and belief, the Company has not entered into any transaction during the year, which are fraudulent, illegal or in violation of the Company's Code of Conduct;
- (c) I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies;
- (d) I have indicated, wherever applicable, to the Auditors and the Audit Committee-
  - (i) significant changes, if any, in internal controls over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant/material fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Mr Jagdish Agarwal**  
Chief Financial Officer

Mumbai,  
February 28, 2022

## Corporate Governance (Contd.)

### Annexure B

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

The Members of  
Huhtamaki India Limited

#### DECLARATION

As required under Regulation 17 read with Schedule V (D) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, I hereby declare that all the Board members and Senior Management Personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2021.

**For Huhtamaki India Limited**  
**Mr Marco Hilty**

Mumbai  
February 28, 2022



## Management Discussion and Analysis

### About Huhtamaki India Limited:

Huhtamaki is a global leader in sustainable packaging solutions, with more than a 100-year legacy and Nordic heritage. We believe in protecting food, people, and the planet. In India, our operations are supported by sixteen state-of-the-art, fully integrated manufacturing facilities with a skilled team contributing across the business functions by means of their expertise.

We believe that food packaging is essential. Thereby, we ensure hygiene and safety of food & beverages by fulfilling packaging needs that help in preserving the food and increase shelf life. It keeps food & beverages edible for longer. Thereby, reducing food waste while providing access to affordable food for consumers, wherever they are in the world. We also develop fit-for-purpose packaging integral to industries like health care, personal & home care, pet care and other non-food solutions. To this end, we are material positive, choosing the right packaging materials based on their functionality and full-life cycle, making evidence-based decisions to drive the circular economy.

Our product portfolio also includes tube laminates, making us a partner of choice for beauty care, oral care and the pharma industry. We bring in innovation in design through our labeling solutions portfolio.

Packaging is about continuous innovation, and at Huhtamaki India, we constantly innovate. Our specialised technologies and capabilities include promotions and security solutions, digital printing solutions, specialised pouching solutions, Rotogravure cylinder and more. These enable us to gain a competitive edge and leverage our technological expertise in over 12 markets around the globe.

### Economy

#### Global Economy

As the global economy recovers from the pandemic, there's still a great deal of uncertainty surrounding COVID-19 and its variant. This has led to higher inflation pressures in many countries. The world economy contracted by 3.1% in CY 2020, owing to the global outbreak of COVID-19. In comparison with the forecasts made by IMF in World Economic Outlook, July 2021, there was a downward revision in its projected global economic growth outlook for CY 2021. However, the estimates remained unchanged for CY 2022. The global economy is anticipated to grow by 5.9% in CY 2021 and 4.9% in CY 2022. The revision made for CY 2021 can be attributed

to the downgrades in advanced economies and low-income developing countries.

The growth in global GDP in H1 CY 2021 was near-about what was expected and outruns for first-quarter global GDP were stronger than the anticipated rate. This was due to the continued resumption of economic activities amid the ongoing pandemic coupled with government policy reformations. However, the momentum weakened in the second quarter due to spike in COVID-19 cases in several emerging and developing economies and consequent disruptions in supply chain.

After a negative growth of 4.5% in CY 2020, the advanced economies are projected to grow by 5.2% in CY 2021. IMF revised down its forecast from 5.6% made in July 2021, largely due to the downgrade made for the United States on the back of large inventory drawdowns in Q2 CY 2021, partly reflecting the supply disruptions and softening consumption in the third quarter of CY 2021. The projections for the United States subsequently incorporate the infrastructure bill recently passed by the Senate and anticipated legislation to strengthen the social safety net. This is equivalent to about \$4 trillion in spending over the next 10 years.

After contracting by -2.1% in CY 2020, emerging and developing economies is estimated to grow by 6.4% in CY 2021. This is a revised forecast from 6.3% made in July 2021 release and is backed by revised upgrades in most regions of the group. Projections for China are slightly revised down to 8% in CY 2021 following stronger than expected scaling back of public investment. While for India, the projections have remained unchanged at 9.5% growth in CY 2021. Apart from China and India, the emerging market and developing economies are revised down as the COVID-19 cases increased. Meanwhile, projections made in other regions have been slightly revised upwards in CY 2021.

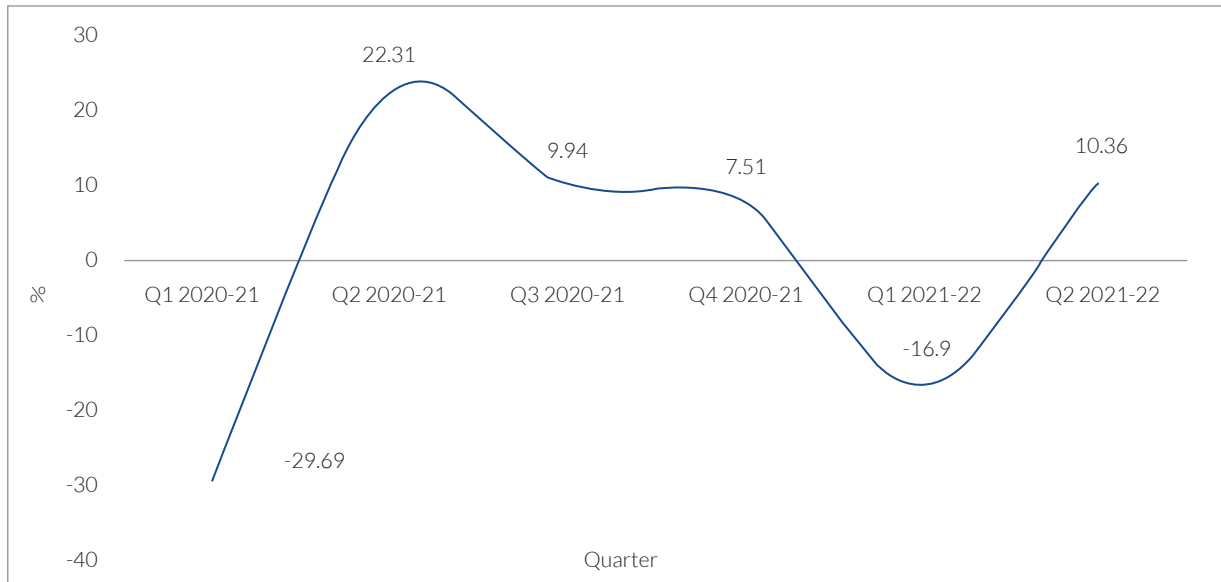
Source:- <https://www.worldbank.org/en/news/press-release/2022/01/11/global-recovery-economics-debt-commodity-inequality>

#### Indian Economy

India's economy grew by 8.4% year-on-year in Q2 of CY 2022. On a sequential basis (quarter-on-quarter basis), domestic economic output expanded by 10.4%. With the easing of lockdown restrictions across states along with the steady decline in COVID-19 cases and an increased pace of vaccination, a higher economic activity and output was recorded in the latest quarter.

Management Discussion and Analysis (Contd.)

**Chart 1: Sequential growth in GDP at constant prices (in %)**



Source: MOSPI, CareEdge Ratings Economics Research report

With increasing signs of higher level of activity across sectors, there's an optimism regarding the strengthening of recovery in the domestic economy. Growth in industrial output remained unchanged, at 3.2% in October 2021, compared with 3.1% in the previous month. Negative growth in the capital and consumer goods segment limited growth in overall industrial output. Weakening of the base has contributed to a decreased momentum in industrial activity and brought it down from the double-digit growth witnessed during the first five months of CY 2021. Output in all sectors witnessed an improvement in November, except electricity, capital goods and consumer goods segment.

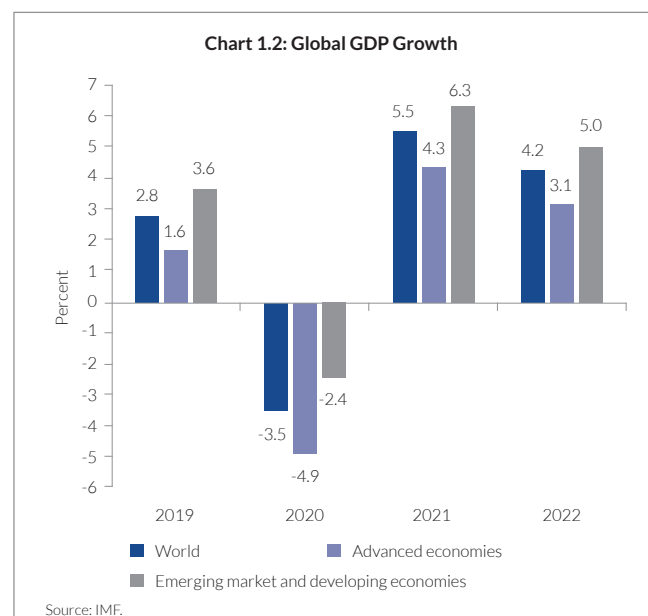
Demand and investments are yet to see a meaningful and durable pick-up. Improvements in these segments are expected to be limited, given that even before the pandemic, the domestic economy was grappling with low demand and a subdued investment climate. To add to this, domestic and external challenges still abound. The rise in price levels and the underlying threats as a result of COVID-19 virus and its strains could be a set-back/challenge for domestic as well as global recovery.

**Outlook**

The companies are expected to ramp up output amid a strengthening demand scenario which is expected to support manufacturing growth in the near term. Performance of the mining sector is expected to pick up with the resumption of mining activities that were impacted by extended monsoons. Thus, we could expect industrial output to gather momentum in the coming months. However, it would continue to be subdued with the waning of base-effect.

Given the uncertainties associated with the scale of economic recovery, the RBI is expected to maintain its focus on growth and continue with the accommodative monetary policy stance, even as it moves towards gradual normalisation of support. However, there are certain risks associated with the emergence of the Omicron Variant and renewed surge in COVID-19 infections across countries, globally. To add to this, there are headwinds from elevated global commodity prices, potential volatility in global financial markets with faster normalisation of monetary policy in advanced economies and prolonged global supply bottlenecks.

**RBI's GDP Growth Outlook as on December 2021**



Source: IMF.

Source: RBI press release dated December 8, 2021

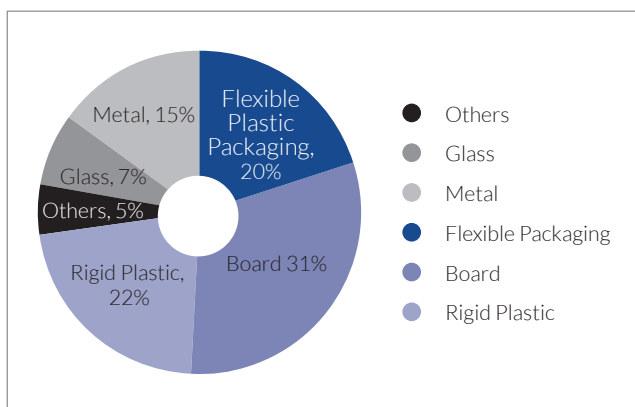
## Industry Overview

### Global Packaging Industry

Population growth and urbanisation are increasing trade and as a result, generating higher demand for packaging. Online trade is further increasing the need for packaging. Products that are being consumed on the go, leading to a higher demand for food-service packaging and different sizes of packaging. As per industry estimates, the total global value of the packaging industry for CY 2019 is around USD 920 billion for CY 2019, and around USD 945-950 billion for CY 2020. The packaging demand is now forecasted to grow steadily at a CAGR of around 2.5-3 % to cross USD 1 trillion by CY 2024. Also, the flexible packaging market was around USD 110-115 billion globally during CY 2019 and is also expected to grow gradually.

Currently, Asia is the largest market and accounts for around 53.55% of world packaging consumption as of CY 2020. Europe and North America in second and third place with 21.64% and 10.25% respectively. Further, based on the per capita consumption of packaging, there is a huge growth in the Asia-Pacific region, especially for the packaging industry in India. The packaging market in the above mentioned regions is expected to grow in the range of 0.4% to 5.3% by CY 2022. Africa and Middle-east combined are set to grow at 5.3% whereas the Asia-Pacific region is anticipated to grow at 4.3%.

### Global segment wise breakup of packaging materials 2020



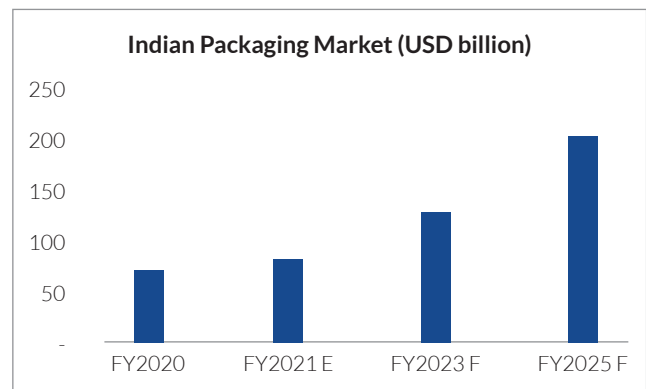
Source: Industry Sources, CARE Advisory estimates

### Indian Packaging Industry

With strong demographic factors such as increasing disposable income levels, rising consumer awareness and demand for processed food, the multinational giants taking rapid strides in the food, beverages, cosmetics & toiletries and pharmaceuticals space, it is expected to be the key drivers of packaging industry growth. These factors are forcing both packaging suppliers and end-user industry to shift from bulk packaging to retail, unit-level and small-sized packaging. Exploding retail growth and newly relaxed FDI investment norms in retail and other sectors augur well for packaging industry.

Packaging is among the high growth industries in India. The size of the Indian Packaging Sector was valued to be USD 73 billion in 2020 and is estimated to be USD 84 billion in 2021. According to the Packaging Industry Association of India (PIAI), the sector is growing at CAGR 22% to 25%. Over the last few years, packaging industry has been an important sector driving technology and innovation growth in the country and adding value to the various manufacturing sectors including agriculture and FMCG segments. Currently, Retail Market being the 5th largest sector of India's economy, has reported steady growth over past several years and shows high potential for much expansion, particularly in the export market.

### Indian Packaging Market



Source: Industry Sources, CARE Advisory estimates

### E: Estimated; F: Forecasted

The Indian Packaging Industry has made a mark with its exports comprising flattened-cans, printed sheets & components, crown cork, lug caps, plastic film laminates, craft paper, paper board and packaging machinery. While the imports include tinplate, coating & lining compounds and others. In India, the fastest growing packaging segments are laminates and flexible packaging, especially PET and woven sacks. While the sector presents a lot of opportunity for larger players, there are several unattended challenges due to lack of regulatory clarity arising from multiple sectoral legislations. To meet more stringent packaging norms – laid down by the entry of global players such as Walmart – and rising consumer awareness on sustainable packaging, a shift to more sustainable materials and innovations is required. This requires investments in R&D and infrastructure.

### Indian Flexible Packaging Industry

Flexible packaging refers to packages made of easy-to-mold materials and is one of the rapidly growing segments of the packaging industry. It includes paper, plastic film, foil, metalised or coated papers, and any combination of these packaging materials. It is used for preserving food items and extended shelf life. Thereby, protecting it from potentially damaging environmental factors such as light, oxygen, and moisture to retain a better taste and food quality. Such packaging is most-suitable for the smaller packs.

## Management Discussion and Analysis (Contd.)

As compared to rigid plastic packaging, flexible packaging is lighter in weight, requires lesser space, and is easy-to-dispose. Flexible packaging is estimated at USD 13 billion for the year CY 2020 and is expected to reach USD 17-18 billion growing about 10-12% CAGR by CY 2025. Plastics, paper and metals are the key materials used in flexible packaging products, made from foil, paper sheet or laminated paper and plastic layers.

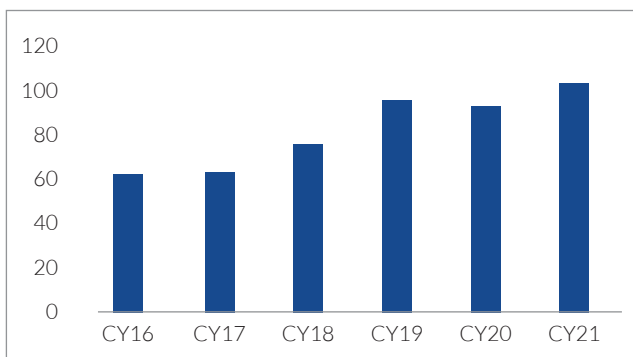
Plastic dominates the flexible packaging market because of their properties – to match the exact requirement of commodity to be packed and acts as a barrier to moisture. Various applications of flexible packaging in the Food Industry include packaging of ready-to-eat food items, boil-in-bag pouches, and foods that are often transferred from freezer-to-microwave. The non-food applications include insulation, cosmetics and healthcare.

Metal packing is generally used in cans, paper is used in bags, envelopes and pouches, plastics is used in bulk bags and woven fabrics are used in industrial packaging.

Polymers are being widely used for flexible packaging. Polyethylene terephthalate (PET) is a highly valued packaging material because it is strong yet lightweight, non-reactive, economical, and shatterproof. Polypropylene (PP) is a thermoplastic polymer used in a wide variety of applications. High-impact polystyrene sheet (or HIPS sheet) is a very versatile material and provides a cost-effective route to the production of parts, for many industrial sectors.

The Plastic Film & Flexible Packaging Industry in India shows a cumulative growth of 9.91% in capacity of exports from 3,20,000 tons in CY 2016 to 5,08,000 tons in CY 2020.

#### Export Trend in India (Rs. billion)



Source: CMIE

The maximum import of Plastic Film & Flexible Packaging for the CY 2020 was from China (37%), followed by USA (18%), ahead of Thailand (7%) in terms of capacity.

India is one of the world's biggest and fastest growing Flexible Packaging markets. The thin-PET film market size in India is currently estimated at around 525,000 tons per annum. During CY 2022, growth of 9-10% is expected, with similar

growth in the Flexible Packaging Industry. The growth is expected to be driven by the population growth, urbanisation, improved quality of life, increasing environmental awareness and increasing consumerism.

#### User Industry

##### Retail Industry

India is the world's fifth largest global destination in the retail space. It accounts for over 10% of the country's Gross Domestic Product (GDP) and around 8% of the employment. The growth in the retail market is due to various factors, such as urbanisation, income growth and rising number of nuclear families. India is largely an unorganised retail market, comprising nearly 88% of the total retail sector.

##### Household Consumption

The household consumption in India is growing due to growth in nuclear families, enhancement in lifestyle, growth in purchasing power due to changes in income, and various other factors. The household consumption in India has increased from Rs. 35-45 trillion in CY 2010 to Rs. 130-135 trillion in CY 2020.

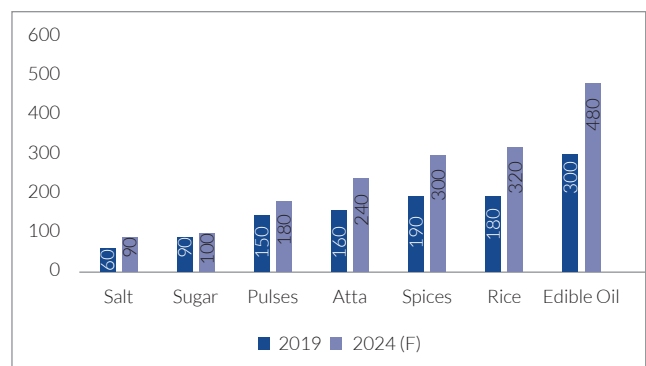
The revenue generation in India's offline retail sector – also known as brick and mortar (B&M) retailers – is expected to increase by USD 1.39-2.77 billion in CY 2020.

##### COVID-19 Impact

The retail sales decreased by 3% for the first time in decades due to the pandemic. The Brick & Mortar suffered the most – with a downfall in their sales to nearly 4% – whereas the e-commerce industry rose by nearly 28%.

There is increased consumer awareness on hygiene and quality food product, leading to higher demand of packaged and redundant products. As per Retail Association of India-BCG Report, the Indian Packaged Staples Market is expected to grow at a CAGR of 9-10% during CY 2019-2024 to reach Rs. 1700-1800 billion by CY 2024. The details with respect to the same is given in the chart below:

#### Indian Packaged Staple Market (Rs. billion)



(Source: Assocham)

## FMCG Industry

FMCG industry is the 4th largest sector in the Indian economy. Favourable demographics and rise in income level provided a boost to the FMCG market. From USD 110 billion in CY 2020, the FMCG market in India is expected to increase at a CAGR of 14.9% to reach USD 220 billion by CY 2025.

### Indian FMCG Market Size (USD billion)



(Source – <https://www.ibef.org/industry/fmcbg/infographic>)

The FMCG market in Rural India is expected to show considerable growth driven by internet usage, digitalisation of economy, mobile phone users, growth in per capita income in Rural India and upgraded distribution channels of FMCG companies. The e-commerce segment is expected to contribute 11% to the overall FMCG sales by CY 2030.

Household and Personal Care is the leading segment, accounting for 50% of the overall market – includes oral care, hair care, skin care, cosmetics/deodorants, feminine hygiene, perfumes, paper products, fabric wash and household cleaners.

Key user segments of flexible packaging are: fresh & frozen foods, beverages, pharmaceuticals, snacks and confectionery, and dairy products. The utility of flexible packaging arises from properties of aroma retention, sealing & heat insulation and barrier against moisture and strength.

## Food ordering

People used to order food from restaurants which involves proper packaging for maintaining the hygiene, quality, freshness of food, to avoid spoilage. Business during CY 2021 was impacted by the rise in COVID-19 infections and the resultant fear amongst people regarding outside food. Food Services is a USD 65 billion market opportunity in India with online delivery reaching USD 4.2 billion. This is a highly unpenetrated market as compared to other countries. The key factors for the growth estimates are:

- Urbanisation and acceptance of online food delivery in Tier-1 and 2 cities
- Smartphone and internet adoption bringing in more users (expected to grow from 12% in CY 2019 to 19% in CY 2024)
- Number of internet users in India likely to reach 1 billion by CY 2025.

- High-estimated growth for online FMCG and grocery market

## Pharmaceutical Industry

Besides Food & Beverage, Pharmaceuticals is also among the major users of packaging. India's domestic pharmaceutical market is witnessing double digit growth. India is the largest provider of generic drugs globally and accounts for 20% of global generic drug exports (in terms of volume). India ranks 3rd in terms of pharmaceutical production by volume and 14th by value.

The Domestic Pharmaceutical Industry includes a network of 3,000 drug companies and nearly 14,000 manufacturing units. As per the Indian Economic Survey 2021, the domestic pharma market is expected to grow three times in the upcoming decade. The domestic pharmaceutical market of India is estimated at USD 41 billion in CY 2021 and likely to reach USD 65 billion by CY 2024. It is expected to witness an expansion from nearly USD 120 million to USD 130 billion by CY 2030.

The Ayurveda sector of India reached USD 4.4 billion by the end of 2018. It is expected to grow at CAGR 16% until 2025. The generic drug market accounts for nearly 70% of the Indian Pharmaceutical Industry (in terms of revenue).

The Over-the-Counter (OTC) drug market of India has grown at an approximate CAGR of 16.3% to USD 7 billion during 2008-16. It is further expected to grow following higher penetration of chemists, especially in rural areas.

Indian pharmaceutical drugs are exported to more than 200 countries globally with USA as its major market. The Indian pharma export grew by around 19% to USD 24.4 billion in CY 2021 – the highest growth seen in last 8 fiscal years – as a result of strong demand in Indian Generic Medicines.

India's Biotechnology Industry – comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics – is expected to grow at an average growth rate of around 30% a year, anticipated to gradually become USD 100 billion by CY 2025.

Pharmaceutical Packaging is now becoming a major part of the drug delivery system. Pharmaceutical companies rely more on packaging and labelling to protect and promote their products, increase patient compliance, and meet new regulations. Besides this, plastics have been gaining importance in the packaging of pharmaceutical goods due to properties such as barrier against moisture, high dimensional stability, strength, resistance to strain, low-water absorption, transparency, resistance to heat and flame, and many more.



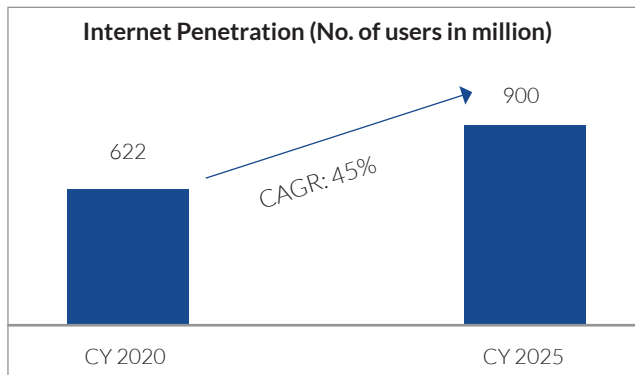
## Management Discussion and Analysis (Contd.)

**E-commerce Industry**

India is expected to become the world's fastest growing e-commerce market, driven by sectoral robust investment and rapid increase in internet users. Several agencies expect higher growth in the Indian e-commerce segments. The major proportion of segment-wise breakup in the e-commerce retail comprises consumer electronics and apparels followed by food & grocery, jewellery and furniture among others.

The e-commerce sector is expected to grow at a CAGR 19% during CY 2020 to CY 2025. This growth in the sector will be driven by increased number of mobile users and higher internet connection. The e-commerce order volume in India rose by 36% in the last quarter of 2020, with Personal Care, Beauty and Wellness Segment being the largest contributor. The online shoppers in India are expected to reach 220 million by CY 2025 and the penetration of Online Retail Market is expected to reach 10.7% by CY 2024 from 4.7% in CY 2019.

The Government of India is planning to create a Billion Dollar Online economy by CY 2025 through its 'Digital India Campaign'.



(Source: compiled by CART, Department of Telecommunication and TRAI)

A growth in e-commerce is leading to higher demand for rigid packaging, such as cartons or corrugated boxes – used majorly for electronics products require – also considering risks of product damage due to poor road infrastructure.

When consumers order products online, they expect it to be delivered without any damage. For this, the retailers have to design quality packaging that is easy to transport and not too heavy or spacious. The increasing penetration of e-commerce among traditional retailers, like groceries & pharmacies, is also leading to higher demand for packaging.

Visually appealing packaging is another factor that positively affects online sales. If a package is designed attractively, the product is assumed to be of high quality. This is the reason why premium products are packaged in an attractive and consumer friendly manner. About 60% of consumers share the product

image on social media and may recommend the product to others, consecutively improves sales. Sellers have to be aware that improper packaging can lead to negative brand perception. Alongside quality, packaging cost is also important especially for an online seller. Thus, the demand for good quality and economic packaging is ever increasing. Adaptations and innovations in packaging help in enhancement of the economy fulfilling preservation and quality requirements.

**Operational Overview**

In 2021, Huhtamaki India reported revenue from operations (net of GST) of Rs. 26,252.8 million as against Rs. 24,627.0 million in 2020. The EBITDA (before exceptional items) of 2021 was Rs. 1,184.0 million as against Rs. 2,416.4 million in 2020. Revenue from operations registered a CAGR of 3.8% over the last five years. The average return on equity for 2021 is negative (3.2%) compared to 12.5% in 2020. Our market capitalisation as on December 31, 2021 stood at Rs. 17,203.9 million.

**6.1 Revenue from Operations**

Revenue from operations increased by 6.6% in 2021 as against 2020. Exports grew by 8.6% compared to previous year.

Year	Turnover (Rs. million)
2017	21,309.4
2018	23,690.7
2019	25,989.8
2020	24,627.0
2021	26,252.8

**6.2. Operating Profit (EBITDA) and profit after tax (PAT)**

Operating profit (EBITDA) before exceptional items witnessed a 51.0% reduction in 2021 as against 2020 mainly due to unprecedented increase in raw material prices. Loss after Tax stood at Rs. 226.9 million in 2021 as against Profit of Rs. 959.9 million in 2020.

**6.3. Earnings per share (EPS) and dividend**

The EPS before exceptional items for 2021 was Rs. 1.10 and after exceptional items was Rs. (3.0), as against Rs. 12.71 in 2020. We have proposed a dividend of Re.1 per equity share of face value of Rs. 2 each, for the year 2021.

**6.4. Reserves and surplus, capital expenditure and fixed assets**

At the end of the 2021, reserves and surplus were at Rs. 7,008.8 million as against Rs. 7,498.0 million at the end of 2020. Our fixed assets at the end of 2021 were at Rs. 5,799.3 million as against Rs. 5,771.5 million at the end of 2020. Capital expenditure during 2021 was Rs. 776.4 million

## 6.5. Debt working and capital returns

Gross debt as at December 31, 2021 was Rs. 3,487.1 million compared to Rs. 2,477.9 million as at December 31, 2020, a Increase of 40.7% y-o-y

Net debt as on December 31, 2021 was Rs. 3,159.0 million as against Rs. 1,623.3 million on December 31, 2020. Increase in Debt is mainly to fund working capital requirements.

Key Information	(Rs. million)	
	Particulars	Year
		2020
Inventory	2,287.8	3,475.0
Debtors	5,338.0	6,294.9
Current liabilities	6,322.5	8,219.9
Loans and advances	916.9	1,218.0
Cash flow from operations	1,693.4	(276.4)
Return on net worth (RoNW) (%)	12.5%	(3.2%)
Return on capital employed (RoCE) (%)	14.2%	(0.4%)

## Focus Areas for CY 2022

### Driving cost competitiveness by:

1. Controlling wastage through TPM
2. Manufacturing facilities for footprint optimisation and productivity improvement
3. RM buying efficiencies and improving S&OP process
4. Driving end-to-end transformation projects
5. Developing the ability to 'Care', 'Dare' and 'Deliver' among people
6. Leveraging digitalisation and analytics

### Commercial excellence by:

1. Competitive pricing
2. Redefining sales strategy
3. Commercializing innovative ideas
4. Pushing sustainability

## People

Workforce is crucial in maintaining quality and safety standards. We believe human resource is the primary driving force of the business. It is among the key interfaces of the Company's value creation process and hence, plays a vital role in writing the success story of the Company. The human resource function's strategy is focused on creating a future-ready workplace strengthening the Company's culture, building capabilities and nurturing careers. Our values enshrine employee satisfaction and we continue to set benchmark through our practices in the industry.

The Company currently employs approximately 2987 employees. With an aim to hire and retain good talent, we have revamped our hiring strategy and initiated various recruitment methodology comprising of a detailed stage-wise interview process. The process covers areas of relevant competency and role-based interviews. Our primary strategy for talent acquisition is to hire candidates with right competencies and at the right time to deliver upon our business strategy. This includes promotion of internal talent and bringing fresh expertise from the industry and campus trainees.

The Company believes in creating workspaces that allow diverse set of people to contribute and thrive. This will continue to be our thrust area by responding to the changing needs of our customers and build a framework that leads to long lasting collaborative relationships. We celebrate diversity and promote equality by being inclusive of all. The reimaged approach to learning and development has helped in employee training and the new recruits on digital platform. Continual pursuit to connect with employees on a regular basis, open and transparent communication, progressive HR policies have improved retention and employee engagement level.

The focus on employee health & safety continued with setting up of Huhtamaki Machine Safety Standards at the plants, backed by a rigorous daily safety tour by the plant heads & safety officers, behaviour based safety campaigns, regimen of fire & mock drills, internal & inter plant safety audits, weekly EHS review meetings for safety related critical and constraints points and other Improvement initiatives.

## Risk Management

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

The purpose of risk management is to identify potential events that may affect achievement of organisational strategy, business objectives and management of associated risks within the Company's risk appetite. The Board periodically assesses all facets of risks in the Company's operating landscape.

The key risks and opportunities arise from our ability to manage prices effectively in the presence of aggressive competition, increased raw material pricing, our capability to meet customer demand for technology and digital solutions, and our ability to benefit from the Group in terms of sales and sourcing. To manage threats and tap into opportunities, we execute involve cross-functional and cross-segment

## Management Discussion and Analysis (Contd.)

collaboration and active dialogue with the customers to develop ways to increase value and understand our competitive position.

### Internal Controls

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

The Audit Committee deliberated with the members of the management, considered the laid down systems and met internal and statutory auditors to ascertain their views on the internal financial control systems. The Audit Committee reviewed the control systems to be adequate and effective, The Committee keeps the Board of directors informed about their concerns, if any, on the financial control systems. However, the Company recognises that no matter how the internal control framework is, it has inherent limitations. Periodic audits and reviews ensure that such systems are updated on regular intervals. The Company has an independent Internal audit function with well-established risk management processes both at the business and corporate levels. The scope and authority of the Internal audit function is derived from the Internal audit Charter approved by the Audit Committee.

The Company has engaged a reputable external firm to support the Internal auditor for carrying out the Internal audit reviews. Reviews are conducted on an ongoing basis, through a comprehensive risk-based audit plan, approved by the Audit Committee at the beginning of each year. Considering the challenges of the ongoing pandemic, the reviews were conducted remotely leveraging on technology.

The Audit Committee meets on a half-yearly basis to review and discuss the Internal audit reports and follow-up action plans, considering the audit issues and compliance to the audit plan. The Chairperson of the Audit Committee has periodic one-on-one meetings with the Internal auditor to discuss any key concerns.

### Cautionary statement

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

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Huhtamaki India Limited (formerly known as Huhtamaki PPL Limited ("the Company")), which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

We draw attention to Note 47(9) to the financial statements for the year ended December 31, 2021 according to which the managerial remuneration paid to the erstwhile Managing Director and Executive Director/ Chief Financial Officer of the Company (amounting to Rs. 37.1 million) and consequently

the total managerial remuneration for the financial year (amounting to Rs. 45.1 million) exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 16.2 million. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting. Pending such approval, the impact, if any, on the financial statements cannot be quantified.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Timing of revenue recognition</b> (Refer note 3(i) to accounting policies and note 33)</p> <p>Revenue from sale of goods is recognised when control is transferred to the customers.</p> <p>The Company uses a variety of delivery terms and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised at a time which is different from the transfer of control for sales transactions occurring during the year.</p> <p>In view of above, ascertainment of timing of revenue recognition has been identified as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of Company's accounting policy for revenue recognition as per the relevant accounting standard.</li> <li>Evaluated the design and implementation of key internal financial controls and processes including relevant information technology systems in relation to the timing of revenue recognition for a sample of transactions with special reference to controls over revenue cut offs throughout the year and at the year end.</li> <li>Tested sample revenue transactions by using statistical sampling in order to examine whether revenue has been recognised in the correct period taking into account the relevant underlying documentation and records.</li> </ul>

## Independent Auditor’s Report (Contd.)

Key audit matter	How our audit addressed the key audit matter
<p><b>Timing of revenue recognition</b></p>	<ul style="list-style-type: none"> <li>● We assessed the adequacy of disclosures in the financial statements against the requirements of Ind-AS 115 – Revenue from Contracts with Customers.</li> <li>● Circulated direct confirmation of balances to customers on a sample basis and where the confirmations were obtained, we tested the completeness and accuracy of the reconciliations prepared by management.</li> </ul>
<p><b>Tax litigations – Provisions and contingencies</b> (Refer note 3(o) to accounting policies and note 44)</p> <p>The Company is subject to a number of ongoing litigations relating to direct tax (including transfer pricing arrangements) and indirect tax matters.</p> <p>Assessment of the outcome of ongoing litigations and consequentially whether or not any provision and/or disclosures are required is inherently uncertain and involves significant judgement since it requires interpretation of the applicable tax legislations and decisions previously passed by authorities. Also, as at the year end, the amounts involved are significant.</p> <p>In view of the above we have identified ongoing litigations relating to direct tax (including transfer pricing arrangements) and indirect tax matters as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>● Evaluated the design, implementation and operating effectiveness of key internal controls around the recognition and measurement of provisions and disclosure of contingent liabilities.</li> <li>● Obtained information from the Company’s internal tax and legal team regarding the status of ongoing litigations.</li> <li>● Evaluated management’s judgment regarding the expected resolution of matters with various tax authorities, based on third-party opinions and the use of past experience, where available, with the tax authorities.</li> <li>● Involved our subject matter experts for evaluating the Company’s assessment of the possible outcome of the matters and analysing and challenging the assumptions used in estimation of provisions based on their knowledge and experience of the application of the relevant legislation by the relevant authorities and related correspondence with the authorities.</li> <li>● Assessed the adequacy of provision for ongoing litigations by verifying the appropriateness of assumptions used and estimates made by the management in light of the decisions previously made by the authorities in similar circumstances and by comparing the estimates of prior year with the actual outcome.</li> <li>● Assessed the adequacy of Company’s disclosures in respect of ongoing litigations as per the relevant accounting standards.</li> </ul>



## Independent Auditor's Report (Contd.)

Key audit matter	How our audit addressed the key audit matter
<p><b>Secondary Purchases</b></p> <p>Vendors are selected and secondary purchases orders are raised at each of these locations. Considering the volume and value of such transactions spread across multiple locations and multiple vendors, there is a risk of misstatement on account of fraud in such secondary purchase bookings.</p> <p>Secondary purchases are recognised against a valid purchase order, at an agreed and approved rate, once the goods and services are received from approved vendors.</p> <p>Secondary purchases are material to the financial statements and there is a risk of secondary purchases being overstated and inaccurately accounted for when the relevant service or product is not received by the Company.</p> <p>In view of the above, secondary purchases has been recognised as a key audit matter as the Company has multiple locations of buying.</p>	<p>In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>● Evaluated the design, implementation and operating effectiveness of the Company's general information technology controls and key information technology/ manual application controls over the Company's systems which govern recording of secondary purchases.</li> <li>● Performed substantive testing on a sample basis using statistical sampling by agreeing selected samples of secondary purchase vendor transactions to underlying documents and approvals as per the approved delegation of authority manual.</li> <li>● Performed substantive cut-off testing by selecting samples of secondary purchase transactions, agreeing to the underlying documents, which include purchase orders, purchase invoices and evidence of receipt of goods and services.</li> <li>● Circulated, as part of the vendor confirmation process, direct confirmation of balances to vendors on a sample basis and where the confirmations were obtained, we tested the completeness and accuracy of the reconciliations prepared by management.</li> <li>● Assessed manual journals posted to secondary purchases to identify unusual items.</li> </ul>

### Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements

## Independent Auditor’s Report (Contd.)

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statement made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors’ use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

## Independent Auditor's Report (Contd.)

- (A) As required by Section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors as on December 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above; and
  - g) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations as at December 31, 2021 on its financial position in its financial statements - Refer Note 44 to the financial statements;
  - ii) The Company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses;
  - iii) There were no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (C) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended December 31, 2021.
- (D) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:
- i) We draw attention to Note 47(9) to the financial statements for the year ended December 31, 2021 according to which the managerial remuneration paid to the erstwhile Managing Director and Executive Director/ Chief Financial Officer of the Company (amounting to Rs. 36.1 million) and consequently the total managerial remuneration for the financial year (amounting to Rs. 45.1 million) exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 16.2 million. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual general Meeting.
  - ii) The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Amar Sunder**

Partner

Mumbai

February 28, 2022

Membership No: 078305

UDIN: 22078305ADUYAE8652

## Annexure – A

to the Independent Auditors' Report – December 31, 2021 on the financial statements  
(Referred to in our report of even date)

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of the Company on the financial statements for the year ended December 31, 2021, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of the property plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain property, plant and equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties as disclosed in Note 4 to the financial statements are held in the name of the Company, except for the immovable properties located at Silvassa, Khopoli, Thane, Bangalore flexibles plant, Bangalore labels plant, Sricity, Ambernath plant and Daman. These immovable properties are in the name of the former name of the Company i.e Huhtamaki PPL Limited. The management has made an application / are in process of making application to the relevant authorities for transfer of the immovable properties in its present name
- (ii) The inventory, except goods-in-transit and inventory lying with third parties, has been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of goods-in-transit subsequent goods receipts have been verified and in respect of inventory lying with third parties at the year-end, these have been confirmed by them. The discrepancies noticed on such verification between physical stocks and the book records were not material.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company
- (iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans nor made any investments or given any guarantees or provided any security to the parties covered under Section 185 and Section 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of Sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of the products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax including Advance tax and Profession tax, Goods and services tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax including Advance tax and Profession tax, Goods and services tax, Duty of customs, Cess and other material statutory dues were in arrears as at December 31, 2021 for a period of more than six months from the date they became payable.

Annexure – A  
to the Independent Auditors’ Report – December 31, 2021 on the financial statements  
(Referred to in our report of even date) (Contd.)

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Goods and services tax, Duty of customs, Duty of excise and Value added tax, which have not been deposited as at December 31, 2021 with the appropriate authorities on account of any dispute except as mentioned below:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where dispute is pending	Amount (Rs. million)	Amount paid under protest (Rs. million)
Income Tax Act, 1961	Tax	2009-2010	Commissioner of Income-tax (Appeals)	3.23	-
		2010-2011	Commissioner of Income-tax (Appeals)	1.24	-
		2011-2012	High Court, Mumbai	24.41	-
Goods and Services Tax Act, 2017	Goods and Services Tax	2017-2018 to 2019-2020	Assistant Commissioner (Appeals)	12.31	-
		2020-2021	Assistant Commissioner / Joint Commissioner (Appeals)	0.33	0.33
Central Excise Act, 1944	Excise Duty	1997-1998	Deputy Commissioner	0.16	-
		2001-2002, 2006-2011, 2013-2017	CESTAT	227.63	4.81
		2001-2008	High Court	3.47	3.27
		2005-2006, 2014-2017	Commissioner	47.49	-
		2009-2010	Joint Secretary, Ministry of Finance	0.04	-
		2014-2018, 2020-2021	Commissioner (Appeals)	0.38	0.38
Finance Act, 1994 - Service Tax	Service tax	2004-2006, 2011-2012, 2008-2015	Assistant Commissioner /Range Superintendent	0.72	0.02
		2009-2017	CESTAT	46.93	1.88
		2014-2017	Deputy Commissioner	4.15	-
Customs Act, 1962	Customs Duty	2004-2008	Joint Commissioner Customs	4.53	0.70
		2006-2010, 2012-2013	Deputy Commissioner customs	1.19	0.87
		2012-2013	CESTAT	0.32	-
		2016-2017	Assistant Commissioner Customs	0.02	-
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	2011-2017	High Court - Hyderabad	13.10	4.58
		2017-2018	Additional Commissioner State Tax	0.63	0.19
The Central Sales Tax Act, 1956	Central Sales Tax	2010-2011, 2011-2012, 2013-2016	Sales Tax Tribunal	6.87	2.0
		2015-2018	Deputy Commissioner State Tax	19.82	1.1
		2016-2017	Joint Commissioner of State Tax	106.68	-
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	2007-2008	Sales Tax Tribunal	1.03	-
		2016-2017	Deputy Commissioner State Tax	8.48	-
The Telangana Value added Tax Act, 2005	Value Added Tax	2005-2008	Sales Tax Tribunal	4.56	1.1



**Annexure – A**  
**to the Independent Auditors’ Report – December 31, 2021 on the financial statements**  
**(Referred to in our report of even date) (Contd.)**

- |  |  |
|--|--|
| <p>(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or Government. The Company did not have any loans or borrowings from the debenture holders and financial institution during the year.</p> <p>(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments) during the year. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.</p> <p>(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, including the matter referred in Note 53 to the financial statements, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Company.</p> <p>(xi) According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration paid to the erstwhile Managing Director and Executive Director/ Chief Financial Officer of the Company (amounting to Rs. 36.1 million) and consequently the total managerial remuneration for the financial year (amounting to Rs. 45.01 million) exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 16.2 million. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.</p> | <p>(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the notes to the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures notified under the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.</p> <p>(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.</p> <p>(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.</p> <p>(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.</p> |
|--|--|

For **BSR & Co. LLP**  
 Chartered Accountants  
 Firm's Registration No: 101248W/W-100022

<p style="text-align: right;"><b>Amar Sunder</b> Partner</p> <p>Mumbai February 28, 2022</p>	<p style="text-align: right;">Membership No: 078305 UDIN: 22078305ADUYAE8652</p>
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## Annexure – B

to the Independent Auditor's Report on financial statements of Huhtamaki India Limited (formerly known as Huhtamaki PPL Limited) for the year ended December 31, 2021

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

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

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Huhtamaki India Limited (formerly known as Huhtamaki PPL Limited) as of December 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at December 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note")

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies

**Annexure – B  
to the Independent Auditor’s Report on financial statements of Huhtamaki India Limited (formerly known as Huhtamaki PPL Limited) for the year ended December 31, 2021 (Contd.)**

and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may

occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **BSR & Co. LLP**  
 Chartered Accountants  
 Firm’s Registration No: 101248W/W-100022

<p>Mumbai February 28, 2022</p>	<p><b>Amar Sunder</b> Partner Membership No: 078305 UDIN: 22078305ADUYAE8652</p>
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## Balance Sheet

as at December 31, 2021

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

Particulars	Notes	As at	As at
		December 31, 2021	December 31, 2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	3,760.8	4,059.4
Capital Work-in-Progress	4	429.1	165.0
Right-Of-Use Assets	4	887.0	785.7
Goodwill	5	623.8	623.8
Other Intangible Assets	5	98.6	137.6
Financial assets			
- Investments*	6	0.0	0.0
- Loans	7	115.8	106.5
- Other Financial Assets	8	2.9	2.9
Deferred Tax Assets (Net)	9	116.3	77.5
Non-Current Tax Assets (Net)	10	850.9	582.1
Other Non-Current Assets	11	195.5	150.4
		<b>7,080.7</b>	<b>6,690.9</b>
<b>Current Assets</b>			
Inventories	12	3,475.0	2,287.8
Financial assets			
- Investments	13	6.2	183.5
- Trade Receivables	14	6,294.9	5,338.0
- Cash and Cash Equivalents	15	320.8	669.6
- Bank balances other than Cash and cash equivalents	16	1.1	1.5
- Loans	17	13.1	17.3
- Other Financial Assets	18	21.9	32.2
Other Current Assets	19	868.8	607.6
		<b>11,001.8</b>	<b>9,137.5</b>
<b>Total Assets</b>		<b>18,082.5</b>	<b>15,828.4</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	20	151.1	151.1
Other Equity	21	7,008.8	7,498.0
<b>Total Equity</b>		<b>7,159.9</b>	<b>7,649.1</b>
<b>Non-Current Liabilities</b>			
Financial liabilities			
- Borrowings	23	2,000.0	1,250.0
- Lease Liabilities	24	550.1	428.6
- Other Financial Liabilities	24	2.7	11.7
Provisions	25	61.7	77.3
Other Non-Current Liabilities	26	88.2	89.2
		<b>2,702.7</b>	<b>1,856.8</b>
<b>Current Liabilities</b>			
Financial liabilities			
- Borrowings	27	987.1	1,210.3
- Trade Payables	28		
Total outstanding dues of micro enterprises and small enterprises		183.2	63.4
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,554.4	4,035.0
- Lease Liabilities	29	50.2	39.6
- Other Financial Liabilities	29	822.0	341.0
Other Current Liabilities	30	197.2	240.2
Provisions	31	250.4	280.3
Current Tax Liabilities (Net)	32	175.4	112.7
		<b>8,219.9</b>	<b>6,322.5</b>
<b>Total Equity and Liabilities</b>		<b>18,082.5</b>	<b>15,828.4</b>

\*Amount less than Rs. 50,000

Basis of Preparation, Measurement and Significant Accounting Policies

2 & 3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

**For BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Amar Sunder**

Partner

Membership No.078305

Mumbai

Date: February 28, 2022

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

**Murali Sivaraman**

Chairman

DIN: 01461231

**Jagdish Agarwal**

Chief Financial Officer

Mumbai

Date: February 28, 2022

**D V Iyer**

Company Secretary

Membership No. 13004

# Statement of Profit and Loss

For the year ended December 31, 2021

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

Particulars	Notes	Year ended	
		December 31, 2021	December 31, 2020
Revenue from Operations	33	26,252.8	24,627.0
Other Income	34	93.7	80.2
<b>Total Income</b>		<b>26,346.5</b>	<b>24,707.2</b>
<b>Expenses</b>			
Cost of Materials Consumed	35	19,266.8	16,232.1
Changes in Inventories of Finished Goods and Work-in-Progress	36	(544.4)	(107.7)
Employee Benefit Expense	37	2,577.7	2,760.5
Finance Costs	38	268.3	261.2
Depreciation and Amortisation Expense	39	921.6	979.3
Other Expenses	40	3,862.4	3,405.9
<b>Total Expenses</b>		<b>26,352.4</b>	<b>23,531.3</b>
<b>Profit/(Loss) before Exceptional items &amp; before tax</b>		<b>(5.9)</b>	<b>1,175.9</b>
Exceptional items - (Expenses)	41	309.8	-
<b>Profit/(Loss) after Exceptional items &amp; before tax</b>		<b>(315.7)</b>	<b>1,175.9</b>
<b>Tax expense</b>			
<b>Current tax</b>			
- Current year		35.1	315.4
- Credits related to previous periods		(93.3)	(93.5)
<b>Total</b>		<b>(58.2)</b>	<b>221.9</b>
<b>Deferred tax</b>		(30.6)	(5.9)
<b>Profit/(Loss) for the year</b>		<b>(226.9)</b>	<b>959.9</b>
<b>Other Comprehensive Income / (Losses)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability		(32.6)	(76.9)
<b>Income Tax relating to Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability		8.2	19.3
<b>Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent years</b>		<b>(24.4)</b>	<b>(57.6)</b>
<b>Other Comprehensive Income / (Losses) for the year, net of tax</b>		<b>(24.4)</b>	<b>(57.6)</b>
<b>Total Comprehensive Income / (Losses) for the year</b>		<b>(251.3)</b>	<b>902.3</b>
<b>Earnings per equity share including Exceptional Item</b>	43		
Basic and Diluted (Face value of Rs. 2 each)		(3.00)	12.71
<b>Earnings per equity share excluding Exceptional Item</b>			
Basic and Diluted (Face value of Rs. 2 each)		1.10	12.71

Basis of Preparation, Measurement and Significant Accounting Policies

2 & 3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

## For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

## Amar Sunder

Partner

Membership No.078305

Mumbai

Date: February 28, 2022

## For and on behalf of the Board of Directors

### Murali Sivaraman

Chairman

DIN: 01461231

### Jagdish Agarwal

Chief Financial Officer

Mumbai

Date: February 28, 2022

### D V Iyer

Company Secretary

Membership No. 13004



## Statement of Changes in Equity

For the year ended December 31, 2021

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

### a. Equity Share Capital:

	In Nos.	Amount
<b>Equity shares of Rs. 2 each Issued, subscribed and fully paid</b>		
At January 1, 2020 (includes amount received on forfeited shares Rs. 0.0 million)*	75,521,934	151.1
Changes in equity share capital during the year	-	-
<b>At December 31, 2020</b>	75,521,934	151.1
Changes in equity share capital during the year	-	-
<b>At December 31, 2021</b>	<b>75,521,934</b>	<b>151.1</b>

\*Amount less than Rs. 50,000

### b. Other Equity:

Particulars	Reserves and Surplus			Total Other Equity
	Share Options Outstanding Account	General Reserve	Retained Earnings	
<b>As at January 1, 2020</b>	<b>62.3</b>	<b>1,554.4</b>	<b>5,205.7</b>	<b>6,822.4</b>
Profit for the year	-	-	959.9	959.9
Other Comprehensive Income/(Loss) for the year	-	-	(57.6)	(57.6)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>902.3</b>	<b>902.3</b>
Dividend on Equity Shares for the year (Refer Note 22)	-	-	(226.6)	(226.6)
Recognition of share-based payments (Refer Note 46)	(0.1)	-	-	(0.1)
<b>As at December 31, 2020</b>	<b>62.2</b>	<b>1,554.4</b>	<b>5,881.4</b>	<b>7,498.0</b>
Profit/(Loss) for the year	-	-	(226.9)	(226.9)
Other Comprehensive Income/(Loss) for the year	-	-	(24.4)	(24.4)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>(251.3)</b>	<b>(251.3)</b>
Dividend on Equity Shares for the year (Refer Note 22)	-	-	(226.6)	(226.6)
Recognition of share-based payments (Refer Note 46)	(11.3)	-	-	(11.3)
<b>As at December 31, 2021</b>	<b>50.9</b>	<b>1,554.4</b>	<b>5,403.5</b>	<b>7,008.8</b>

Refer Note 21 for nature and purpose of reserves

Refer Note 2 & 3 - Basis of Preparation, Measurement and Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

#### For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

#### Amar Sunder

Partner

Membership No.078305

Mumbai

Date: February 28, 2022

#### For and on behalf of the Board of Directors

#### Murali Sivaraman

Chairman

DIN: 01461231

#### Jagdish Agarwal

Chief Financial Officer

Mumbai

Date: February 28, 2022

#### D V Iyer

Company Secretary

Membership No. 13004

# Cash Flow Statement

For the year ended December 31, 2021

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

Particulars	December 31, 2021	December 31, 2020
<b>a. Cash Flow from Operating activities</b>		
Net Profit/(Loss) before Tax and exceptional item	(5.9)	1,175.9
<b>Adjustments for</b>		
Depreciation and Amortisation	921.6	979.3
Unrealised Foreign Exchange Loss/(Gain) (Net)	9.3	(25.7)
Interest Income	(17.1)	(10.0)
Finance Cost	259.9	256.4
Net Interest on net defined benefit liability	8.4	4.8
Charge/ (Reversal) of impairment loss	2.3	(1.1)
Bad debts written off	0.4	4.6
(Profit)/Loss on sale/ fair value on Current Investments (Net)	(6.7)	(13.2)
Property, Plant & Equipment Written Off	-	3.6
Mark-to-market (gain)/loss on derivative financial instruments	(16.2)	(27.0)
Group Stock Option Arrangement	(11.3)	(0.1)
Profit on Sale of Property, Plant & Equipment (Net)	(21.4)	(16.7)
<b>Cash Generated from Operations before working capital changes</b>	<b>1,123.3</b>	<b>2,330.8</b>
<b>Working capital adjustments</b>		
<b>Adjustments for</b>		
(Increase)/Decrease in Trade Receivables	(970.5)	856.4
(Increase)/Decrease in Inventories	(1,187.2)	(444.0)
(Increase)/Decrease in Non-current and current financial assets	15.7	(1.1)
(Increase)/Decrease in Non-current and current assets	(307.5)	(264.7)
Increase/(Decrease) in Trade Payables	1,640.8	(232.7)
Increase/(Decrease) in Other Non-current and current financial liabilities	(3.0)	(101.1)
Increase/(Decrease) in Other Non-current and current liabilities	(44.0)	3.7
Increase/(Decrease) in Non-current and current provisions	(86.6)	(17.3)
<b>Cash Generated from Operations</b>	<b>181.0</b>	<b>2,130.0</b>
Taxes paid (net of refunds)	(147.9)	(436.6)
<b>Net Cash Flow from operating activities</b>	<b>33.1</b>	<b>1,693.4</b>
Exceptional Items (Refer note 41)	(309.8)	-
<b>Net Cash (used in) / generated from operating activities - A</b>	<b>(276.7)</b>	<b>1,693.4</b>
<b>b. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment, capital work-in-progress and capital advances	(791.3)	(488.6)
Proceeds from Sale of property, plant and equipment	31.2	55.4
Payment for acquisition of business	-	(741.1)
Purchase of Current Investments	(3,105.0)	(4,185.5)
Sale of Current Investments	3,289.0	4,623.3
(Investment)/Proceeds in/from deposits with Bank	0.4	(0.1)
Interest Received	17.2	9.8
<b>Net cash used in Investing activities - B</b>	<b>(558.5)</b>	<b>(726.8)</b>
<b>c. Cash Flow from Financing activities</b>		
Interest paid	(252.1)	(234.0)
Repayment of sales tax deferral loan	(17.6)	(37.6)
Repayment of long term borrowings	-	(2,000.0)

## Cash Flow Statement For the year ended December 31, 2021 (Contd.)

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

Particulars	December 31, 2021	December 31, 2020
Proceeds of long term borrowings	1,250.0	2,250.0
Payment of Lease Liabilities	(44.0)	(32.2)
Proceeds / (Repayment) of Short Term borrowings (net)	(223.2)	(460.5)
Dividends paid	(226.8)	(227.5)
<b>Net cash generated from / (used in) financing activities - C</b>	<b>486.3</b>	<b>(741.8)</b>
<b>Net (decrease) / increase in cash and cash equivalents -(A+B+C)</b>	<b>(348.9)</b>	<b>224.8</b>
Add : Cash and cash equivalents at the beginning of the year	669.6	444.8
<b>Cash and cash equivalents at the end of the year (Refer Note 15)</b>	<b>320.8</b>	<b>669.6</b>

### Notes:

#### Reconciliation of liabilities arising from financing activities:

##### Non-Current

Particulars	December 31, 2021	December 31, 2020
<b>Opening</b>	<b>1,678.6</b>	<b>1,037.6</b>
Changes from financing cash flows	1,250.0	212.4
Transfer to current maturity of long term borrowing	(500.0)	-
Initial recognition of Lease liabilities	-	407.3
Net addition in current year for lease liabilities	176.1	93.1
Interest expense on lease liabilities	47.0	34.1
Interest paid on lease liabilities	(47.0)	(34.1)
Payment of lease liabilities	(44.0)	(32.2)
Transfer to current- lease liabilities	(10.6)	(39.6)
<b>Closing</b>	<b>2,550.1</b>	<b>1,678.6</b>

##### Current

Particulars	December 31, 2021	December 31, 2020
<b>Opening</b>	<b>1,267.5</b>	<b>1,688.4</b>
Changes from financing cash flows	(240.8)	(460.5)
Transfer from long term borrowing- current maturity of long term borrowing	500.0	-
Transfer from non - current- lease liabilities	10.6	39.6
<b>Closing</b>	<b>1,037.3</b>	<b>1,267.5</b>

The cash flow statement has been prepared in accordance with "Indirect Method" as set out in Indian Accounting Standard -7 on "Statement of Cash Flows"

Basis of Preparation, Measurement and Significant Accounting Policies 2 & 3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

#### For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

#### Amar Sunder

Partner

Membership No.078305

Mumbai

Date: February 28, 2022

#### For and on behalf of the Board of Directors

#### Murali Sivaraman

Chairman

DIN: 01461231

#### Jagdish Agarwal

Chief Financial Officer

Mumbai

Date: February 28, 2022

#### D V Iyer

Company Secretary

Membership No. 13004

# Notes to the Financial Statements

For the year ended December 31, 2021

## 1. Corporate information

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

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

### A. Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of Companies Act, 2013.

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

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

The financial statements for the year ended December 31, 2021 were approved by the Board of Directors and authorised for issue on February 28, 2022.

### B. Basis of Measurement

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

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

### C. Key Accounting Estimates and Judgements

The preparation of financial statements requires management to make 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.

#### Judgements:

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

Note 33 – Revenue Recognition and Rebates and Discounts

Note 4C and 44B – Lease term, determination of ROU assets and liabilities; incremental borrowing rate

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

## Notes to Financial Statements For the year ended December 31, 2021

- Impairment of Intangibles – Refer Note 5
- Measurement of Share Based Payments – Refer Note 46
- Measurement of Fair values – Refer Note 49
- Measurement of useful lives for property, plant and equipment and intangible assets – Refer accounting policy on Depreciation below - point 3 c.
- Valuation of Inventories – point 3 h.
- Recognition and estimation of tax expense – point 3 k.

### **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)**

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. The impact of COVID-19 on the carrying value of the assets could differ from that estimated as at the date of approval of these financial statements for year ended December 31, 2021.

### **D. Recent Accounting Developments**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from January 1, 2022.

MCA issued notifications dated March 24, 2021, to amend schedule III to the Companies Act, 2013 to enhance disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for financial year starting from January 1, 2022.

### **3. Significant accounting policies**

#### **a) Property, plant and equipment**

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

#### **b) Goodwill and Other Intangible assets**

- Intangible Assets acquired separately are measured on initial recognition at cost. Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.
- Goodwill acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, it is carried at cost less accumulated impairment losses, if any.
- Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method

## Notes to Financial Statements For the year ended December 31, 2021

for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

### c) Depreciation and amortisation:

#### Property, plant and equipment

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

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

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

#### Freehold land is not depreciated.

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

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

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

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

#### 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



## Notes to Financial Statements For the year ended December 31, 2021

profit and loss (FVTPL), its transaction cost is recognised in the Statement of Profit and Loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset.

### Subsequent measurement

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

- Financial asset at amortised cost
- Financial asset at fair value through profit or loss (FVTPL)
- Financial asset at fair value through other comprehensive income (FVTOCI)

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

### Financial asset at amortised cost

An instrument is measured at the amortised cost if (i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and (ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### 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 statement of Profit and loss.

### Impairment of financial assets

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

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified, at initial recognition at fair value through profit or loss, net of directly attributable transaction costs.

#### Subsequent measurement

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

## Notes to Financial Statements For the year ended December 31, 2021

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Derecognition

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

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

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

### Offsetting of financial instruments

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

#### e) Derivative financial instruments

Initial recognition and subsequent measurement: The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Fair value changes are recognised in the statement of profit and 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.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

## Notes to Financial Statements For the year ended December 31, 2021

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### g) Foreign Currency Transactions

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

### h) Inventories

- Inventories are valued at lower of cost and net realisable value. Cost is determined on the Weighted Average Method.
- Raw materials, Components, Stores and Spares held for use in production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- The cost of manufactured Inventories and Work-In-Process is the direct cost of manufacture plus appropriate allocated overheads.
- The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.
- The comparison of cost and net realisable value is made on an item by item basis.
- Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount so written-down is adjusted in terms of policy as stated above. Appropriate adjustments are made to the carrying value of damaged, slow moving and obsolete inventories based on management's current best estimate.

### i) Revenue Recognition

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

Step 1: Identify contracts with customers

Step 2: Identify performance obligations contained in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation

Step 5: Recognise revenue when a performance obligation is satisfied

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

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

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company

## Notes to Financial Statements For the year ended December 31, 2021

performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

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.

If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

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

Judgement is required to determine the transaction price for the contract.

The Company's performance obligation under revenue contracts, is satisfied at a point in time.

### **Dividend & Interest Income**

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

Interest income is recognised using the effective interest rate (EIR) method.

### **j) Retirement and Other Employee benefits**

#### **(i) Short-term employee benefits**

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

#### **(ii) Retirement Benefits**

##### **a. Defined Contribution Plans:**

The Company has defined contribution plans for post-employment benefits in the form of provident fund which is administered through Government of India. Provident fund is classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as and when employee renders related service.

##### **b. Defined Benefit Plans:**

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

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

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

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

##### **c. Other Long-Term Employment Benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in

## Notes to Financial Statements For the year ended December 31, 2021

which the employee renders the related services are considered as long-term employee benefit for measurement purposes and are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the leave encashment as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

### k) **Taxation**

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to an item to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

#### **Current tax**

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

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

#### **Deferred tax**

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

### l) **Leases**

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

## Notes to Financial Statements For the year ended December 31, 2021

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

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

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

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

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

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

### **m) Impairment of non-financial assets**

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **n) Government Grants**

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

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

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

### **o) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable



## Notes to Financial Statements For the year ended December 31, 2021

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.

The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### 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 program 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.

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.

## Notes to Financial Statements For the year ended December 31, 2021

### s) Cash and Cash Equivalents

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

### t) Business Combinations

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

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

### u) Borrowing costs

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

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

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

### v) Operating Segments

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

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

## Note 4: Property, Plant and Equipment

### A. Property, Plant and Equipment

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

Particulars	Freehold land*	Leasehold land	Leasehold Improvements	Buildings*	Plant & Machinery**	Computers and laptops	Vehicles	Furniture & fixtures	Office equipment	Total
<b>Gross carrying amount</b>										
<b>At January 1, 2020</b>	83.0	243.7	0.7	1,127.7	5,505.0	124.4	13.1	135.3	61.7	7,294.6
On account of Business Acquisition (Refer Note 52)	-	-	-	228.1	440.9	0.1	1.0	5.3	1.6	677.0
Additions	-	-	-	35.0	314.5	32.3	1.2	7.1	6.2	396.3
Disposals/Adjustments	-	-	-	7.0	194.2	8.2	1.7	7.3	1.6	220.0
Transition impact of IND AS 116 - Leases	-	243.7	-	-	-	-	-	-	-	243.7
<b>At December 31, 2020</b>	83.0	-	0.7	1,383.8	6,066.2	148.6	13.6	140.4	67.9	7,904.2
Additions	-	-	18.0	42.4	422.1	10.2	1.5	6.9	8.4	509.5
Disposals/Adjustments	-	-	-	0.9	42.8	9.4	2.5	1.8	1.0	58.4
<b>At December 31, 2021</b>	83.0	-	18.7	1,425.3	6,445.5	149.4	12.6	145.5	75.3	8,355.3
<b>Accumulated depreciation</b>										
<b>At January 1, 2020</b>	-	13.9	0.7	387.4	2,554.1	82.7	10.7	60.1	46.6	3,156.2
Additions	-	-	-	103.1	729.4	24.5	1.9	13.1	8.6	880.6
Disposals/Adjustments	-	-	-	2.8	157.9	7.8	1.7	6.3	1.6	178.1
Transition impact of IND AS 116 - Leases	-	13.9	-	-	-	-	-	-	-	13.9
<b>At December 31, 2020</b>	-	-	0.7	487.7	3,125.6	99.4	10.9	66.9	53.6	3,844.8
Additions	-	-	3.5	95.8	650.6	25.3	1.2	13.3	8.6	798.3
Disposals/Adjustments	-	-	-	0.2	37.2	8.6	0.6	1.0	1.0	48.6
<b>At December 31, 2021</b>	-	-	4.2	583.3	3,739.0	116.1	11.5	79.2	61.2	4,594.5
Net carrying amount										
<b>At December 31, 2021</b>	83.0	-	14.5	842.0	2,706.5	33.3	1.1	66.3	14.1	3,760.8
At December 31, 2020	83.0	-	-	896.1	2,940.6	49.2	2.7	73.5	14.3	4,059.4

\*The immovable properties disclosed above comprise properties where the title deeds have been transferred from the former name of the Company i.e. Huhtamaki PPL Limited to Huhtamaki India Limited as well as those where the Company has made applications to the respective authorities intimating the name change from Huhtamaki PPL Limited to Huhtamaki India Limited.

\*\* includes Electrical fittings and Air conditioning equipments

Notes to Financial Statements  
For the year ended December 31, 2021

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

**B. Capital Work-in-Progress**

Particulars	Amount
<b>As at January 1, 2020</b>	<b>82.9</b>
Additions during the year	478.4
Less: Capitalised during the year	(396.3)
<b>At January 1, 2020</b>	<b>165.0</b>
Additions during the year	773.6
Less: Capitalised during the year	(509.5)
<b>At December 31, 2021</b>	<b>429.1</b>

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

**C. Right-Of-Use Assets**

Particulars	Leasehold land	Buildings	Plant and equipment	Others	Total
<b>Gross carrying amount</b>					
<b>At January 1, 2020</b>	-	-	-	-	-
Addition on account of Transition to Ind AS 116 - Leases	295.8	406.8	-	0.8	703.4
On account of Business Acquisition (Refer Note 52)	40.0	-	-	-	40.0
Additions	-	57.4	42.4	1.4	101.2
Disposals	-	1.2	-	-	1.2
<b>At December 31, 2020</b>	<b>335.8</b>	<b>463.0</b>	<b>42.4</b>	<b>2.2</b>	<b>843.4</b>
Additions	-	191.0	-	7.4	198.4
Disposals	-	28.4	-	2.2	30.6
<b>At December 31, 2021</b>	<b>335.8</b>	<b>625.6</b>	<b>42.4</b>	<b>7.4</b>	<b>1,011.2</b>
<b>Accumulated Depreciation</b>					
<b>At January 1, 2020</b>	-	-	-	-	-
Addition on account of Transition to Ind AS 116 - Leases	-	-	-	-	-
Additions	3.5	47.6	6.4	0.5	58.0
Disposals	-	0.3	-	-	0.3
<b>At December 31, 2020</b>	<b>3.5</b>	<b>47.3</b>	<b>6.4</b>	<b>0.5</b>	<b>57.7</b>
Additions	3.2	68.1	8.5	1.7	81.5
Disposals	-	14.2	-	0.8	15.0
<b>At December 31, 2021</b>	<b>6.7</b>	<b>101.2</b>	<b>14.9</b>	<b>1.4</b>	<b>124.2</b>
<b>Net carrying amount</b>					
<b>At December 31, 2021</b>	<b>329.1</b>	<b>524.4</b>	<b>27.5</b>	<b>6.0</b>	<b>887.0</b>
At December 31, 2020	332.3	415.7	36.0	1.7	785.7

**Amounts recognised in Statement of Profit and Loss:**

Particulars	December 31, 2021	December 31, 2020
Interest on Lease Liabilities	47.0	34.1
Expenses relating to short term leases and low value assets	27.3	26.1

**Amounts recognised in statement of cash flows:**

Particulars	December 31, 2021	December 31, 2020
Total cash outflow for leases	(44.0)	(32.2)

**Lease Liability disclosure:**

Particulars	December 31, 2021	December 31, 2020
Less than one year	96.6	86.3
Later than one year and not later than five years	396.1	425.1
Later than five years	439.7	507.3

## Note 5: Intangible assets

Particulars	Goodwill	Other Intangible assets				Total
		Non-Compete Fees	Computer - Software	Club Membership	Customer List	
<b>Gross carrying amount</b>						
<b>At January 1, 2020</b>	<b>564.0</b>	<b>51.0</b>	<b>126.7</b>	<b>2.6</b>	<b>116.8</b>	<b>297.1</b>
On account of Business Acquisition (Refer Note 52)	59.8	-	-	-	-	-
Additions	-	-	16.6	-	-	16.6
Disposals	-	-	3.2	-	-	3.2
<b>At December 31, 2020</b>	<b>623.8</b>	<b>51.0</b>	<b>140.1</b>	<b>2.6</b>	<b>116.8</b>	<b>310.5</b>
Additions			2.8			2.8
Disposals			-			-
<b>At December 31, 2021</b>	<b>623.8</b>	<b>51.0</b>	<b>142.9</b>	<b>2.6</b>	<b>116.8</b>	<b>313.3</b>
<b>Accumulated Amortisation</b>						
<b>At January 1, 2020</b>	<b>-</b>	<b>26.5</b>	<b>79.8</b>	<b>2.2</b>	<b>26.5</b>	<b>135.0</b>
Additions	-	7.2	16.6	0.2	16.7	40.7
Disposals	-	-	2.8	-	-	2.8
<b>At December 31, 2020</b>	<b>-</b>	<b>33.7</b>	<b>93.6</b>	<b>2.4</b>	<b>43.2</b>	<b>172.9</b>
Additions		7.1	17.8	0.2	16.7	41.8
Disposals		-	-	-	-	-
<b>At December 31, 2021</b>	<b>-</b>	<b>40.8</b>	<b>111.4</b>	<b>2.6</b>	<b>59.9</b>	<b>214.7</b>
<b>Net carrying amount</b>						
<b>At December 31, 2021</b>	<b>623.8</b>	<b>10.2</b>	<b>31.5</b>	<b>0.0</b>	<b>56.9</b>	<b>98.6</b>
At December 31, 2020	623.8	17.3	46.5	0.2	73.6	137.6

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

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

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

Goodwill has been tested for impairment and accordingly no impairment charges were identified for the year 2021 and 2020.

Following key assumptions were considered while performing impairment testing:

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

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

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

Notes to Financial Statements  
For the year ended December 31, 2021

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

**Note 6: Non-Current Investments**

Particulars	December 31, 2021	December 31, 2020
<b>Investments at fair value through Profit &amp; Loss (fully paid)</b>		
<b>Unquoted Equity Shares</b>		
100 Equity shares (December 31, 2020 - 100) of Rs. 25 each fully paid up in Shamrao Vithal Co-operative Bank Limited*	0.0	0.0
	<b>0.0</b>	<b>0.0</b>

\*Amount less than Rs. 50,000

**Note 7: Long-Term Loans**

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Security Deposits	112.7	105.4
Loans and Advances to employees	3.1	1.1
	<b>115.8</b>	<b>106.5</b>

**Note 8: Other Financial Assets**

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Margin Money deposits	2.9	2.8
Bank Deposits with maturity of more than 12 months	-	0.1
	<b>2.9</b>	<b>2.9</b>

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

**Note 9 - Income Taxes**

**A. Components of Income Tax Expense**

Particulars	Year ended December 31, 2021	Year ended December 31, 2020
<b>I. Tax Expense recognised in the Statement of Profit and Loss</b>		
Current Tax		
- Current Year	35.1	315.4
- Credits related to previous years	(93.3)	(93.5)
<b>Total (A)</b>	<b>(58.2)</b>	<b>221.9</b>
Deferred Tax charge/(credit)		
- Origination and reversal of temporary differences	(30.6)	(5.9)
<b>Total (B)</b>	<b>(30.6)</b>	<b>(5.9)</b>
<b>Total (A+B)</b>	<b>(88.8)</b>	<b>216.0</b>
<b>II. Tax on Other Comprehensive Income</b>		
<b>Deferred Tax</b>		
Remeasurement of defined benefit liability	(8.2)	(19.3)



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

## B. Reconciliation of Effective Tax Rate

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

Particulars	Year ended December 31, 2021	Year ended December 31, 2020
Statutory Income Tax Rate	25.2%	25.2%
Differences due to:		
- Prior year tax adjustment	(29.6%)	(8.0%)
- Impact of Goodwill taken out of purview of tax depreciation*	30.7%	0.0%
- Others (mainly includes expenses on account of permanent disallowance)	1.8%	1.2%
Net Effective Tax Rate	28.1%	18.4%

## C. Movement in Deferred Tax Assets and Liabilities

I. Movement during the year ended December 31, 2020	As at January 1, 2020	Credit / (charge) in the Statement of Profit and loss	Credit/(charge) in Other Comprehensive Income	Deferred Tax Liability on account of Mohan Mutha, Sricity Acquisition (Refer Note 52)	As at December 31, 2020
<b>Deferred tax assets/(liabilities)</b>					
Expenses allowable for tax purposes when paid	22.0	(12.3)	-	-	9.7
Allowance for Impairment loss	30.0	0.4	-	-	30.4
Remeasurement on defined benefit plans	44.6	(10.0)	19.3	-	53.9
Depreciation	60.2	45.6	-	(10.1)	95.7
<b>Total Deferred tax assets (A)</b>	<b>156.8</b>	<b>23.7</b>	<b>19.3</b>	<b>(10.1)</b>	<b>189.7</b>
Liability in respect of losses pertaining to tax holiday units	(67.5)	-	-	-	(67.5)
Amortisation of goodwill	(26.9)	(17.8)	-	-	(44.7)
<b>Total Deferred tax liabilities (B)</b>	<b>(94.4)</b>	<b>(17.8)</b>	<b>-</b>	<b>-</b>	<b>(112.2)</b>
<b>Net Deferred tax assets/(liabilities) (A+B)</b>	<b>62.4</b>	<b>5.9</b>	<b>19.3</b>	<b>(10.1)</b>	<b>77.5</b>
II. Movement during the year ended December 31, 2021	As at January 1, 2021	Credit / (charge) in the Statement of Profit and loss	Credit/(charge) in Other Comprehensive Income	Deferred Tax Liability on account of Mohan Mutha, Sricity Acquisition (Refer Note 52)	As at December 31, 2021
<b>Deferred tax assets/(liabilities)</b>					
Expenses allowable for tax purposes when paid	9.7	7.9	-	-	17.6
Allowance for Impairment loss	30.4	0.4	-	-	30.8
Remeasurement on defined benefit plans	53.9	(21.4)	8.2	-	40.7
Depreciation	95.7	76.1	-	-	171.8
Voluntary Retirement Scheme	-	62.4	-	-	62.4
<b>Total Deferred tax assets (A)</b>	<b>189.7</b>	<b>125.4</b>	<b>8.2</b>	<b>-</b>	<b>323.3</b>
Liability in respect of losses pertaining to tax holiday units	(67.5)	-	-	-	(67.5)
Amortisation of goodwill*	(44.7)	(94.8)	-	-	(139.5)
<b>Total Deferred tax liabilities (B)</b>	<b>(112.2)</b>	<b>(94.8)</b>	<b>-</b>	<b>-</b>	<b>(207.0)</b>
<b>Net Deferred tax assets/(liabilities) (A+B)</b>	<b>77.5</b>	<b>30.6</b>	<b>8.2</b>	<b>-</b>	<b>116.3</b>

\* Current tax expense for the year ended December 31, 2021 includes Rs. 19.4 million being the tax impact of goodwill taken out of purview of tax depreciation w.e.f. April 1, 2020 by Finance Bill enacted in March 2021. Also deferred tax charge for the year ended December 31, 2021 includes Rs. 77.5 million being the additional charge recognised by the Company on account of the difference between book base and tax base of goodwill consequent upon enactment of the above legislation.

Notes to Financial Statements  
For the year ended December 31, 2021

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

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

Particulars	December 31, 2021	December 31, 2020
Advance Income Tax (Net of Provision)	770.7	522.0
Tax Deducted at Source	80.2	60.1
	<b>850.9</b>	<b>582.1</b>

**Note 11: Other Non-Current Assets**

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
Prepaid Expenses	58.7	4.6
Balances with Customs, Excise, Sales Tax and GST Authorities etc	31.3	40.2
Capital Advances	105.5	105.6
	<b>195.5</b>	<b>150.4</b>

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

Particulars	December 31, 2021	December 31, 2020
Raw Materials and Components	1,921.4	1,292.8
Work-in- Progress	413.4	253.1
Finished Goods	808.6	424.5
Stores & Spares	185.8	175.1
Loose Tools	145.8	142.3
	<b>3,475.0</b>	<b>2,287.8</b>
<b>Goods in transit (included in above)</b>		
Raw Materials and Components	167.3	65.5
Finished Goods	410.0	198.1

Amount of write down of inventories to net realisable value and other provisions recognised in Statement of Profit and Loss as an expense is Rs. 74.2 million (December 31, 2020 - Rs. 42.5 million).

**Note 13: Current Investments**

Particulars	December 31, 2021	December 31, 2020
<b>At fair value through Profit &amp; Loss</b>		
Investment in Mutual Funds (Quoted)	6.2	183.5
<b>Aggregate book value and market value of quoted investments</b>	<b>6.2</b>	<b>183.5</b>

Refer Note 49 for fair value measurement.

**Note 14: Trade Receivables**

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>At amortised cost</b>		
Considered Good	6,294.9	5,338.0
Considered Credit impaired	122.3	120.7
Less: Allowance for Credit impaired	(122.3)	(120.7)
	<b>6,294.9</b>	<b>5,338.0</b>
<b>The movement in change in allowance for expected credit loss and credit impairment</b>		
Balance as at beginning of the year	120.7	118.8
Change in allowance for expected credit loss and credit impairment	2.0	6.5
Trade receivables written off during the year	(0.4)	(4.6)
<b>Balance as at end of the year</b>	<b>122.3</b>	<b>120.7</b>

Balance outstanding from related parties as at December 31, 2021 is Rs. 540.5 million ( December 31, 2020: Rs. 414.1 million).  
(Refer Note 47)

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

## Note 15: Cash and Cash equivalents

Particulars	December 31, 2021	December 31, 2020
Balances with Banks		
In Current Accounts	134.6	581.3
In Unpaid Dividend Accounts (Refer Note below)	7.4	7.6
Deposits with original maturity of less than three months	177.6	79.7
Cash on Hand	1.2	1.0
	<b>320.8</b>	<b>669.6</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, 2021	December 31, 2020
Deposits with maturity of more than 3 months but less than 12 months	1.1	1.5
	<b>1.1</b>	<b>1.5</b>

## Note 17: Loans

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
Security Deposits	4.8	4.8
Loans and Advances to employees	8.3	12.5
	<b>13.1</b>	<b>17.3</b>

## Note 18: Other Financial Assets

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
Claims Recoverable	4.2	3.6
Interest Receivable	1.5	1.6
Forward Contracts (Fair Value Through Profit and Loss)	16.2	27.0
	<b>21.9</b>	<b>32.2</b>

Refer Note 49 for fair value measurement.

## Note 19: Other Current Assets

Particulars	December 31, 2021	December 31, 2020
<b>(Unsecured, considered good unless otherwise stated)</b>		
Prepaid Expenses	46.2	46.7
Balances with Customs, Excise, Sales Tax, GST & Income tax Authorities etc	300.9	162.4
Export Benefit Receivables	469.5	376.3
Advances Recoverable in Kind	52.2	22.2
	<b>868.8</b>	<b>607.6</b>

Notes to Financial Statements  
For the year ended December 31, 2021

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

**Note 20 : Share Capital**

Particulars	December 31, 2021	December 31, 2020
<b>A. Authorised</b>		
404,000,000 (2020: 404,000,000) equity shares, Rs. 2 each	808.0	808.0
2,900,000 (2020: 2,900,000) preference shares, Rs. 100 each	290.0	290.0
300,000 (2020: 300,000) unclassified shares, Rs. 100 each	30.0	30.0
	<b>1,128.0</b>	<b>1,128.0</b>
<b>B. Issued, subscribed and paid-up</b>		
75,521,934 (2020: 75,521,934) equity shares of Rs. 2 each fully paid-up *	151.1	151.1
	<b>151.1</b>	<b>151.1</b>

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

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

Particulars	December 31, 2021		December 31, 2020	
	No of shares	Amount	No of shares	Amount
Equity shares				
At the beginning of the year*	75,521,934	151.1	75,521,934	151.1
Shares issued during the year	-	-	-	-
At the end of the year*	75,521,934	151.1	75,521,934	151.1

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

**D. Terms/ rights attached to equity shares:**

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

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

**E. Shares held by the Holding Company:**

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

Particulars	December 31, 2021	December 31, 2020
51,153,997 shares (December 31, 2020: 50,553,997) held by Huhtavefa B.V., Netherlands, the Holding Company	102.3	101.1

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

Particulars	December 31, 2021	December 31, 2020
Huhtavefa B.V., Netherlands, the Holding Company - No. of Shares	51,153,997	50,553,997
Huhtavefa B.V., Netherlands, the Holding Company - % holding	67.7%	66.9%

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

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

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

## Note 21 : Other Equity

Particulars	December 31, 2021	December 31, 2020
Share Options Outstanding Account	50.9	62.2
General Reserve	1,554.4	1,554.4
Retained Earnings	5,403.5	5,881.4
	<b>7,008.8</b>	<b>7,498.0</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. 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. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

#### iii. Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve and dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the company.

## Note 22 : Distribution made and proposed

Particulars	December 31, 2021	December 31, 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on December 31, 2020: Rs. 3.00 per share (December 31, 2019: Rs. 3.00 per share)	226.6	226.6
	<b>226.6</b>	<b>226.6</b>
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on December 31, 2021: Re. 1 per share (December 31, 2020: Rs. 3.00 per share)	75.5	226.6
	<b>75.5</b>	<b>226.6</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at December 31, 2021.

Notes to Financial Statements  
For the year ended December 31, 2021

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

**Note 23: Borrowings**

Particulars	Non-current	
	December 31, 2021	December 31, 2020
<b>(At amortised cost)</b>		
Interest bearing loans and borrowings at amortised cost		
<b>I. Secured</b>		
i. Term Loan (Refer Note a)	500.0	250.0
<b>Total Secured Borrowings</b>	<b>500.0</b>	<b>250.0</b>
<b>II. Unsecured</b>		
i. Deferred Sales Tax Loan - Telangana (Refer Note b)	-	17.6
ii. External Commercial Borrowings (Refer Note c)	2,000.0	1,000.0
<b>Total Unsecured Borrowings</b>	<b>2,000.0</b>	<b>1,017.6</b>
Less: Amount classified under Other Current Financial Liabilities (Refer Note 29)	(500.0)	(17.6)
<b>Total Borrowings</b>	<b>2,000.0</b>	<b>1,250.0</b>

- a. The Company has availed Term Loan from BNP Paribas which is secured by a Corporate Guarantee given by Huhtamaki Oyj. The loan, carrying an interest @ 5.7% p.a. is due for repayment on October 5, 2022.
- b. The Company had 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 last installment of loan was repaid on March 31, 2021.
- c. The Company has availed External Commercial Borrowings from Huhtamaki Finance Company V B.V., Netherlands (fellow subsidiary) through issuance of Rupee Denominated Bonds in two tranches. This loan is carrying an interest @6.5% p.a. and is due for repayment on December 15, 2025 (first tranche of Rs. 1,000 million) and February 9, 2026 (second tranche of Rs. 1,000 million)
- d. The Company had availed unsecured Term Loan of Rs. 1,000 million from Axis Bank during the previous year. The loan, carrying an interest @ 7.95% p.a. was due for repayment on May 10, 2021. The same was prepaid on December 15, 2020.
- e. Huhtamaki Oyj had given a Corporate Guarantee to Citibank as security in respect of Term Loan of Rs. 1,000.0 million availed by the Company. The loan has been repaid as on December 31, 2020.

**Note 24: Financial Liabilities**

**A: Leases Liabilities**

Particulars	December 31, 2021	December 31, 2020
Lease Liabilities	550.1	428.6
	<b>550.1</b>	<b>428.6</b>

**B: Other Financial Liabilities**

Particulars	December 31, 2021	December 31, 2020
Employee Benefits Payable	2.7	11.7
	<b>2.7</b>	<b>11.7</b>

**Note 25: Provisions**

Particulars	December 31, 2021	December 31, 2020
Provision for Employee Benefits (Refer Note 45)		
- Gratuity	49.0	67.0
- Long term service award	11.8	9.2
- Pension	0.9	1.1



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

	61.7	77.3
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## Note 26: Other Non-Current liabilities

Particulars	December 31, 2021	December 31, 2020
Deferred Government Grants	88.2	89.2
	<b>88.2</b>	<b>89.2</b>

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

## Note 27: Borrowings

### At amortised cost

Particulars	December 31, 2021	December 31, 2020
<b>Unsecured loans</b>		
Working Capital Demand Loan from Axis Bank	400.0	-
Commercial Paper	587.1	1,210.3
	<b>987.1</b>	<b>1,210.3</b>

Above borrowings raised by the Company are short-term in nature ranging between repayable on demand to twelve months and carrying interest rates ranging from 4.2% p.a to 6.9% p.a.

## Note 28: Trade Payables

Particulars	December 31, 2021	December 31, 2020
Total outstanding dues of micro enterprises and small enterprises	183.2	63.4
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,554.4	4,035.0
	<b>5,737.6</b>	<b>4,098.4</b>

Balance outstanding to related parties as at December 31, 2021 is Rs. 515.1 million (December 31, 2020: Rs. 291.2 million). (Refer Note 47)

## Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006.

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	183.2	63.4
- Interest amount	0.2	0.6
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.	0.3	5.0
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.	1.8	0.5
The amount of interest accrued and remaining unpaid at the end of each accounting year.	2.0	1.1

**Notes to Financial Statements**  
**For the year ended December 31, 2021**

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

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.	4.4	2.7
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**Note 29: Other Current Financial Liabilities**

**A: Lease Liabilities**

Particulars	December 31, 2021	December 31, 2020
Lease Liabilities	50.2	39.6
	<b>50.2</b>	<b>39.6</b>

**B: Other Financial Liabilities**

Particulars	December 31, 2021	December 31, 2020
Employee Benefits Payable	188.9	168.9
Current Maturity of Long-Term Borrowings (Refer Note 23)	500.0	17.6
Interest accrued	40.8	33.0
Retention Money Payable (Refer Note a)	29.8	43.8
Creditors for Capital Goods	55.1	70.1
Unclaimed dividend*	7.4	7.6
	<b>822.0</b>	<b>341.0</b>

a. Retention Money represents:-

- Rs. 29.8 million ( December 31, 2020: Rs. 38.9 million), being money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares.
- In December 31, 2020: Rs. 4.9 million, being money payable to Ajanta Packaging for purchase of business.
- \* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

**Note 30: Other Current Liabilities**

Particulars	December 31, 2021	December 31, 2020
Advance from Customers	91.8	46.8
Employee Statutory Liabilities payable	20.4	20.3
Taxes payable	6.6	107.6
Tax Deducted at Source payable	52.8	37.1
Deferred - Government Grants	25.6	28.4
	<b>197.2</b>	<b>240.2</b>

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

**Note 31: Provisions**

Particulars	December 31, 2021	December 31, 2020
Provision for Employee Benefits (Refer Note 45)		
- Gratuity	52.6	64.6
- Compensated absences	148.8	155.2
Provision for Litigations	49.0	60.5
	<b>250.4</b>	<b>280.3</b>

For movement in Provision for Litigation refer movement schedule below:

Particulars	
<b>As at January 1, 2020</b>	<b>60.5</b>
Arising during the year	5.8
Unused amounts reversed/utilised during the year	(5.8)

## Notes to Financial Statements For the year ended December 31, 2021

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

<b>At December 31, 2020</b>	<b>60.5</b>
Arising during the year	4.7
Unused amounts reversed/utilised during the year	(16.2)
<b>At December 31, 2021</b>	<b>49.0</b>

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

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

Particulars	December 31, 2021	December 31, 2020
Current Tax Liabilities (Net of advance tax)	175.4	112.7
	<b>175.4</b>	<b>112.7</b>

### Note 33: Revenue from Operations

Particulars	December 31, 2021	December 31, 2020
Sale of Products	25,585.0	24,055.7
Rendering of Services	123.6	132.3
<b>Subtotal:</b>	<b>25,708.6</b>	<b>24,188.0</b>
<b>Other Operating Revenue</b>		
- Scrap Sales	319.1	182.5
- Compensation received for Loss of Profits	10.5	9.3
- Government Grant (Refer Note (a) below)	28.4	30.6
- Export Benefits received	89.0	160.6
- Income from Manpower Services	97.2	56.0
	<b>26,252.8</b>	<b>24,627.0</b>

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

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

Particulars	December 31, 2021	December 31, 2020
Revenue as per contracted price	25,937.7	24,390.5
Less: Price/ other adjustments relating to rebates	229.1	202.5
<b>Total</b>	<b>25,708.6</b>	<b>24,188.0</b>

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

Contract liabilities as at December 31, 2021 is Rs. 91.8 million (December 31, 2020: Rs. 46.8 million) (Refer Note 30)

Contract assets as at December 31, 2021 is Rs. 6,294.9.0 million (December 31, 2020: Rs. 5,338.0 million) (Refer Note 14)

### Revenue from geographical segment

Particulars	December 31, 2021	December 31, 2020
India	18,126.2	17,205.0
Outside India	7,582.4	6,983.0
<b>Total</b>	<b>25,708.6</b>	<b>24,188.0</b>

Notes to Financial Statements  
For the year ended December 31, 2021

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

**Note 34 : Other Income**

Particulars	December 31, 2021	December 31, 2020
<b>Interest Income on</b>		
- Bank Deposits	3.3	3.3
- Others	13.8	6.7
Gain on financial instruments at fair value through Profit or Loss (Refer Note a)	16.2	27.0
Net Gain on sale/fair value changes of Current Investments	6.7	13.2
Profit on Sale of Property, Plant and Equipment (Net)	21.4	16.7
Foreign Exchange Gain (Net)	13.7	-
Insurance claim received	1.1	0.6
Other Non-Operating Income	17.5	12.7
	<b>93.7</b>	<b>80.2</b>

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

**Note 35 : Cost of Materials Consumed**

Particulars	December 31, 2021	December 31, 2020
Inventory of raw materials at the beginning of the year	1,292.8	923.0
Add : Purchases during the year	19,895.3	16,601.9
Less: Inventory of raw materials at the end of the year	(1,921.3)	(1,292.8)
	<b>19,266.8</b>	<b>16,232.1</b>

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

Particulars	December 31, 2021	December 31, 2020
<b>Inventories at the end of the year</b>		
Work-in-Progress	413.4	253.1
Finished Goods	808.6	424.5
	<b>1,222.0</b>	<b>677.6</b>
<b>Inventories at the beginning of the year</b>		
Work-in-Progress	253.1	299.7
Finished Goods	424.5	270.2
	<b>677.6</b>	<b>569.9</b>
<b>Net Change in Inventories</b>	<b>(544.4)</b>	<b>(107.7)</b>

**Note 37: Employee benefit expense**

Particulars	December 31, 2021	December 31, 2020
Salaries, Wages and Bonus	2,275.8	2,434.8
Contribution to provident and other funds	108.3	104.3
Defined benefit plan expense (Refer Note 45)	31.7	25.7
Staff welfare expense	173.2	195.8
Group Share Purchase Arrangement (Refer Note 46)	(11.3)	(0.1)
	<b>2,577.7</b>	<b>2,760.5</b>

**Note 38: Finance costs**

Particulars	December 31, 2021	December 31, 2020
<b>Interest</b>		
- To Banks	207.0	218.2
- To Others	5.9	4.1
- On Lease liabilities	47.0	34.1
Net Interest on net defined benefit liability (Refer Note 45)	8.4	4.8
	<b>268.3</b>	<b>261.2</b>

## Notes to Financial Statements For the year ended December 31, 2021

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

### Note 39: Depreciation and amortisation expense

Particulars	December 31, 2021	December 31, 2020
Depreciation of Property, Plant and Equipment (Refer Note 4)	798.3	880.6
Depreciation of Right-of-use assets (Refer Note 4)	81.5	58.0
Amortisation of Intangible assets (Refer Note 5)	41.8	40.7
	<b>921.6</b>	<b>979.3</b>

### Note 40: Other Expenses

Particulars	December 31, 2021	December 31, 2020
Consumption of Stores and Consumables	161.1	157.6
Power and Fuel	815.2	777.5
Repairs to Building	38.1	22.8
Repairs to Machinery	363.9	327.1
Other Repairs	61.2	59.8
Sub Contracting Expenses	108.1	100.7
Contract Labour Costs	261.9	227.4
Insurance	45.9	35.6
Rent (Refer Note 44 B)	27.3	26.1
Rates and Taxes	35.7	35.2
Travelling and Conveyance	43.1	56.0
Legal and Professional Charges	345.6	122.7
Commission-Directors (Refer Note 47)	8.0	8.7
Communication Costs	26.1	24.4
Payments to Auditor (Refer Note a)	19.4	15.0
Donation	-	0.1
Printing and Stationery	15.6	15.6
Cost for Centralised Services (Refer Note 47)	216.1	259.4
Software Expenses including Cost for Information Technology Services (Refer Note 47)	129.2	129.6
Commission on Sales	92.2	69.4
Freight and Forwarding Expenses	724.2	566.2
Corporate Social Responsibility Expenses (Refer Note b)	28.0	37.8
Property, Plant and Equipment Written Off	-	3.6
Bank Charges	8.0	9.1
Charge/ (Reversal) of impairment loss	2.3	(0.5)
Bad debts written off	0.4	4.6
Foreign Exchange Loss (Net)	-	55.5
Miscellaneous Expenses	285.8	258.9
	<b>3,862.4</b>	<b>3,405.9</b>

#### a) Payments to the auditor:

Particulars	December 31, 2021	December 31, 2020
<b>As auditor</b>		
Statutory audit fees	14.8	12.1
Others		
Fees for other audit related services	2.6	2.4
Fees for certification	0.1	-
Reimbursement of out-of-pocket expenses	1.9	0.5
	<b>19.4</b>	<b>15.0</b>

\* For Previous year ended December 31, 2020, amount paid to auditors includes Rs. 2.1 million paid to previous auditor for limited review of quarter ended March 31, 2020.

## Notes to Financial Statements For the year ended December 31, 2021

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

### b) Details of CSR expenditure:

The CSR activities of the Company includes any or all of the sectors/activities as prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. The Company periodically reviews the sectors/activities relating to the CSR expenditure and if necessary makes changes to those sectors/activities.

The Company has incurred and paid Rs. 28.0 million (Previous Year: Rs. 37.8 million) towards Corporate Social Responsibility activities. Further, no amount has been spent on construction/acquisition of an asset of the Company.

Particulars	December 31, 2021	December 31, 2020
(i) Construction/acquisition of any asset	-	-
(ii) For purpose other than (i) above	28.0	37.8
<b>Total</b>	<b>28.0</b>	<b>37.8</b>

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2021 is Rs. 27.7 million (Previous Year: Rs. 27.8 million) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

### Note 41: Exceptional Item

Consequent to the Board Meeting held on July 19, 2021, the Company announced a Voluntary Retirement Scheme (VRS) on July 20, 2021 for its eligible employees at the Thane plant. The scheme was open till July 22, 2021. In response to the scheme, 102 employees opted for the VRS which involved a pay-out cost of Rs. 309.8 million. The results for the year ended December 31, 2021 include the impact of the VRS scheme and same has been disclosed as "Exceptional Item".

### Note 42 : Research and Development Expenses

Particulars	December 31, 2021	December 31, 2020
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 *	14.6	11.6
<b>Total Research and Development Expenses</b>	<b>14.6</b>	<b>11.6</b>

\* Revenue Expenditure of Rs. 14.6 million has been grouped under various expense heads of the Financial Statements (December 31, 2020: Rs. 11.6 million).

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

Particulars	December 31, 2021	December 31, 2020
Profit after Tax including Exceptional Item (at Rs. million)	(226.9)	959.9
Profit after Tax excluding Exceptional Item (at Rs. million)	82.9	959.9
Weighted Average Number of Equity Shares (nos.)*	7,55,21,934	7,55,21,934
Basic and Diluted Earnings per Equity Share including Exceptional Item (in Rs. )	(3.00)	12.71
Basic and Diluted Earnings per Equity Share excluding Exceptional Item (in Rs. )	1.10	12.71
Nominal Value of Share (in Rs. )	2.00	2.00

\*closing balance of equity share is equal to weighted average equity shares



## Note 44: Contingent Liabilities and Commitments

### A. Contingent Liabilities

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

Particulars	December 31, 2021	December 31, 2020
<b>a. Excise Duty</b>		
Matters in Appeal - Duty	117.2	30.8
Matters in Appeal - Penalties	110.4	29.7
Show Cause Notices - Duty	47.4	132.7
Interest	0.6	-
<b>b. Service Tax</b>		
Matters in Appeal - Tax	38.4	38.7
Matters in Appeal - Penalties	8.2	8.5
Show Cause Notices - Duty	5.2	0.7
<b>c. Custom Duty</b>		
Matters in Appeal - Duty	0.1	0.6
Matters in Appeal - Penalties	2.1	2.1
Show Cause Notices -Custom	0.8	1.1
<b>d. GST</b>		
Matters in Appeal - Tax	0.2	0.2
Matters in Appeal - Penalties	0.2	0.2
Show Cause Notices -GST	1.8	-
<b>e. Income Tax Demands in Appeal</b>	24.9	25.8
<b>f. Sales Tax Demands in Appeal</b>	7.7	1.0
<b>g. Others</b>	13.1	11.8

#### Notes

- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.
- In February 2019, the Honorable Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligations for past periods.

### B. Commitments

#### i. Lease Commitments

Rent expenses incurred on operating lease commitment for the years Rs. 27.3 million (December 31, 2020: Rs. 26.1 million).

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

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

Particulars	December 31, 2021	December 31, 2020
Not later than one year	4.9	17.0
Later than one year and not later than five years	-	-
Later than five years	-	-

Notes to Financial Statements  
For the year ended December 31, 2021

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

**ii. Capital Commitments**

Particulars	December 31, 2021	December 31, 2020
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	1,066.9	480.4

**iii. Export Obligation**

Particulars	December 31, 2021	December 31, 2020
Customs Duty on Capital goods imported under Export Promotion Capital Goods Scheme, against which export obligation is to be fulfilled	1,488.5	875.1

**Note 45: Defined Benefit Plan - Gratuity**

**Description of the Plan**

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

**Governance**

The Fund is in the form of a Company managed Trust ( Refer note 47). The Trustees of the Trust are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

**Investment Strategy**

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

**A. Balance Sheet**

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

Particulars	December 31, 2021	December 31, 2020
Present Value of Obligation	395.3	405.5
Fair Value of Plan Assets	293.7	273.9
<b>(Asset)/Liability recognised in Balance Sheet</b>	<b>101.6</b>	<b>131.6</b>

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

Particulars	Gratuity		
	Plan Obligation	Plan Assets	Difference
<b>As at January 1, 2020</b>	<b>310.5</b>	<b>245.6</b>	<b>64.9</b>
Current service cost	25.7	-	25.7
Interest cost	23.0	-	23.0
Return on Plan Assets	-	18.2	(18.2)
Actuarial (gain)/loss arising from changes in demographic assumptions	3.2	-	3.2
Actuarial (gain)/loss arising from changes in financial assumptions	57.7	9.8	47.9
Actuarial (gain)/loss arising from experience adjustments	25.8	-	25.8
Employer contributions	-	39.7	(39.7)
Benefits Paid	(40.4)	(39.4)	(1.0)
<b>As at December 31, 2020</b>	<b>405.5</b>	<b>273.9</b>	<b>131.6</b>

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

Particulars	Gratuity		
	Plan Obligation	Plan Assets	Difference
Current service cost	31.7	-	31.7
Interest cost	25.8	-	25.8
Return on Plan Assets	-	17.4	(17.4)
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.1)	-	(0.1)
Actuarial (gain)/loss arising from changes in financial assumptions	(28.2)	-	(28.2)
Actuarial (gain)/loss arising from experience adjustments	63.3	2.4	60.9
Employer contributions	-	102.3	(102.3)
Benefits Paid	(102.7)	(102.3)	(0.4)
<b>As at December 31, 2021</b>	<b>395.3</b>	<b>293.7</b>	<b>101.6</b>

## C. Statement of Profit and Loss

Particulars	Gratuity	
	December 31, 2021	December 31, 2020
Current service cost	31.7	25.7
<b>Finance Cost</b>		
Interest cost	25.8	23.0
Interest income	(17.4)	(18.2)
<b>Net impact on profit (before tax)</b>	<b>40.1</b>	<b>30.5</b>
<b>Remeasurement of the net defined benefit plans:</b>		
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.1)	3.2
Actuarial (gain)/loss arising from changes in financial assumptions	(28.2)	47.9
Actuarial (gain)/loss arising from experience adjustments	60.9	25.8
<b>Net impact on total comprehensive income (before tax)</b>	<b>72.7</b>	<b>107.4</b>

## D. Assets

Particulars	Gratuity	
	December 31, 2021	December 31, 2020
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	174.7	195.8
Investment Value in Non Unit Linked Plans	83.5	44.1
Investment Value in Special Deposit Scheme of Bank Of Baroda	11.3	11.3
Insurer Managed Funds	24.2	22.7
<b>Total</b>	<b>293.7</b>	<b>273.9</b>

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

## E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	December 31, 2021	December 31, 2020
Expected Return on Plan Assets	7.0%	6.4%
Discount rate	7.0%	6.4%
Future salary increases	6.0%	6.0%
Average Expected Future Service	14 years	13 years

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.

Notes to Financial Statements  
For the year ended December 31, 2021

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

**F. Demographic Assumptions**

Mortality in Service: Indian Assured Lives Mortality 2012-14 (Urban).

**Attrition rate:**

Service Specific	December 31, 2021	December 31, 2020
0- 2 years	20.5%	20.5%
3- 4 years	12.5%	12.5%
5- 9 years	5.5%	5.5%
10 years and above	2.0%	2.0%

**G. Sensitivity Analysis**

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

Assumptions	Discount Rate		Future Salary Increase		Employee Turnover	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Sensitivity Level						
Impact on Defined Benefit Obligation	(38.1)	44.7	44.7	(38.8)	3.4	(3.9)

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. Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

- H.** Expected Employer Contribution for the next year is Rs. 69.7 million (Year 2020: Rs. 63.7 million).
- I.** The average duration of the defined benefit obligation at the end of reporting period is 12 years.
- J.** The Company's contribution for Provident Fund aggregating Rs. 101.7 million (2020 : Rs. 104.1 million) has been recognised in the Profit or Loss under the head 'Employee Benefits Expense'.
- K.** Gratuity is a defined benefit plan and entity is exposed to the Following Risks:

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

- L. Compensated absences (Long term employment benefit):** The liability towards compensated absences for the year ended December 31, 2021 based on actuarial valuation carried out by an independent Actuary using Projected Accrued Benefit Method aggregating to Rs. 148.8 million (December 31, 2020 : Rs. 155.2 million). Principal assumptions are in line with those used for Gratuity, as applicable.
- M. Service Award:** The Company recognizes and celebrates those employees who have invested in building a long term relationship under common service award policy for specified group of employees of specific locations of the Company. The liability towards service awards for the year ended December 31, 2021 based on actuarial valuation carried out by an independent actuary resulted in liability of Rs. 11.8 million (December 31, 2020: Rs. 9.2 million).

## 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 2021–2023

The Performance Share Plan 2021–2023 commenced in year 2021 and the possible reward will be based on the Group's earnings per share (EPS) in 2023. The reward, if any, will be paid during 2024.

#### Performance Share Plan 2020–2022

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

#### Performance Share Plan 2019–2021

The Performance Share Plan 2019–2021 commenced in year 2019 and the possible reward will be based on the Group's earnings per share (EPS) in 2021 and since employees holding shares resigned during the year 2021, the shares were forfeited.

#### Performance Share Plan 2018–2020

The Performance Share Plan 2018–2020 commenced in year 2018 and the possible reward will be based on the Group's earnings per share (EPS) in 2020 and since the target was not achieved the same was not paid.

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	18-20 Plan	19-21 Plan	20-22 Plan	21-23 Plan
Maximum number of Shares Eligible	20,000	15,500	20,500	10,000
<b>Outstanding as at December 31, 2020</b>	-	<b>15,500</b>	<b>13,500</b>	-
Granted during the year	-	-	-	10,000
Forfeited during the year	-	15,500	10,500	6,000
<b>Outstanding as at December 31, 2021</b>	-	-	<b>3,000</b>	<b>4,000</b>
Vesting Period	2.6 years	3 years	3 years	2.6 years
Grant Date	14-May-18	01-Jan-19	01-Jan-20	14-May-21
Exercise price	Nil	Nil	Nil	Nil
Fair Value on the date of Grant (in Euro)	34.82	27.07	41.73	39.18
Fair Value on the date of Grant (in Rs. )	2933.85	2280.85	3516.07	3301.21

There have been no cancellations or modification to the plans.

Notes to Financial Statements  
For the year ended December 31, 2021

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

**b. The expense recognised for employee services during the year is shown in the following table**

Particulars	December 31, 2021	December 31, 2020
Equity Settled Performance Share Plans	(11.3)	(0.1)

**c. Details of Liabilities/Equity arising from Company's Cash settled and Equity Settled share based payment transactions respectively**

Particulars	December 31, 2021	December 31, 2020
Other Equity - Equity Settled	50.9	62.2

**Note 47: Related party transactions**

**a) Enterprises exercising control**

Ultimate Parent Company	Huhtamaki Oyj., Finland
Holding Company	Huhtavefa B.V., Netherlands

**b) Other Related Parties with whom transactions have taken place during the year :**

Fellow Subsidiaries	Huhtamaki Australia Limited, Australia Huhtamaki Foodservice Packaging India Private Limited, India Huhtamaki (Thailand) Limited, Thailand Huhtamaki Flexible Packaging Middle East LLC, United Arab Emirates Positive Packaging United (M.E.) FZCO, United Arab Emirates Huhtamaki Finance B V, Netherlands Huhtamaki Flexible Packaging South Africa (Pty) Limited, South Africa Huhtamaki Flexible Packaging Kenya Limited, Kenya Huhtamaki Mexicana S.A. De C.V., Mexico Huhtamaki (UK) Limited, United Kingdom Huhtamaki Flexible Packaging Egypt LLC, Egypt Huhtamaki Finance Company V B.V., Netherlands Huhtamaki BCP Limited, United Kingdom Huhtamaki Flexible Packaging Germany GMBH & Co KG, Germany Huhtamaki Flexibles Italy S.r.l., Italy Huhtamaki Philippines Inc., Philippines Huhtamaki s.a.r.l, Netherlands
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**c) Key Managerial Personnel**

Mr Murali Sivaraman, Non-Executive Independent Chairman  
 Dr Arup Basu, Executive Director till January 3, 2021 and Non-Executive Director w.e.f. January 4, 2021 till May 12, 2021  
 Mr Sudip Mall, Managing Director w.e.f. January 4, 2021 till November 30, 2021  
 Mr Ranjeev Lodha, Executive Director and Chief Financial Officer till September 30, 2021  
 Mr Jagdish Agarwal, Chief Financial Officer w.e.f. January 5, 2022

Non-executive Independent Directors  
 Ms Sukanya Kripalu till May 6, 2020  
 Ms Seema Modi w.e.f. January 1, 2020  
 Mr Ashok Kumar Barat w.e.f. April 1, 2020

Non-executive directors  
 Mr Olli Koponen till January 31, 2020  
 Mr Sami Pauni  
 Mr Marko Hilty w.e.f. September 24, 2021

**d) Post Employment Benefit Plans**

Huhtamaki PPL Limited Employees Gratuity Fund Trust  
 Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme



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

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

Particulars	December 31, 2021	December 31, 2020
<b>1) Ultimate Parent Company</b>		
- <b>Huhtamaki Oyj., Finland</b>		
a) Software and Expense Reimbursements Charge	93.6	86.1
b) Cost for Information Technology Services^	37.0	39.8
c) Cost for Centralised Services ^	216.1	259.4
d) Expense Reimbursements - Charge	33.3	-
e) Expense Reimbursements - Recovery	-	8.4
f) Sale of services	96.4	42.2
g) Guarantee Fee	1.4	-
h) Due to Ultimate Parent Company	506.7	285.7
i) Due from Ultimate Parent Company	15.5	12.9
<b>2) Holding Company</b>		
Dividend Paid		
- Huhtavefa B.V., Netherlands	153.5	151.7
<b>3) Fellow Subsidiaries</b>		
External Commercial Borrowings (ECB) - Rupee Denominated Bonds		
- Huhtamaki Finance Company V B.V.	1,000.0	1,000.0
<b>Interest accrued on ECB</b>		
- Huhtamaki Finance Company V B.V.	123.1	3.0
<b>Sale of Goods and Services</b>		
- Huhtamaki Australia Limited	41.1	39.2
- Huhtamaki BCP Limited	4.7	0.1
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	696.3	859.9
- Positive Packaging United (M.E.) FZCO	4.6	25.3
- Huhtamaki Flexible Packaging Middle East LLC.	39.7	19.7
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	0.2	0.3
- Huhtamaki Mexicana S.A. De C.V.	400.8	334.4
- Huhtamaki Thailand	146.1	138.6
- Huhtamaki Foodservice Packaging India Private Limited	0.7	-
- Huhtamaki Flexible Packaging Egypt LLC	120.0	29.3
- Huhtamaki Flexibles Italy S.r.l.	0.7	-
- Huhtamaki Philippines Inc.	85.5	-
- Huhtamaki B.V.	2.7	-
- Huhtamaki Flexible Packaging Kenya Limited	-	10.5
<b>Sale of Machinery &amp; Spares</b>		
- Huhtamaki Foodservice Packaging India Private Limited	-	0.1
<b>Commission Expenses on Sales</b>		
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	0.2	0.3
- Huhtamaki Flexible Packaging Kenya Limited	0.6	0.2
<b>Purchase of Goods</b>		
- Positive Packaging United (M.E.) FZCO	-	0.2
- Huhtamaki BCP Limited	6.1	-
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	0.4	-

Notes to Financial Statements  
For the year ended December 31, 2021

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

Particulars	December 31, 2021	December 31, 2020
<b>Expense Reimbursements - Recovery</b>		
- Positive Packaging United (M.E.) FZCO	0.1	0.7
- Huhtamaki Finance B V, Netherlands	-	0.1
- Huhtamaki Thailand	-	0.3
- Huhtamaki Flexible Packaging Germany GMBH & Co KG	0.1	0.4
<b>Expense Reimbursements - Charge</b>		
- Huhtamaki Mexicana S.A. De C.V.	5.4	4.2
- Huhtamaki (UK) Limited	0.5	7.1
- Huhtamaki Foodservice Packaging India Private Limited	0.7	1.5
- Huhtamaki Flexible Packaging Kenya Limited	0.2	-
<b>Balances due to</b>		
- Huhtamaki Finance Company V B.V.	2,029.5	1,002.7
- Huhtamaki Flexible Packaging Kenya Limited	1.2	0.6
- Huhtamaki Mexicana S.A. De C.V.	1.4	1.5
- Huhtamaki (UK) Limited	-	1.9
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	1.7	1.5
- Huhtamaki B.V.	0.1	-
- Huhtamaki BCP Limited	4.0	-
<b>Balances due from</b>		
- Huhtamaki Australia Limited	18.3	7.1
- Huhtamaki BCP Limited	4.6	0.1
- Huhtamaki Flexible Packaging South Africa (Pty) Limited	222.1	126.0
- Positive Packaging United (M.E.) FZCO	0.1	16.3
- Huhtamaki (Thailand) Limited	14.5	6.3
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG.	-	0.4
- Huhtamaki Flexible Packaging Middle East LLC	5.6	7.6
- Huhtamaki Finance B V, Netherlands	-	0.1
- Huhtamaki Mexicana S.A. De C.V.	186.3	217.3
- Huhtamaki Flexible Packaging Egypt LLC	-	14.3
- Huhtamaki Flexible Packaging Kenya Limited	-	5.7
- Huhtamaki Flexibles Italy S.r.l.	0.7	-
- Huhtamaki Philippines Inc.	72.8	-
- Huhtamaki Foodservice Packaging India Private Limited	-	0.1
4) Huhtamaki Oyj has given a Corporate Guarantee to Standard Chartered Bank as security in respect of Fund and Non-Fund based facilities of Rs. 1,026.5 million availed by the Company. (December 31, 2020: Rs. 1,026.5 million)		
5) Huhtamaki Oyj has given a Corporate Guarantee to JP Morgan as security in respect of Fund based facilities of Rs. 740.0 million availed by the Company. (December 31, 2020: Rs. 740.0 million)		
6) Huhtamaki Oyj had given a Corporate Guarantee to Citibank as security in respect of Term Loan of Rs. 1,000.0 million availed by the Company. The loan has been repaid as on December 31, 2020.		
7) Huhtamaki Oyj has given a Corporate Guarantee to BNP Paribas as security in respect of Term Loan of Rs. 500.0 million sanctioned by the bank to the Company.		
<b>8) Details of Contribution to Post Employment Benefit Plans</b>		
- Huhtamaki PPL Limited Employees Gratuity Fund Trust	94.7	28.3
- Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme	7.7	14.1

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

Particulars	December 31, 2021	December 31, 2020
<b>9) Compensation of Key Management Personnel</b>		
Short Term Employee Benefits **	54.2	52.5
Post-Employment Benefits ***	1.7	1.4
Share-Based Payment Transactions **	(4.4)	(0.1)
Sitting fees to Independent Directors	3.0	2.4
Commission to Independent Directors***	8.0	8.7
<b>Total Compensation Paid to Key Management Personnel ###</b>	<b>62.5</b>	<b>64.9</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.

# Short Term Employee Benefits include payment of Rs. 8.7 million made to Non-Executive Director which has been recovered from Huhtamaki Oyj., Finland.

## Post-Employment Benefits include payment of Rs. 0.4 million made to Non-Executive Director which has been recovered from Huhtamaki Oyj., Finland.

### During the current year, the managerial remuneration paid by the Company to its erstwhile Managing Director and the Executive Director & Chief Financial Officer was Rs. 37.1 million, which is in excess of limits laid down under section 197 of the Companies Act 2013, read with Schedule V to the Act by Rs. 16.2 million, for which necessary approvals are being sought from the shareholders at the forthcoming Annual General Meeting.

## 10) Terms and Conditions

- i) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.
- ii) All related party transactions entered during the year were in ordinary course of business and on arms length basis.
- iii) The Company has not recorded any impairment of receivables related to amounts owed by related parties.

## Note 48: Segment information

Based on the guiding principles given in IND AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment, namely Consumer Packaging. Accordingly, disclosure requirements of IND AS 108 are not applicable.

### i. Revenue from Geographic Segments

Particulars	December 31, 2021	December 31, 2020
India	18,126.2	17,205.0
Outside India	7,582.4	6,983.0
<b>Total</b>	<b>25,708.6</b>	<b>24,188.0</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 Rs. 2,803.5 million (2020: Rs. 2,827.6 million) which is 10.9% (2020:11.69%) of the Company's total revenue.

## Note 49: Financial Instruments

### A. Accounting Classifications and Fair Values

The carrying amounts and fair values of financial instruments by class are as follows:

Particulars	Note No.	As at December 31, 2021		As at December 31, 2020	
		Carrying values	Fair values	Carrying values	Fair values
<b>Financial Assets measured at Amortised Cost</b>					
i. Trade Receivables	14	6,294.9	6,294.9	5,338.0	5,338.0
ii. Cash and Cash Equivalents	15	320.8	320.8	669.6	669.6
iii. Bank balances other than Cash and cash equivalents	16	1.1	1.1	1.5	1.5

**Notes to Financial Statements**  
**For the year ended December 31, 2021**

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

Particulars	Note No.	As at December 31, 2021		As at December 31, 2020	
iv. Loans (Current and Non-Current)	7 and 17	128.9	128.9	123.8	123.8
v. Other Financial Assets (Current and Non-Current)	8 and 18	8.6	8.6	8.1	8.1
<b>Financial Assets measured at Fair value through Profit and Loss</b>					
i. Current Investments	13	6.2	6.2	183.5	183.5
ii. Other Financial Assets - Derivative Assets (Current)	18	16.2	16.2	27.0	27.0
<b>Financial Liabilities measured at Amortised Cost</b>					
i. Term Loan	23	500.0	500.0	250.0	250.0
ii. Working Capital Demand Loan	27	400.0	400.0	-	-
iii. Sales Tax Deferral Loans (Current and Non-Current)	23	-	-	17.6	17.6
iv. External Commercial Borrowings	23	2,000.0	2,000.0	1,000.0	1,000.0
v. Commercial paper	27	587.1	587.1	1,210.3	1,210.3
vi. Lease Liabilities (Current and Non-Current)	24 and 29	600.3	600.3	468.2	468.2
vii. Other Financial Liabilities (Current and Non-Current)	24 and 29	324.7	324.7	335.1	335.1
viii. Trade Payable	28	5,737.6	5,737.6	4,098.4	4,098.4

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, 2020.

**Financial assets and liabilities measured at fair value as at Balance Sheet date:**

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date.
2. The fair values of the forward contracts used for expected future sale has been determined using forward pricing, which employ the use of market observable inputs(closing rates of foreign currency).
3. The fair value of the Company's Sales Tax Deferral Loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.
4. For financial liabilities that are measured at fair value under Level 3, the carrying amounts are equal to the fair values.

**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:

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

## Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2021

Particulars	Level 1	Level 2	Level 3	Total
<b>Assets at Fair value</b>				
Current Investments	6.2	-	-	6.2
Derivatives - Forward exchange Contracts	-	16.2	-	16.2

## Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2020

Particulars	Level 1	Level 2	Level 3	Total
<b>Assets at Fair value</b>				
Current Investments	183.5	-	-	183.5
Derivatives - Forward exchange Contracts	-	27.0	-	27.0

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, 2021 and December 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in other highly marketable debt investments to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Particulars	Undiscounted			Total
	Carrying amount	Payable within one year	More than one year to 5 years	
<b>As at December 31, 2021</b>				
Borrowings (Long Term)	2,000.0	-	2,000.0	2,000.0
Lease Liabilities (Non-Current)	550.1	-	550.1	550.1
Other Financial Liabilities (Non-Current)	2.7	-	2.7	2.7
Borrowings (Current)	987.1	987.1	-	987.1
Trade Payables	5,737.6	5,737.6	-	5,737.6
Retention Money Payable (Current)	29.8	29.8	-	29.8
Current Maturity of Long Term Borrowings	500.0	500.0	-	500.0
Lease Liabilities (Current)	50.2	50.2	-	50.2
Other Financial Liabilities (Current)	292.2	292.2	-	292.2

Notes to Financial Statements  
For the year ended December 31, 2021

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

Particulars	Undiscounted			Total
	Carrying amount	Payable within one year	More than one year to 5 years	
<b>As at December 31, 2020</b>				
Borrowings (Long Term)	1,250.0	-	1,250.0	1,250.0
Lease Liabilities (Non-Current)	428.6	-	428.6	428.6
Other Financial Liabilities (Non-Current)	11.7	-	11.7	11.7
Borrowings (Current)	1,210.3	1,210.3	-	1,210.3
Trade Payables	4,098.4	4,098.4	-	4,098.4
Retention Money Payable (Current)	43.8	43.8	-	43.8
Current Maturity of Long Term Borrowings	17.6	17.6	-	17.6
Lease Liabilities (Current)	39.6	39.6	-	39.6
Other Financial Liabilities (Current)	279.6	279.6	-	279.6

**B. Management of Market Risk**

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

1. Currency Risk
2. Price Risk
3. Interest Rate Risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

**i. Currency Risk**

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

**a) Foreign currency risk exposure:**

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

Particulars	Currency	Foreign Currency in million	
		December 31, 2021	December 31, 2020
<b>Derivative Instruments Outstanding</b>			
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export	USD	14.8	11.4
Forward Exchange contracts for the foreign exchange exposures of payable on account of Imports	EUR	5.0	2.7
<b>Foreign Exchange Exposures</b>			
On account of export of goods.	USD	27.2	19.2
	EUR	0.5	0.6
	GBP	0.7	1.4
	AED	1.4	3.7
	AUD	-	-
	CAD	0.5	0.3
On account of revenue imports and capital imports creditors.	USD	11.3	8.6
	EUR	6.5	3.6
	JPY	0.8	2.4



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

Particulars	Currency	Foreign Currency in million	
		December 31, 2021	December 31, 2020
	GBP	-	-
	GHS	-	-
	CAD	-	-
Cash and Bank balance in foreign currency	USD	0.3	-
	GHS	-	-
	GBP	0.2	0.1
<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	8.3	5.9
Forward Exchange contracts taken for the forecast capital imports.	EUR	0.6	-

**Total Unhedged Exposure as on respective reporting dates:**

Particulars	Foreign Currency in million	
	December 31, 2021	December 31, 2020
<b>Currency</b>		
USD	1.4	(0.9)
EUR	1.0	(0.4)
GBP	0.9	1.5
AED	1.4	3.7
AUD	0.0	-
CAD	0.5	0.3
JPY	(0.8)	(2.4)
GHS	-	(0.0)

**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, 2021		December 31, 2020	
	Increase in Profit	Decrease in Profit	Increase in Profit	Decrease in Profit
<b>Currency</b>				
USD	5.2	(5.2)	(3.2)	3.2
EUR	4.1	(4.1)	1.6	(1.6)
GBP	4.8	(4.8)	7.4	(7.4)
AED	1.4	(1.4)	3.7	(3.7)
AUD	0.1	(0.1)	-	-
CAD	1.5	(1.5)	0.9	(0.9)
JPY	(0.0)	0.0	0.1	(0.1)
GHS	-	-	0.0	(0.0)

The Company's exposure to foreign currency changes for all other currencies is not material.

**ii) Price Risk:**

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments.

The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.

At 31st December 2021, the investments in debt mutual funds amounts to Rs. 6.2 million (December 31, 2020: Rs. 183.5 million). These are exposed to price risk.

A 1% increase in prices would have led to approximately an additional Rs. 0.1 million gain in the Statement of Profit and Loss (2020: Rs. 1.8 million gain). A 1% decrease in prices would have led to an equal but opposite effect.

**Notes to Financial Statements**  
**For the year ended December 31, 2021**

(All amounts Rs. in million, 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, 2021	December 31, 2020
Floating Rate Borrowings	-	-
<b>Total Borrowings</b>	<b>-</b>	<b>-</b>

**b) Sensitivity**

The sensitivity of profit or loss to changes in interest rates is as follows:-

Particulars	December 31, 2021	December 31, 2020
Interest rates increase by 100 basis points* - Decrease in Profit	-	-
Interest rates decrease by 100 basis points * - Increase in Profit	-	-

\* 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.

Refer Note 3 Accounting policies - 3(d) on financial instruments

**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, 2021 and December 31, 2020 is the carrying value of each class of financial assets.

There is no major change as compared to previous year w.r.t to risk management and policies.

**Note 51: Capital management**

The Company's capital management objective is to ensure that a sound capital base is maintained to support long term business growth and optimise shareholders value. Capital includes equity share capital and other equity reserves.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the debt-equity ratio, which is net debt divided by total equity. Net debt is computed as the sum total of all outstanding balances of loans and borrowings net of cash and cash equivalents, bank balance other than cash and cash equivalents and investment in liquid mutual funds.

## Notes to Financial Statements For the year ended December 31, 2021

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

Particulars	December 31, 2021	December 31, 2020
Borrowings	3,487.1	2,477.9
Investments in liquid mutual funds	(6.2)	(183.5)
Cash and cash equivalents	(320.8)	(669.6)
Bank balance other than cash and cash equivalents	(1.1)	(1.5)
<b>Net debt</b>	<b>3,159.0</b>	<b>1,623.3</b>
Equity share capital	151.1	151.1
Other equity	7,008.8	7,498.0
<b>Total Equity</b>	<b>7,159.9</b>	<b>7,649.1</b>
<b>Debt- Equity Ratio</b>	<b>0.4</b>	<b>0.2</b>

**Debt Equity Ratio-** Net debt divided by Total equity

Total debt = Long term borrowing + Short term borrowing + current maturities of long term debts

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the defined financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2021 and December 31, 2020.

### Note 52 - Acquisition of Business

#### Acquisition of Business of Mohan Mutha Polytech Private Limited

On January 10, 2020, the Company acquired the flexible packaging business of Mohan Mutha Polytech Private Limited, Sri City, Andhra Pradesh, India on a slump sale basis, hence figures for the current year are not comparable with corresponding figures of the previous year.

### Note 53

The disclosures regarding details of specified bank notes held and transacted during the November 8, 2016 to December 30, 2016 has not been made in these Financial Statements since the requirement does not pertain to the financial year ended December 31, 2021.

### Note 54

In the Notes to the unaudited financial results published for the June 2021 and September 2021 quarters respectively, the Company disclosed that it had received whistle blowing complaints regarding possible irregularities and potential non-adherence to the Policies of the Company in certain locations, pursuant to which the Company undertook detailed and thorough reviews of these complaints, identified root causes and took corrective, remedial and preventive actions, basis which these matters are now closed. Basis these diligent investigations, the Management assessed and concluded that there are no material adverse findings and there is no material impact on the financial statements for the reporting period. The Company is committed to upholding the highest standards of corporate governance and to strengthen the compliance and control environment wherever deemed necessary.

### Note 55 - Events after the reporting period

The Board of Directors have recommended a dividend of Rs. 1.00 per share (December 31, 2020 - Rs. 3.00 per share) for the year 2021. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the Company.

As per our report of even date attached

#### For BSR & Co. LLP

Chartered Accountants  
Firm Registration No: 101248W/W-100022

#### Amar Sunder

Partner  
Membership No. 078305

Mumbai  
Date: February 28, 2022

#### For and on behalf of the Board of Directors of Limited

#### Murali Sivaraman

Chairman  
DIN: 01461231

#### Jagdish Agarwal

Chief Financial officer  
Date: February 28, 2022

#### D. V. Iyer

Company Secretary  
Membership No. 13004









# Huhtamaki

## **Huhtamaki India Limited**

<https://www.huhtamaki.com/en-in/flexible-packaging/>

Unit No-12A-06, B-Wing, 13th Floor,

Parinee Crescenzo, Plot No C-38/39,

G-Block, Behind MCA, Bandra-Kurla Complex,

Bandra (East), Mumbai - 400051

Tel No: +91 22 6174 0400, Fax No: +91 22 6174 0401



## Huhtamaki India Limited (Formerly Huhtamaki PPL Limited)

CIN: L21011MH1950FLC145537

Regd. Office: Unit No. 12A-06, B-Wing, 13th Floor, Parinee Crescenzo, Plot Nos. C-38/39,  
"G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051

Email: investor.communication@huhtamaki.com, website: www.flexibles.huhtamaki.in

Contact No. 022 6174 0400, Fax – 022 6174 0401

### Notice of the Seventy Second Annual General Meeting

**NOTICE** is hereby given that the Seventy Second (72nd) Annual General Meeting of the members of Huhtamaki India Limited (formerly known as Huhtamaki PPL Limited) will be held on Thursday, May 12, 2022 at 2.00 p.m. through Video Conferencing/Other Audio Video Means (VC/OAVM) to transact the following business:

#### Ordinary Business:

1. To consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2021 together with the Report of the Board of Directors and the Auditor's thereon.
2. To declare Dividend on equity shares of the Company for the financial year ended December 31, 2021.
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.

#### Special Business:

#### 4. Alteration in Articles of Association of the Company.

To consider and if thought fit, to pass the following as a **Special resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the rules made thereunder (including any statutory modifications or re-enactment(s) thereof for the time being in force), a new set of Articles of Association numbering from 1 to 166, be and is hereby approved and adopted and substituted in place of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred herein, to any Committee of Directors with power to further delegate to or any other Officer(s)/Authorised representative(s) of the Company to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to this resolution."

#### 5. Payment of Commission to Independent Directors.

To consider and if thought fit, to pass the following as an **Ordinary Resolution:**

**"RESOLVED THAT,** in partial modification to the resolution passed by the Company at the 67th Annual General Meeting held on 12th June, 2017, pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule V to the Act, and the rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modifications or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, and further based on the recommendation of the Board of Directors and the Nomination and Remuneration Committee, consent of the members be and is hereby accorded for payment of Commission to the Non-Executive Independent Directors of the Company (in addition to the sitting fees paid for attending the meetings of the Board or the Committee thereof) for each of the three financial years commencing from January 1, 2021 in such proportion and manner as the Board of Directors may deem fit, notwithstanding that the remuneration may exceed the limits prescribed under Section 197, provided however that the remuneration is within the limits specified in Schedule V to the Act."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid Resolution."

#### 6. Ratification of remuneration paid to Mr Sudip Mall (DIN: 01681697) as Managing Director.

To consider and if thought fit, to pass the following as a **Special resolution:**

**"RESOLVED THAT** in modification of the Resolution passed at the 71st Annual General Meeting held on June 29, 2021, in view of inadequacy of profits calculated in accordance with the provisions of Section 197 and

other applicable provisions, if any of the Companies Act, 2013 ("the Act") read with, Section II of Part 2 of Schedule V to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), payment of excess remuneration of Rs. 13.4 million, to Mr. Sudip Mall, (DIN: 01681697), who held office of the Managing Director of the Company from January 4, 2021 till November 30, 2021, which is in excess of the limits prescribed under Section 197 and Schedule V of the Act, be and is hereby ratified."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid Resolution."

**7. Ratification of Remuneration paid to Mr Ranjeev Lodha (DIN: 07478890) as Executive Director & Chief Financial Officer.**

To consider and if thought fit, to pass with or without modification(s) the following as a **Special resolution:**

**"RESOLVED THAT** in modification of the Resolution passed at the 70th Annual General Meeting held on June 30, 2020, in view of inadequacy of profits calculated in accordance with the provisions of Section 197 and other applicable provisions, if any of the Companies Act, 2013 ("the Act") read with, Section II of Part 2 of Schedule V to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), payment of excess remuneration of Rs. 2.9 million, to Mr. Ranjeev Lodha, who held office of the Executive Director & Chief Financial Officer of the Company from August 8, 2019 till September 30, 2021, which is in excess of the limits prescribed under Section 197 and Schedule V of the Act, be and is hereby ratified."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be necessary and expedient to give effect to the aforesaid Resolution."

**8. Payment of remuneration to the Cost Auditor of the Company.**

To consider and if thought fit, to pass the following 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 remuneration payable to 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 December 31, 2022, at Rs. 7,70,000/- (Rupees Seven Lakhs Seventy Thousand 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.

**"RESOLVED FURTHER THAT** the Board is hereby authorised to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to this resolution."

**9. Appointment of Mr Marco Hilty (DIN: 09332097) as a Non-Executive Director of the Company.**

To consider and if thought fit, to pass the following as an **Ordinary resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Marco Hilty (DIN: 09332097) who was appointed as an Additional Director with effect from September 24, 2021 by the Board of Directors at their meeting held on September 24, 2021 in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retirement by rotation.

**"RESOLVED FURTHER THAT** the Board is hereby authorised to do all such acts, deeds, matters and things, as may be necessary and expedient to give effect to this resolution."

**10. Appointment of Mr Stefan Lotz (DIN : 09511913) as a Non-Executive Director of the Company.**

To consider and if thought fit, to pass with or without modification(s) the following as an **Ordinary resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 read with

Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Stefan Lotz (DIN 09511913) who was appointed as an Additional Director with effect from February 18, 2022 by the Board of Directors at their meeting held on February 18, 2022 in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retirement by rotation.

**"RESOLVED FURTHER THAT** the Board is hereby authorised to do all such acts, deeds, matters and things

as may be necessary and expedient to give effect to this resolution."

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

**D V Iyer**

Place: Mumbai Company Secretary & Legal Counsel  
Date : February 28, 2022 (ACS 13004)

**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:**

**An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") relating to Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto. The Board of Directors have considered and decided to include the items no. 4 & 5 given above as special business in the forthcoming AGM as they are unavoidable in nature.**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 8, 2021 and Circular No. 21/2021 dated December 14, 2021 issued by the Ministry of Corporate Affairs and all other relevant circulars issued from time to time, physical attendance of the members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, members can attend and participate in the ensuing 72nd AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 8, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM

and participate there at and cast their votes through e-voting.

3. The 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. This will not include large Shareholders (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. who 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/or send their questions at least 2 days in advance i.e. on or before 3.00 p.m. on Monday, May 9, 2022 by mentioning their name, demat account number/ folio number, email id, mobile number at email: 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.flexibles.huhtamaki.in](http://www.flexibles.huhtamaki.in). 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. 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.
8. The Final Dividend for the financial year ended December 31, 2021, 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 Thursday, April 21, 2022. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, April 22, 2022 to Thursday, May 5, 2022 (both days inclusive) for determining the shareholders who are entitled to receive dividend on equity shares.
9. Members can submit details with 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@tclindia.co.in](mailto:csg-unit@tclindia.co.in).
10. 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 Private Limited (Unit: Huhtamaki India Limited)**

Address: C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400083  
 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)

11. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f April 1, 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 R&T Agents/ Company (in case of shares held in physical mode).

A Resident individual shareholder who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/ 15H, to avail the benefit of non-deduction of tax at source by email to [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com). The shareholders are requested to note that in case their PAN is not registered, tax shall be deducted at higher rate of 20%.

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, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits etc., may send the requisite documents by email to [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com). The aforesaid declarations and documents needs to be submitted by the shareholders by 11.59 P.M. IST on or before Thursday, April 21, 2022.

## 12. 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.	2014	May 11, 2015	June 11, 2022
2.	2015	May 13, 2016	June 15, 2023
3.	2016	June 15, 2017	July 17, 2024
4.	2017	May 11, 2018	June 7, 2025
5.	2018	May 14, 2019	May 25, 2026
6.	2019	June 30, 2020	July 1, 2027
7.	2020	June 29, 2021	July 1, 2028

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](http://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 at the Company's Registered Office the duly signed Form IEPF- 5 along with requisite documents to the Nodal Officer at the Company's Registered Office for verification of the claim and payment/transfer of the shares by IEPF Authority.
13. 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.
  14. 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 available for inspection in electronic mode. Members those who want to inspect the same may please send an email to [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com)
  15. Members holding shares in dematerialised form:
    - a) may contact their Depository Participant(s) for recording nomination in respect of their shares;
    - (b) 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.
    - (c) Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants;
    - (d) Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.
  16. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, April 1, 2019, Further, transmission or transposition of securities held in physical or dematerialized form shall be effected only in dematerialised form w.e.f January 24, 2022. SEBI, vide its circular dated January 25, 2022 has clarified that listed companies, with immediate effect, shall issue the securities in dematerialised form only while processing investor service request pertaining to issuance of duplicate share certificate, exchange of securities, endorsement, sub-division/consolidation of share certificates etc. In view of this as also to eliminate all risk associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to dematerialised form. Members can contact the Company or Registrar & Share Transfer Agent, TSR Darashaw Consultants Private Limited 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 Private Limited quoting their folio number.
  17. 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) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and the Circulars issued by the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021 and December 14, 2021 the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. 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 in 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. 20). The Company has appointed Ms Malati Kumar, Practicing Company Secretary (COP 10980) or failing her Ms Ashwini Vartak, Practicing Company Secretary (COP 16723) of S. N. ANANTHASUBRAMANIAN & CO., Company



Secretaries, ICSI Unique Code: P1991MH040400 as Scrutiniser to scrutinise 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. 20. Members whose email ids are not registered with the depositories are requested to refer the instructions provided at serial no. 21 for procuring user id and password and registration of email ids for e-voting for the resolutions.

18. The Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised 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.
19. The Securities and Exchange Board of India (SEBI) has recently mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from January 1, 2022,

any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after April 1, 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s).

**20. The instructions for members for remote e-voting are as under:**

**The remote e-voting period begins on Monday, May 9, 2022 at 9:00 a.m. and ends on, Wednesday, May 11, 2022 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., Thursday, May 5, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, May 5, 2022.**

**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: Access to NSDL e-Voting system

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

**In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.**

**Login method for Individual shareholders holding securities in demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of shareholders	Login Method
	2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https:// eservices.nsdl.com</a> . Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https:// eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https:// www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi/Easiest they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.
	2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.
	3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https:// web.cdslindia.com/myeasi/Registration/EasiRegistration</a>
	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.**

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method e-voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

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.nsd.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 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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.nsd.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. Password details for shareholders other than Individual shareholders 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.nsd.com](http://www.evoting.nsd.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.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 etc.

- 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.

### **Step 2: Cast your vote electronically and join General Meeting NSDL e-Voting system.**

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/ OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 authorised signatory(ies) who are authorised to vote, to the Registrar & Share Transfer Agent, M/s TSR Darashaw Consultants Private Limited 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.nsd.com](http://www.evoting.nsd.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.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-1020-990/ 1800-22-44- 30 or send a request to Ms Sarita Mote, Assistant Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **21. 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) 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 [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com).
- (b) 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 [investor.communication@huhtamaki.com](mailto:investor.communication@huhtamaki.com). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
- (c) Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
- (d) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**22. The Instructions for members for e-voting on the day of the AGM are as under:-**

- (a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those members/ shareholders, who attend the AGM and 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.
- (c) 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.
- (d) 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.

**23. 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 by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. 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.
- (b) Members are encouraged to join the Meeting through Laptops for better experience.
- (c) Further members will be required use Internet with a good speed to avoid any disturbance during the meeting.
- (d) 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.

**24. Other Instructions:**

- (a) Members of the Company had approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors at the Seventieth AGM of the Company which is valid till Seventy Fifth AGM of the Company. In accordance with the Act, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.
- (b) During the 72nd 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>.
- (c) During the 72nd AGM, the Chairman shall, after response to the questions raised by the members in advance or as a speaker at the 72nd AGM, formally propose to the members participating through VC/ OAVM Facility to vote on the resolutions as set out in the Notice of the 72nd AGM and announce the start of the casting of vote through the e-Voting system. After the members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the 72nd AGM.
- (d) The Scrutiniser shall after the conclusion of e-Voting at the 72nd AGM, shall submit the Report to the Chairman or a person authorised by him, within two working days from the conclusion of the 72nd AGM, who shall then countersign and declare the result of the voting forthwith.
- (e) The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company at [www.flexibles.huhtamaki.in](http://www.flexibles.huhtamaki.in) 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 Pursuant to Section 102(1) of the Companies Act, 2013**

### **Item No. 4: Alteration in Articles of Association of the Company**

The Articles of Association ("AoA") of the Company as presently in force are based on the erstwhile provisions of the Companies Act, 1956. Members may be aware that the Ministry of Corporate Affairs (MCA) has notified most of the sections of the Companies Act, 2013 ("the Act") and rules thereunder which replace the provisions of the Companies Act, 1956. In order to bring the existing AoA in line with the provisions of the Act, the Company will have to undertake numerous changes in its existing AoA. It is therefore proposed to adopt a new set of Articles of Association, substituting the existing AoA.

The Board of Directors at its meeting held on February 18, 2022 approved (subject to the approval of members to adopt) a new set of Articles of Association in place of the existing Articles of Association of the Company.

Copy of the draft Articles of Association is available for inspection on the website of the Company at [<https://www.huhtamaki.com/en-in/flexible-packaging/investors/financials/annual-reports/>] and will also be available for access during the meeting.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Special resolution set out in Item No.4 of the Notice for the approval of the members.

### **Item No.5: Payment of Commission to Independent Directors**

At the 67<sup>th</sup> AGM of the Company held on June 12, 2017, pursuant to the then applicable provisions, the members had passed a Special Resolution for the payment of commission on Net Profits (not exceeding 1% thereof) to the Non-Executive Independent Directors of the Company, which was valid for a period of five years commencing from January 1, 2017.

As the members are aware that the Company's performance for FY 2021 was adversely affected, inter alia, due to unprecedented increase in raw material prices, high freight rates and erratic container schedule, impact of the Covid pandemic, drop in consumption, pressure on volumes, pricing pressure, product mix impact and change in leadership. The Company's profits for the year under review are inadequate and accordingly, the Company is not able to remunerate the Independent Directors by way of commission within the limits prescribed in Section 197 of the Act.

Section 197 of the Companies Act, 2013 has been amended to enable payment of remuneration to Non-Executive Directors, including Independent Directors, in case of no profit or inadequacy of profits in a manner similar to executive directors, in accordance with the provisions of Schedule V of the Companies Act, 2013. Further, on March 18, 2021, the Ministry of Corporate Affairs (MCA) amended Schedule V of the Companies Act, 2013 to prescribe the remuneration limits for non-executive directors including independent directors, in situations of no profits or inadequate profits. The payment of remuneration to independent directors would require approval of shareholders by way of an ordinary resolution

During FY 2021, the Independent Directors of the Company with their rich experience and expertise in management have devoted considerable amount of their valuable time to guide the Company during this critical phase of economic turmoil. With the growing complexities of business and leadership challenges faced by the Company, the Independent Directors have played an active role in steering and guiding the Company. Hence it is necessary to appropriately compensate the Independent Directors (in addition to the sitting fees) for their contributions and efforts during the year under review, even in case of inadequacy of profits, which are within the limits prescribed in Schedule V of the Companies Act, 2013.

Based on the recommendation of the Nomination & Remuneration Committee of the Board, the Board at its meeting held on February 28, 2022 have recommended payment of Commission to Non Executive Independent Directors of the Company within the limits prescribed under Schedule V to the Act and recommend passing of the Resolution for approval.

Except, Independent Directors of the Company being interested and their relatives, to the extent of their shareholding, if any, in the Company, no other Director or Key Managerial Personnel of the Company, or their relatives, is concerned or interested financially or otherwise in the Resolution No. 5 as contained in the Notice.

Disclosure as required under Section II of Part II of Schedule V to the Companies Act, 2013 and the corresponding rules given in Annexure 1B and Annexure 2.

In accordance with the provisions of Section 197 read with the Schedule V of the Companies Act, 2013, members' approval by way of Ordinary Resolution is required for the payment of remuneration to Non-Executive Independent Directors for each of the three financial years commencing from January 1, 2021, even in case of inadequate profits in any Financial year.



**Item No. 6: Ratification of remuneration paid to Mr Sudip Mall (DIN: 01681697) as Managing Director**

At the 71st Annual General Meeting of the Company held on June 29, 2021, Mr Sudip Mall was appointed as the Managing Director of the Company for a term of five consecutive years, from January 4, 2021 to January 3, 2026.

Due to personal reasons, Mr Sudip Mall tendered his resignation from the position of MD with effect from November 30, 2021. During the year under review, the Company's performance was adversely affected, owing to the impact of the Covid pandemic and a host of reasons enumerated in the explanatory statement Item 5 above. The Company's profits for the year under review are inadequate and hence the remuneration paid to Mr Sudip Mall exceeds the limits prescribed under the Companies Act, 2013.

In accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013, members' approval by way of Special Resolution is required for the payment of remuneration in excess of the limits prescribed under the said Section read with the said schedule, in case of inadequate profits in any Financial year.

The Board at its meeting held on February 28, 2022 based on the recommendation of the Nomination & Remuneration Committee approved and ratified the excess remuneration of Rs. 13.4 million paid to Mr Sudip Mall, subject to members' approval at the 72nd AGM.

Disclosure as required under Section II of Part II of Schedule V to the Companies Act, 2013 and the corresponding rules is given hereunder and information not mentioned herein have been given in Annexure 2.

**I. Information about the appointee:**

1. Background details: The Board of Directors at its meeting held on November 24, 2020 approved appointment of Mr Sudip Mall as Managing Director w.e.f January 4, 2021 for a period of five years i.e. January 3, 2026. Further the Shareholders at the 71st Annual General Meeting of the Company held on June 29, 2021, approved his appointment by passing an ordinary resolution in this behalf.

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

2. Past remuneration

Particulars of Remuneration paid	Amount (in Rs.)
Salary	72,80,555
HRA	36,40,277
Education Allowance	2,329
Personal Allowance	1,17,38,323
Leave Travel Allowance	7,28,056
Leave Encashment	4,16,800
Personal Accident Policy	930
Mediclaime Premium	37,808
Car Lease Charges	8,80,645
Perquisite Value of Car with driver	39,600
<b>Total Amount</b>	<b>2,47,65,323</b>

Details of excess remuneration paid to Mr Sudip Mall during the financial year 2021:

Sr. No.	Particulars of Remuneration	Amount (in Rs. million)
a)	Remuneration of Mr. Sudip Mall for FY 2021 (till November 30, 2021)	24.8
b)	Maximum limit of pro-rata managerial remuneration calculated based on the Effective Capital as per Schedule V of Companies Act, 2013	11.4
c)	Excess paid beyond prescribed Schedule V limit (a-b)	13.4

3. Recognition or awards

- Mr, Sudip Mall has handled international portfolio of Arnott range of biscuits and distribution rights for Campbell soup and V8 beverage among others.
- Mr Sudip Mall had Strategic & E2E P&L responsibility for a cluster of ASEAN markets (Indonesia, Philippines, Thailand, Vietnam, Cambodia, Myanmar & Laos) & North Asia (Japan & Korea) and managed over 900 employees, including biscuit manufacturing & R&D hub in Asia.

4. Job profile and his suitability

As the Managing Director his role was to plan, organise, lead and control the Company operations, to deliver expected results in the areas of Sales, Production, new Product development, customer acquisition, strategic direction to business, Safety, environment, financial growth, profit, working capital, targets, etc.

Mr Sudip Mall has more than 25 years of extensive E2E domain knowledge of consumer goods industry

and senior leadership experience in managing businesses in India & International markets. He is a seasoned business leader with a track record of building and growing businesses in emerging Asian markets (South & South East Asia) with leading MNC firms such as Campbell Soup/Arnott's, LEGO, Mondelez/Kraft and ConAgra.

Mr Sudip Mall holds a Bachelor of Technology degree in Mechanical Engineering from the Indian Institute of Technology, Varanasi, India and MBA from XLRI – Xavier School of Management, both being India's premiere Educational Institutions.

5. Remuneration paid: Mr Sudip Mall resigned from the position of Managing Director on November 30, 2021, i.e. within one year from date of his appointment, the remuneration proposed to him is same as the actual/past remuneration, as the resolution seeks to ratify the excess remuneration of Rs. 13.4 million paid to him during FY 2021.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

The Board recommends the Special resolution set out in Item No.6 of the Notice for the approval of the Members.

**Item No.7: Ratification of Remuneration paid to Mr Ranjeev Lodha (DIN: 07478890) as Executive Director & Chief Financial Officer of the Company**

At the 70th Annual General Meeting of the Company held on June 30, 2020, Mr Ranjeev Lodha, Chief Financial Officer was appointed as the Executive Director (ED) of the Company for a term of five consecutive years, from August 8, 2019 to August 7, 2024.

Due to personal reasons, Mr Ranjeev Lodha tendered his resignation from the position of Executive Director and Chief Financial Officer of the Company with effect from September 30, 2021. During the year under review, the Company's performance was adversely affected, owing to the impact of the Covid pandemic and a host of reasons enumerated in the explanatory statement at Item 5 above. In accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013, members approval by way of Special Resolution is required for the payment of remuneration in excess of the limits prescribed under the said Section read with the said schedule, in case of inadequate profits in any Financial year.

The Board at its meeting held on February 28, 2022 based on the recommendation of the Nomination & Remuneration

Committee, approved and ratified the excess remuneration of Rs. 2.9 million paid to Mr Ranjeev Lodha, subject to members' approval at the 72nd AGM of the Company.

Disclosure as required under Section II of Part II of Schedule V to the Companies Act, 2013 and the corresponding rules is given hereunder and information not mentioned herein have been given in Annexure 2.

**II. Information about the appointee:**

1. Background detail:

Mr Ranjeev Lodha, is 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 Limited. 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.

2. Past remuneration:

Particulars	Amount (In Rs.)
Salary	48,51,000
HRA	24,25,500
Education Allowance	46,800
Personal Allowance	74,25,483
Leave Travel Allowance	3,86,100
Medical Allowance	45,000
Leave Encashment	4,16,800
MIP Incentive Paid	18,50,397
Driver Allowance	60,000
Personal Accident Policy	499
Mediclaime Premium	15,249
Car Lease Charges	5,62,116
Perquisite Value of Car with driver	28,800
NPS	12,12,750
<b>Total Amount</b>	<b>1,89,09,694</b>
Add: ESOP	21,35,058
<b>Total Amount</b>	<b>2,10,44,752</b>

Details of excess remuneration paid to Mr Ranjeev Lodha during the financial year 2021:

Sr. No.	Particulars of Remuneration	Amount (in Rs. million)
a)	Remuneration of Mr. Ranjeev Lodha for FY 2021 (till September 30, 2021)	12.3

Sr. No.	Particulars of Remuneration	Amount (in Rs. million)
b)	Maximum limit of pro-rata managerial remuneration calculated based on the Effective Capital as per Schedule V of Companies Act, 2013	9.4
c)	Excess paid beyond prescribed Schedule V limit (a-b)	2.9

3. Recognition or awards Additional table

- 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 Fertiliser 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.

4. Job profile and his suitability

As an Executive Director and Chief Financial Officer, Mr Ranjeev Lodha was responsible for Finance, IT and Internal Control functions. Ranjeev is 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 areas of Financial Reporting and Consolidation, Mergers and Acquisitions, Divestments, Investor Relations, Treasury, Strategic Finance, Controlling and adoption of ERP systems.

5. Remuneration Paid: Mr Ranjeev Lodha ceased to be an Executive Director of the Company on September 30, 2021, consequent to his resignation and hence the resolution seeks to ratify the excess remuneration of Rs. 2.9 million paid to him during FY 2021.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7 of the Notice.

The Board recommends the Special resolution set out in Item No.7 of the Notice for the approval of the members.

**Item No. 8 : Approval of Appointment and Remuneration of Cost Auditor.**

The Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the appointment of M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No. 7464), as Cost Auditors to conduct audit of cost records of the Company for year ending December 31, 2022.

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. 8 of the Notice for approval of the remuneration amounting to Rs. 7,70,000/- (Rupees Seven Lakhs Seventy Thousand only), plus applicable Goods and Service Tax and out of pocket expenses to the Cost Auditors.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 8 of the Notice.

The Board recommends the Ordinary resolution set out in Item No. 8 of the Notice for approval of the members.

**Item No. 9: Appointment of Mr Marco Hilty (DIN: 09332097) as Non Executive Director of the Company**

The Board of Directors of the Company at their meeting held on September 24, 2021 based on recommendation of Nomination & Remuneration Committee and pursuant to provisions of Section 161 of the Act, appointed Mr Marco Hilty (DIN: 09332097) as Non-Executive Director (Additional) of the Company w.e.f. September 24, 2021. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr Marco Hilty (DIN: 09332097) holds his office till the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director at the forthcoming Annual General Meeting of the Company. It is proposed to appoint Mr Marco Hilty (DIN: 09332097) as Non-Executive Director liable to retire by rotation with effect from May 12, 2022.

Mr Marco Hilty (DIN: 09332097) has given his consent to act as Director and is not disqualified from being appointed as Director in terms of Section 164 of the Act and Rules made thereunder.

Detailed information about Mr Marco Hilty (DIN: 09332097) is provided in the Annexure to this notice.

None of the Directors, except Mr Marco Hilty (DIN: 09332097), Key Managerial Personnel of the Company, their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 9 of the Notice

The Board recommends the Ordinary resolution set out in Item No. 9 of the Notice for the approval of the members.

**Item No. 10: Appointment of Mr Stefan Lotz (DIN: 09511913) as Non Executive Director of the Company**

The Board of Directors of the Company at their meeting held on February 18, 2022 based on recommendation of Nomination & Remuneration Committee and pursuant to provisions of Section 161 of the Act, appointed Mr Stefan Lotz (DIN: 09511913) as Non-Executive Director (Additional) of the Company w.e.f. February 18, 2022. Pursuant to provisions of Section 161 of the Companies Act, 2013, Mr Stefan Lotz (DIN: 09511913) holds his office till the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director at the forthcoming Annual General Meeting of the Company. It is proposed to appoint Mr Stefan Lotz (DIN: 09511913) as Non-Executive Director liable to retire by rotation with effect from May 12, 2022.

Mr Stefan Lotz (DIN: 09511913) has given his consent to act as Director and is not disqualified from being appointed as Director in terms of Section 164 of the Act and Rules made thereunder.

Detailed information about Mr Stefan Lotz (DIN: 09511913) is provided in the Annexure to this notice.

None of the Directors, except Mr Stefan Lotz (DIN: 09511913)/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 10 of the Notice.

The Board recommends the Ordinary resolution set out in Item No. 10 of the Notice for the approval of the members.

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

**D V Iyer**

Place: Mumbai  
Date : February 28, 2022

Company Secretary & Legal Counsel  
(ACS 13004)

**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 1A

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 –

<b>Name of Director</b>	Mr Sami Pauni (DIN: 08112919)	Mr Marco Hilty (DIN: 09332097)	Mr Stefan Lotz (DIN: 09511913)
<b>Date of Birth</b>	10.06.1974	10.02.1972	09.02.1973
<b>Nationality</b>	Finnish	Swiss	German
<b>Date of Appointment</b>	18.02.2019	24.09.2021	18.02.2022
<b>Qualification</b>	Master's Degree in Law (LLM) and Business Administration (EMBA)	Ph.D. in Business Administration from University of St. Gallen (Switzerland).	Master of Economics and Engineering from the University of Europe for Applied Sciences in Hamburg. Completed Strategic Leadership Program from IMD Business School.
<b>Expertise in specific field</b>	Mr Sami Pauni 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 Limited, 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.	Mr Marco Hilty is President, Flexible Packaging and Member of the Global Executive Team at Huhtamaki Oyj w.e.f September 1, 2021. Mr Marco Hilty joins Huhtamaki from Rubicon, a software platform that provides smart waste and recycling solutions for businesses and governments worldwide. Prior to Rubicon, he held several leadership roles with Amcor in Switzerland and in the United States, covering Group Sales and Commercial Excellence, lastly as Vice President for Amcor Flexibles in North America. Prior to Amcor, Marco worked as an Engagement Manager at McKinsey & Company in the United States and Switzerland.	Mr Stefan Lotz is a proficient business professional with more than 20 years of experience in financial management and strategy. He held considerable leadership roles in multinational consumer goods and industrial companies in Singapore, Dubai, Hungary, London and Germany. Recently he joined Huhtamaki as VP Finance Flexible Packaging after working many years in Asia as a CFO for Perfetti van Melle, the largest global confectionary manufacturer. Prior to this, he held various senior finance roles in Europe for British American Tobacco (BAT).
<b>Name of other Companies in which he holds Directorship*</b>	Nil	Nil	Nil
<b>Name of Listed Companies in which he hold Directorship</b>	Nil	Nil	Nil
<b>Name of other companies in which he holds Chairmanship/ Membership of Committees of Board\$</b>	Nil	Nil	Nil
<b>No. of Shares held in Huhtamaki India Ltd</b>	Nil	Nil	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil	Nil	Nil

Note: \*excludes directorships held in private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, foreign companies and Companies formed under Section 8 of the Companies Act, 2013.

\$ includes Chairmanship/ membership of the Audit Committee and Stakeholders Relationship Committee of only public limited companies, whether listed or not.

**Annexure 1B**

**INFORMATION RELATING TO OTHER DIRECTORS SEEKING APPROVAL OF REMUNERATION AT THE  
72<sup>ND</sup> ANNUAL GENERAL MEETING**

<b>Name</b>	<b>Mr Murali Sivaraman</b>	<b>Ms Seema Modi</b>	<b>Mr Ashok Kumar Barat</b>
<b>Category of Director/ Designation</b>	Non-Executive - Independent Director, (Chairman)	Non-Executive - Independent Director	Non-Executive - Independent Director
<b>DIN</b>	01461231	05327073	00492930
<b>Date of Birth / Age</b>	21.04.1961 60 years	09.02.1965 57 years	05.12.1956 65 years
<b>Profile / Background Details, Recognition or awards</b>	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. He is presently Independent Director of Bharat Forge Limited, ICICI Lombard General Insurance Company Limited and Medplus Health Service Limited	Ms Seema Modi, presently the Director – Commercial, Marketing, Supply Chain and Display at Trent Hypermarket Private Limited. She has over 31 years 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.	Mr Ashok Barat has held responsible and senior leadership positions in various Indian and multinational companies, both in India and overseas.  He is on the Board of several other companies including DCB Bank Limited, Cholamandalam Investment and Finance Company Limited, Birlasoft Limited and Alembic Pharmaceuticals Limited and advises businesses on governance, performance and strategy.  Mr Barat is a Past President of the Bombay Chamber of Commerce and Industry and of the Council of EU Chambers of Commerce in India; presently he is a member of the Managing Committee of ASSOCHAM.  He is a Certified Mediator empanelled with the Ministry of Corporate Affairs, Government of India.  He is a regular speaker at public forums particularly supporting family businesses, start-ups and SMEs from overseas looking at establishing and growing their business foot print in India.
<b>Qualifications</b>	Chartered Accountant, Cost Accountant, MBA from the Indian Institute of Management, Ahmedabad, India and has also completed an Advanced Management Program from Harvard	Post-graduate in Organic Chemistry from Mumbai University and MBA from Narsee Monjee Institute of Management Studies, Mumbai.	A Fellow Member of the Institute of Chartered Accountants of India, Fellow Member of the Institute of Company Secretaries of India Associate of the Institute of Chartered Accountants of England & Wales and CPA, Australia.
<b>Date of first appointment on the Board</b>	01.01.2019	01.01.2020	01.04.2020

**Notes:**

- Please refer Annexure 2 to the Notice and the Report on Corporate Governance, which is a part of this Annual Report, for other information about the directors as required under Clause 1.2.5 of the Secretarial Standard – 2 (Revised) as issued by the Institute of Company Secretaries of India and Schedule V to the Companies Act, 2013 .



## Annexure 2

### STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V TO THE COMPANIES ACT, 2013 (AS AMENDED)

Sr. No.	Particulars		
<b>I.</b>	<b>General information:</b>		
<b>1.</b>	<b>Nature of industry</b>		
1.	A member of Huhtamaki Oyj, the Company offers a wide portfolio of packaging solutions that include flexible packaging in a variety of pouching solutions, labelling technologies, shrink sleeve solutions, tube laminates, promotional, holographic and security solutions, cylinders and specialised films for high-barrier packaging.		
<b>2.</b>	<b>Date or expected date of commencement of commercial production: June 11, 1951</b>		
<b>3.</b>	<b>In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable.</b>		
<b>4.</b>	<b>Financial performance based on given indicators</b>		
			(Rs. In million)
<b>Particulars</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenue from Operations	26,253	24,627	25,990
Profit / (Loss) before tax	(316)	1176	2016
Tax expenses	(89)	216	316
Net Profit / (Loss)	(227)	960	1700
Earnings per Equity Share (Face Value Rs. 2/- each)	(3)	12.7	22.5
<b>5.</b>	<b>Foreign investments or collaborations, if any :</b> The Company is step down subsidiary of Huhtamaki Oyj, Finland based MNC which holds 67.73% equity shares through its subsidiary Huhtavefa BV.		
<b>II.</b>	<b>Information about the appointee:</b>		
<b>1.</b>	<b>Background details :</b> Please refer Annexure 1B.		
<b>2.</b>	<b>Past remuneration</b>		
<b>Sr. No</b>	<b>Name of Director</b>	<b>Commission Paid in FY 2020</b>	
i)	Mr Murali Sivaraman	35,00,000	
ii)	Ms Seema Modi	25,00,000	
iii)	Mr Ashok Barat	19,00,000	
3.	Recognition or awards	Please refer Annexure 1B	
4.	Job profile and suitability		
5.	Remuneration proposed	<b>Names of the Directors</b>	<b>Proposed Amount (in Rs)</b>
		Mr Murali Sivaraman	30,00,000
		Ms Seema Modi	25,00,000
		Mr Ashok Kumar Barat	25,00,000
		<b>Total</b>	<b>80,00,000</b>
<b>6.</b>	<b>Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)</b>		
	The proposed remuneration of the Independent Directors is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and nature of its businesses. The proposed remuneration of the Independent Directors is determined by the Board based on the recommendations of the Nomination and Remuneration Committee which peruses the industry benchmarks in general, remuneration prevalent in the industry, profile and responsibilities of the aforesaid Independent Directors and other relevant factors.		
<b>7.</b>	<b>Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any</b>		
	Besides remuneration as stated hereinbefore, the said directors do not have any pecuniary relationship with the Company. Their relatives, to the extent of their shareholding, if any, in the Company may deemed to be interested in the proposed resolutions. Further, the said directors are not related to each other and the managerial personnel or KMP of the Company.		
<b>III.</b>	<b>Other information:</b>		

1.	<b>Reasons of loss or inadequate profits</b>	The Company's performance was adversely affected due to the unprecedented increase in raw material prices on back of the world-wide inflationary commodity cycle. The dynamic cost and volatile demand situation made reliability of forecast very challenging. The higher ocean freight rates from mid of 2021 and erratic vessel/container schedule affected exports, which forms a substantial part of the Company's profits. The impact of the Covid pandemic, consumption which is yet to fully recover and reach pre Covid levels, has put pressure on volumes, pricing & product mix. Further, during the year, the Company rolled out a Voluntary Retirement Scheme (VRS) for employees at its Thane Plant, which had one time impact (pay-out cost) of Rs 309.8 million, benefit of which will accrue in the coming years.
2.	<b>Steps taken or proposed to be taken for improvement</b>	<p>The Company has embarked on 'Project Parivartan' (Transformation Project) which is focusing on reducing its manufacturing costs, stronger price realisation and better quality of growth to turnaround its performance. The Project focuses on improving efficiency of manufacturing network, labour productivity and reduce wastages from operations to boost the long-term competitiveness of the Company.</p> <p>The Company has embarked on various cost-optimisation measures including surrender/re-negotiation of leased premises, curbing discretionary expenses, manpower rationalisation, etc. to eliminate redundancies and become cost competitive.</p>
3.	<b>Expected increase in productivity and profits in measurable terms</b>	The Company primarily caters to the FMCG markets and its growth is dependent on the consumer behaviour /patterns and overall economic situation prevailing in the Company, which was affected by the pandemic. The Company has already embarked on a transformation drive to become more cost competitive in terms of operational efficiency, increasing productivity, etc., which will yield results in the coming years. Further, with easing of pandemic and softening of raw material prices, the Company will be able to achieve better operational and financial performance. The Company strongly believes that last year has been an exceptional year not only for the Company but for the entire country and the transformation drive will take the Company to greater heights.
IV.	<b>Disclosures:</b>	

The Corporate Governance Report is annexed to the Board's Report which is forming part of this Annual Report. The Company paid remuneration to Independent Directors by way of sitting fees and commission on the net profits in the past years. Non-Executive Non-Independent Directors of the Company do not accept any sitting fees / commission. Remuneration to Directors is paid within the limits as approved by the members of the Company, from time to time.

Please refer point no. 5 of this Annexure for details of remuneration proposed to the Directors.

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