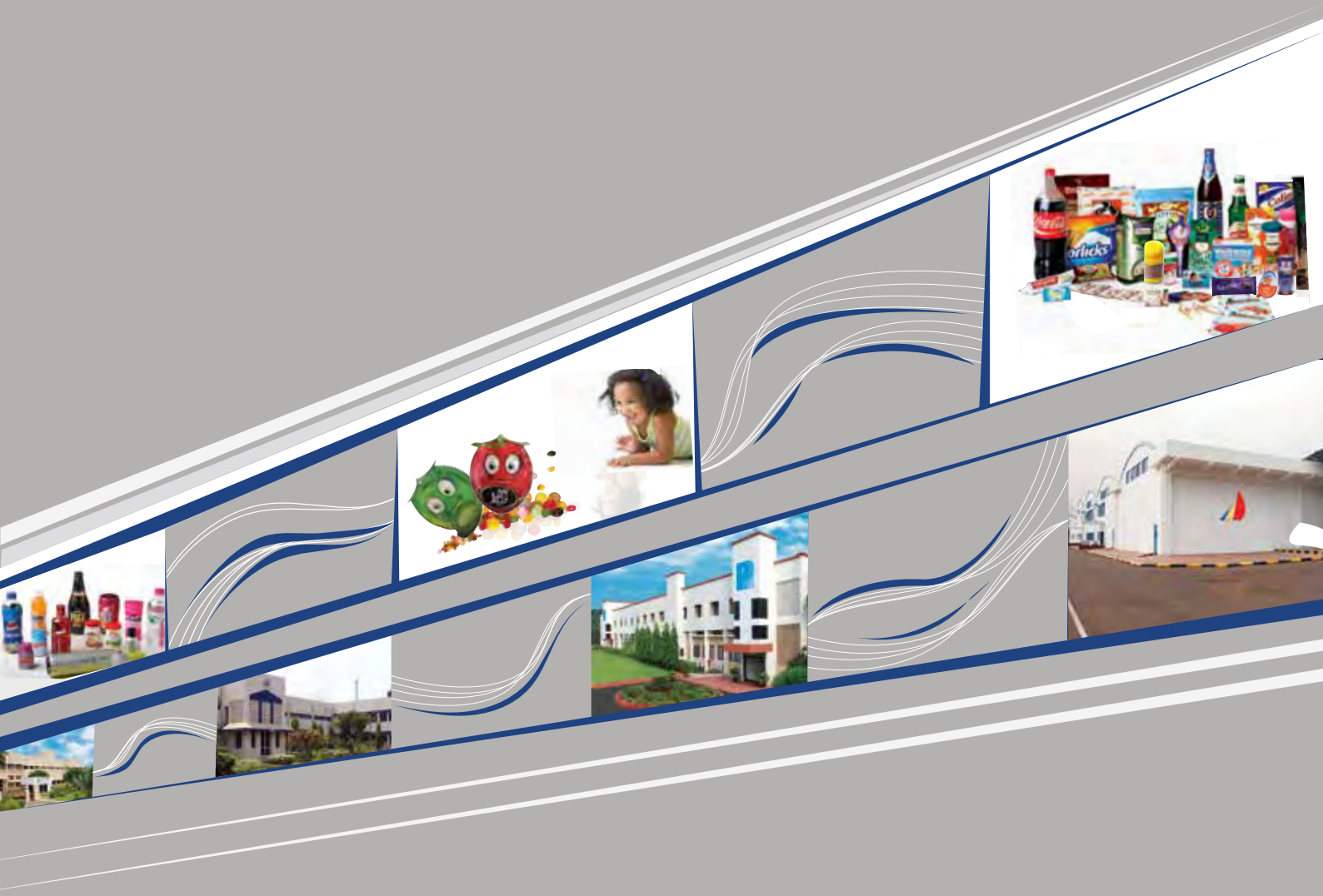
Huhtamaki-PPL



66th Annual Report 2015

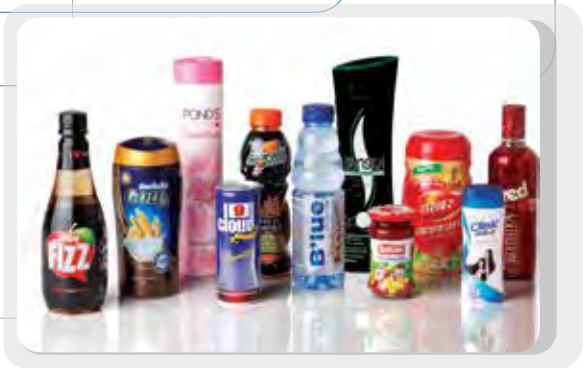
Huhtamaki PPL Ltd.

(Formerly **The Paper Products Ltd.**)

SPECIALISED POUCHES

PRESSURE SENSITIVE LABELS

PERSONAL CARE & HOUSEHOLD



SHRINK SLEEVES

SPECIALISED CARTONS

WET STRENGTH LABELS

AUTOMOTIVE & INDUSTRIAL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Mr. Suresh Gupta
	Mr. Arunkumar Gandhi
	Mr. Jukka Moisio
	Mr. R. K. Dhir
	Mr. S. K. Palekar
	Mr. Nripjit Singh Chawla
	Mr. Olli Koponen
	Ms. Sukanya Kripalu
Managing Director	Mr. A. Venkatrangan
Company Secretary & Head - Legal	Mr. D. V. Iyer

BANKERS

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Ltd.

AUDITORS

S R B C & CO LLP
Chartered Accountants

REGISTERED & CORPORATE OFFICE

Unit No-12A-06, 13th Floor,
Parinee Crescenzo, Plot No C-38/C-39,
G-Block, Behind MCA,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400051
Tel No: +91 22 2617 40 400
Fax No: +91 22 2617 40 401
Website: www.pplpack.com

CENTRAL HEADQUARTERS

L. B. S. Marg, Majiwade,
Thane (W) – 400 601,
Maharashtra, India.
Tel No: +91 22 2173 5551 / 2173 5591
Fax No: +91 22 2173 5599 / 2173 5650
Email: investor.communication@pplpack.com

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BOARD OF DIRECTORS

MR. SURESH GUPTA, CHAIRMAN

Mr Gupta did his Masters in Management (MMS) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has diverse management experience of over 41 years, including 28 years in the Company. Mr. Suresh Gupta is the Chairman of the Company from 10th March 2010.

MR. ARUNKUMAR GANDHI, DIRECTOR

Mr. Arunkumar Gandhi is a Fellow Member of the Institute of Chartered Accountants of England & Wales, Institute of Chartered Accountants of India (ICAI) and also an Associate Member of the Chartered Institute of Taxation, London. He has been an Independent Director of the Company since March 2002. Mr Gandhi worked with N. M. Raiji & Co., Chartered Accountants, as a partner from 1969 and in 1993 became a Senior Partner upto July 2003. As partner, Mr Gandhi audited several public sector and private sector entities and is an expert on share valuation and corporate restructuring. Over the last 20 years, Mr Gandhi served on the Board of various Indian and foreign companies.

MR. RAMESH KUMAR DHIR, DIRECTOR

Mr. Ramesh Kumar Dhir is a Fellow Member of the Institute of Chartered Accountants, England & Wales and also a Fellow of the Institute of Management (U.K.). He has wide corporate management experience of over 43 years working with Peat Marwick, London and a US Multinational with operations in India and overseas. He is a past President and on the Board of Council for Fair Business Practices. He is also a member of Maharashtra State General Committee of the Indian Red Cross Society. He has been an Independent Director of the Company since March 2002.

MR. S. K. PALEKAR, DIRECTOR

Mr. S. K. Palekar did his M.Sc. (Physics) from Mumbai University & MMS (Marketing) from Jamnalal Bajaj Institute of Management Studies. He secured 1st rank, both in M.Sc (Physics) & MMS (Marketing). He is currently the Chairperson of Executive Education Centre of S P Jain Institute of Management & Research at Mumbai. He brings with him over 39 years of experience in all aspects of marketing – like sales, advertising, market research, brand management – and also of general management. He has hands on experience in FMCG, durables & service Industry. He retired as Senior Vice President of Marketing & Knowledge Management from Eureka Forbes Limited; after serving there for over a decade. He has been an Independent Director of the Company since March 2011.

MR. NRIPJIT SINGH CHAWLA, DIRECTOR

Mr. Nripjit Singh Chawla did his MBA from Indian Institute of Management, Calcutta. He has wide corporate management experience of over 46 years working with ITC Ltd., Korn/Ferry International, Max India Ltd. He is currently acting as an Independent Management Consultant to Commercial organizations and NGO's in the areas of Marketing, Business strategy and Business Processes, Education, Tourism and Hospitality, Healthcare etc. He serves as teaching faculty in many Business Schools and Management Institutes. He has been an Independent Director of the Company since March 2013.

MS. SUKANYA KRIPALU, DIRECTOR

Ms. Sukanya Kripalu has done her graduation in Mathematics from St. Xavier's College and has completed her MBA from Indian Institute of Management, Calcutta. She has 26 years of marketing and management experience. She has been involved in the launch and marketing successes of several leading consumer brands at FMCG Companies such as Nestle, Cadbury and Kellogg's. She was a CEO of Quadra Advisory, a WPP group Company. She works as an consultant in marketing strategy, brand and advertising development as well as marketing training. Her experience covers industries such as Insurance, White Goods, Jewellery, Textiles, Branded Staples, FMCG and Media. She was appointed as an Independent Director of the Company w.e.f 17th March, 2015.

MR. JUKKA MOISIO, DIRECTOR

Mr. Jukka Moisio holds a Masters Degree in Science (Economics) and is also a Management Graduate (MBA). He has worked with Ahlstrom Corp (1991-2008) before joining Huhtamaki Oyj in the year 2008. He is currently the CEO and Chairman of Group Executive Team of Huhtamaki Oyj. He has been nominated as Director by Huhtavefa B.V. on Board of our Company w.e.f. 23rd April, 2008.

MR. OLLI KOPONEN, DIRECTOR

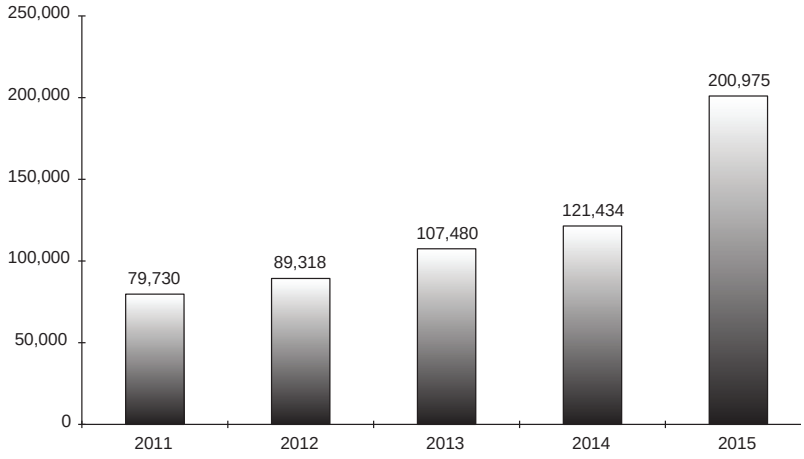
Mr. Olli Koponen holds a Masters Degree in Engineering Automation and Information Technology. He has worked previously with Systecon Oy before joining Huhtamaki Oyj in the year 1990. He is presently holding position as Executive Vice President, Flexible Packaging. Based on the nomination received from Huhtavefa B V, he has been appointed as Additional Director on the Board of the Company w.e.f 17th December, 2015.

MR. A.VENKATRANGAN, MANAGING DIRECTOR

Mr. A. Venkatrangan is a Commerce Graduate and MBA in Finance and Marketing, having a total experience of over 35 years. He has worked in Corporate Planning, Costing, MIS, Budget Control, Operations, Internal Audit and Commercial functions at various levels with Murugappa and Essar Group. He joined the Company in January 1999 and was inducted on the Board of our Company in July 2012 and is currently the Managing Director of the Company.

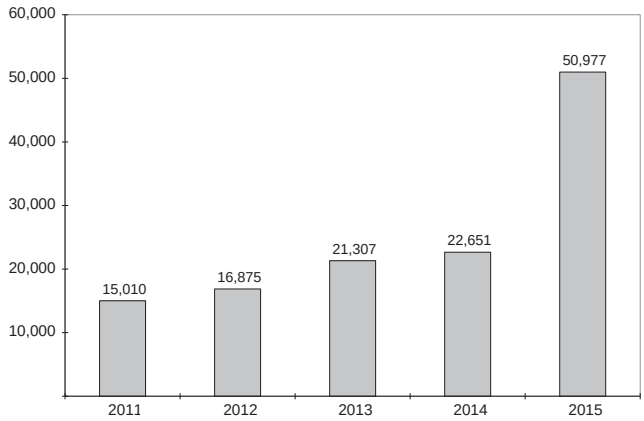
Consolidated Financial Performance Indicators

TURNOVER (₹ in lac)



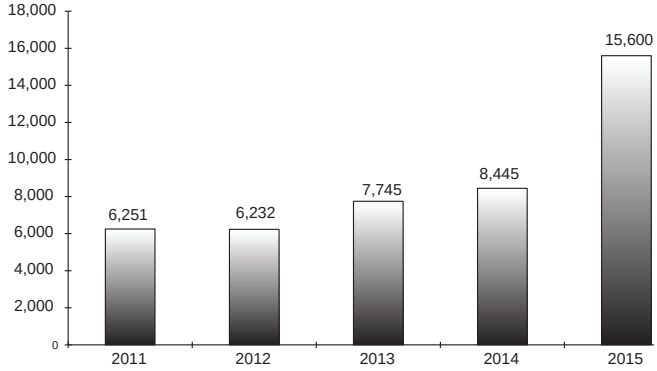
Last 5 Years CAGR : **23.34%**

EXPORT TURNOVER (₹ in lac)

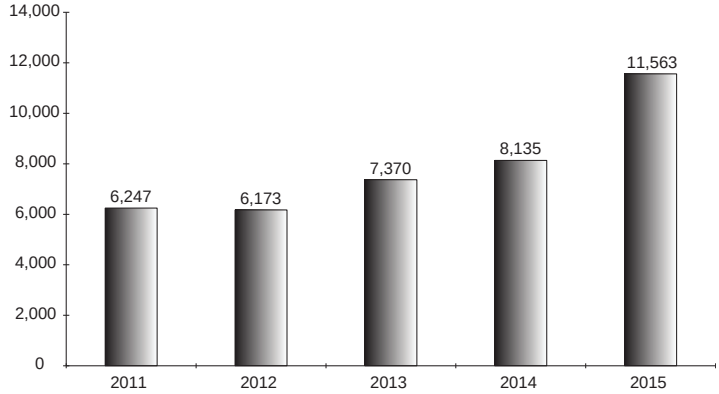


Last 5 Years CAGR : 33.64%

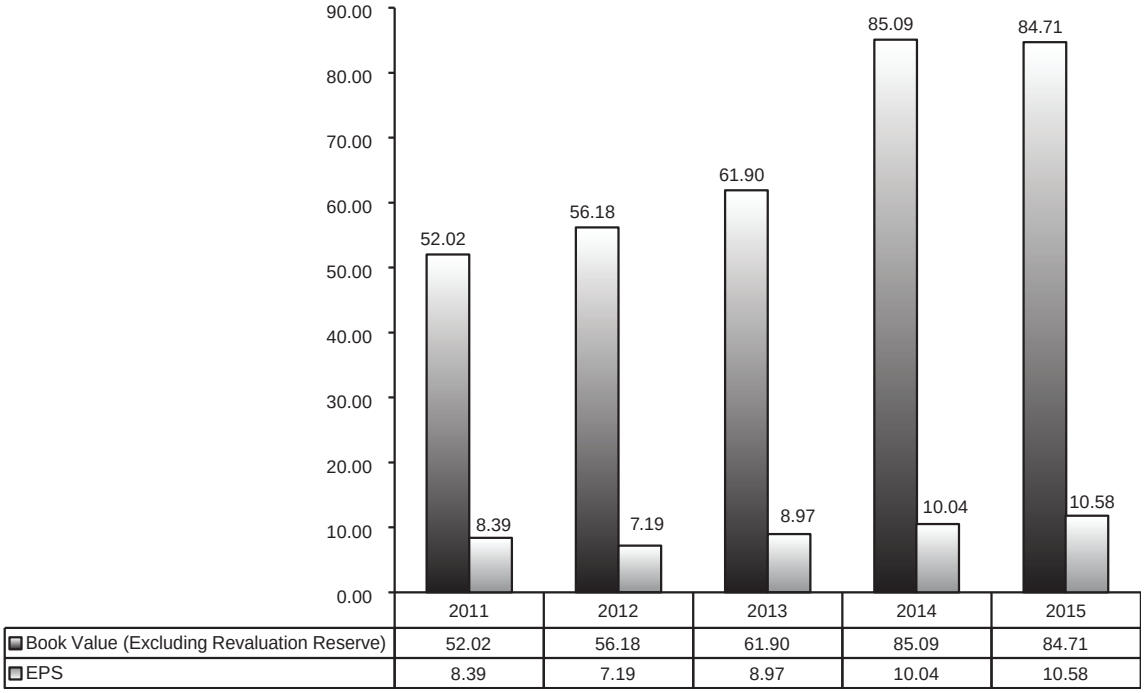
EARNING BEFORE INT & TAX (EBIT) BEFORE EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ in lac)



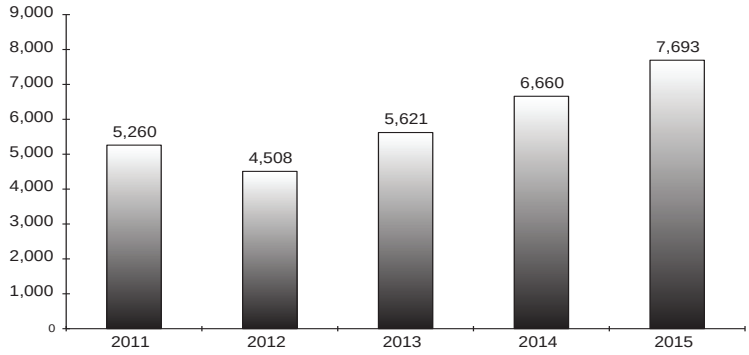
PROFIT BEFORE TAX, EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ in lac)



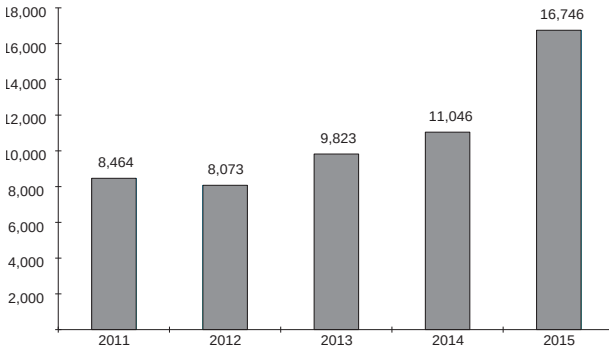
EPS AND BOOK VALUE PER SHARE (₹)



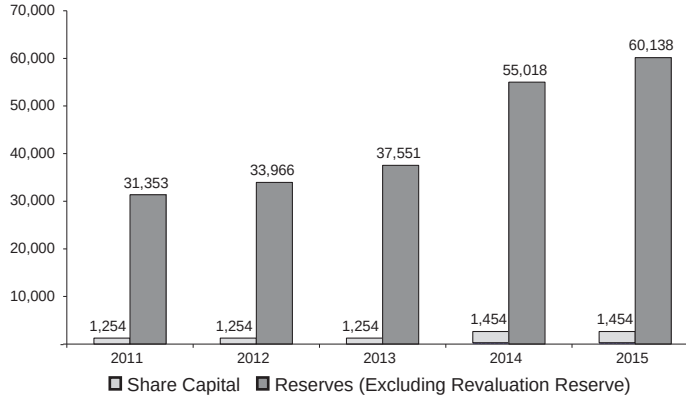
PROFIT AFTER TAX, EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ in lac)



CASH PROFIT (₹ in lac)



NET WORTH GROWTH (₹ in lac)



Consolidated Financial Highlights

(₹ in lacs)

Particulars	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
OPERATING RESULTS										
Net Sales	**200,975**	121,434	107,480	89,318	79,730	70,401	57,769	61,209	53,206	46,467
Other Income	**4,187**	2,025	1,560	1,567	1,426	832	911	1,173	1,074	1,148
EBDIT	**24,653**	12,830	11,947	9,797	9,455	7,927	8,186	6,090	6,768	6,650
Depreciation & Amortisation	**9,053**	4,386	4,202	3,565	3,204	3,240	3,115	2,862	2,886	2,307
EBIT	**15,600**	8,445	7,745	6,232	6,251	4,687	5,071	3,228	3,882	4,343
Profit before Taxceptional & Extraordinary Items	**11,563**	8,135	7,370	6,173	6,247	4,627	4,958	2,977	3,697	4,281
Exceptional & Extraordinary Items – Net of Tax	**–**	628	705	–	294	1,533	–	–	(318)	1,208
Provision for Tax	**3,690**	1,911	2,293	1,661	1,281	1,348	1,220	848	541	1,497
Profit for the year (after minority interest)	**7,693**	6,660	5,621	4,508	5,260	4,812	3,738	2,129	2,837	3,992
EBDIT to Sales %	**12.27%**	10.57%	11.12%	10.97%	11.86%	11.26%	14.17%	9.95%	12.72%	14.31%
EBIT to Sales %	**7.76%**	6.95%	7.21%	6.98%	7.84%	6.66%	8.78%	5.27%	7.30%	9.35%
PBT to Sales %	**5.75%**	7.22%	7.51%	6.91%	8.20%	8.75%	8.58%	4.86%	6.35%	11.81%
Earning Per Share	**10.58**	10.04	8.97	7.19	8.39	7.68	5.96	3.40	4.53	6.37
Cash Earning Per Share	**23.03**	16.64	15.67	12.88	13.50	12.84	10.93	7.96	9.13	10.05
Equity Dividend %	**140.00**	140.00	140.00	130.00	120.00	110.00	***150.00	90.00	90.00	90.00
FINANCIAL POSITION										
Equity Share Capital	**1,454**	1,454	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254
Reserves & Surplus	**60,414**	55,294	37,827	34,242	31,629	28,112	24,901	23,363	22,573	21,131
Shareholders Funds	**61,868**	56,748	39,081	35,496	32,883	29,366	26,155	24,617	23,827	22,385
Minority Interest	**2,383**	2,203	2,013	1,852	–	–	–	–	–	–
Loan Funds	**52,864**	4,194	4,620	5,186	2,159	2,253	2,393	4,981	6,715	3,378
Deferred Tax (Asset) / Liability (Net)	**424**	549	99	68	252	526	677	690	852	839
Goodwill on Consolidation	**22,716**	1,957	1,957	1,957	–	–	–	–	–	–
Net Fixed Assets (Incl.Capital work in Progress)	**53,135**	26,166	22,323	22,788	18,230	17,869	20,335	21,055	21,451	19,670
Investments	**20,663**	18,634	5,479	6,038	6,338	3,945	3,103	1,698	1,381	52
Net Assets (Current & Non Current)	**21,025**	16,937	16,054	11,820	10,726	10,332	5,787	7,535	8,562	6,880
Capital Employed	**117,539**	63,693	45,813	42,602	35,294	32,145	29,225	30,288	31,394	26,602

Consolidated results include Webtech Labels Private Limited from 2012

Consolidated results include Positive Packaging Industries Ltd from 2015

*** Includes One Time Dividend @ 50%

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 66th Annual Report along with the Audited Statements of Accounts for the year 31st December, 2015.

PERFORMANCE DURING THE YEAR (STANDALONE):

Your Company's performance during the year is summarized below: (₹ in lacs)

Particulars	2015	2014
Net Sales	**114,059**	112,428
Profit before Tax & Exceptional Item	**6,848**	7,509
Profit before Tax	**6,848**	8,136
Less: Provision for Current Tax	**1,988**	1,320
Provision for Deferred Tax	**(51)**	354
Profit after Tax	**4,911**	6,462
Add: balance of profit for earlier years	**23,756**	20,383
Profit available for appropriation	**28,667**	26,845
Transfer to General Reserve	**492**	646
Transfer to Debenture Redemption Reserve	**1,925**	–
Proposed Dividend on Equity Shares & Dividend Tax thereon	**2,450**	2,443
Balance Carried forward	**23,800**	23,756

During the year under review, the net sales grew by 1.5%. PBT margin, excluding extraordinary items dropped from 6.68% to 6.00% due to increase in interest cost on account of acquisition of Positive Packaging Industries Limited. PBT margin including extraordinary item was 7.23% in the previous year.

After providing for Income Tax of ₹ 1,937 lacs, Net Profit after Tax & Extraordinary Items was ₹ 4,911 lacs. After transferring an amount of ₹ 492 lacs to General Reserve and ₹1,925 lacs to Debenture Redemption Reserve, the amount available for appropriation was ₹ 26,250 lacs including amount brought forward of ₹ 23,756 lacs of previous year. The Earning per Equity Share (EPS) was ₹ 6.75.

DIVIDEND:

Your Directors recommend a dividend of ₹ 2.80 per equity share (@140%) having face value of ₹ 2/- each for the year ended 31st December, 2015. The said dividend will absorb an amount of ₹ 2,450 lacs, including the dividend distribution tax and cess thereon.

FIXED DEPOSITS:

The Company did not invite or accept deposits covered under Section 73 of the Companies Act, 2013 and there are no deposits pending with the Company.

TRANSFER TO RESERVES:

Debenture Redemption Reserve is created to the extent of 25% of the Non Convertible Debentures (NCDs) equally, over the period of maturity of the NCDs, as per the requirements of applicable laws. Further, an amount of ₹ 4,92,00,000/- (Rupees Four Crores Ninety Two Lakhs) has been transferred to General Reserves.

DEBENTURES:

The Company has issued and allotted 3850, Non-Convertible Debentures (NCD's) of face value ₹ 10,00,000/- each at face value, aggregating upto ₹ 385,00,00,000 (Rupees Three Hundred Eighty Five Crores) to Huhtalux S.á r.l. The said NCD's are issued for a period of 5 years @ 7% interest, per annum. The proceeds of said Debentures have been utilized towards acquisition of Positive Packaging Industries Limited.

DIRECTORS' REPORT (contd.)

MERGER:

The Board of Directors in their meeting held on 14th September, 2015 approved merger of Webtech Labels Private Limited (51% Subsidiary of the Company) and Positive Packaging Industries Limited (Wholly Owned Subsidiary of the Company) with the Company, under two separate schemes. The details of said schemes are available on website of the Company http://www.pplpack.com/investor-info.html. The Company has received No Objection letters from National Stock Exchange of India Ltd and BSE Ltd. for the said mergers, and the said schemes have been filed with Hon'ble Bombay High Court for its approval.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Information of the Subsidiary Companies. These Consolidated Financial Statements provide financial information about your Company and its subsidiaries after elimination of minority interest, as a single entity.

A summary of the financial performance of each of the Subsidiary companies in the prescribed Form AOC-1 is appended as Annexure 1 to the Financial Statements of the Company.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries of the Company are available on the website of the Company - www.pplpack.com. These documents will be made available to the Members for inspection at the Registered Office of the Company upto the date of the ensuing Annual General Meeting.

The Company's Policy for Determining Material Subsidiaries may be accessed on the Company's website at the link http://www.pplpack.com/assets/hppl_policy_for_determining_materiality.pdf

AUDITORS AND AUDITORS' REPORT:

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

The approval of members is being sought for ratification of appointment of SRBC as Statutory Auditors of the Company to examine & audit the accounts of the Company for the Financial Year 2016.

The Auditors' Report to the Members on the Accounts of the Company for the year ended 31st December, 2015 does not contain any qualification, reservation or adverse remark.

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:

Your Company complies with all mandatory requirements as stipulated under Regulation 34 (3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Report on Corporate Governance along with the Auditors' Certificate on its compliance forms part of this Report and is annexed hereto. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the Board members and Senior Management Personnel also forms part of this Report.

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis, also forms part of this Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL:

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

Mr. Arunkumar Gandhi, Mr. Ramesh K. Dhir, Mr. S. K. Palekar and Mr. Nripjit Singh Chawla, were re-appointed as Non-Executive Independent Directors for a period of two years w.e.f. 31st March, 2015.

DIRECTORS' REPORT (contd.)

Ms. Sukanya Kripalu was appointed as Additional Director (Non- Executive Independent) on 17th March, 2015 and was re-appointed at the Annual General Meeting held on 7th May, 2015 for a period of two years w.e.f. 7th May, 2015.

Mr. P V Narayanan, Independent Director resigned from the Board w.e.f. 13th April, 2015. The Board places on record its appreciation for the guidance and support provided by Mr. Narayanan during his tenure as Director of the Company.

Mr. A. Venkatrangan who was appointed as Managing Director – Designate was re-designated as Managing Director w.e.f 10th June, 2015.

The Parent Company, Huhtavefa B V, has nominated Mr. Olli Koponen for the position of Director of the Company, in place of Mr. Shashank Sinha who resigned from the Board w.e.f. 4th November, 2015. Accordingly, the Board appointed Mr. Olli Koponen as an Additional Director on 17th December, 2015 to hold office upto the ensuing Annual General Meeting. The Company has received requisite notice from a member proposing the appointment of Mr. Olli Koponen as Director of the Company.

Brief resume of the Directors seeking appointment /re-appointment, as stipulated under Regulation 36 of the Listing Regulations are given in the section on Corporate Governance, which forms part of this Annual Report.

Mr. D V Iyer has been appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 6th August, 2015, consequent to his appointment, Mr. Rohan Naik, stepped down from position of Acting Company Secretary.

EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEE AND OF DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors has undertaken an evaluation of its own performance along with performance evaluation of Independent Directors, Executive Directors, Non-Executive Directors, Chairman, Committees of Board and Secretarial Department of the Company, based on various parameters such as: Board/ Committee structure and composition, Frequency of Board Meetings, monitoring effectiveness of companies governance practices, Execution & Performance of specific duties of the Board of Directors, review of compliance process on an ongoing basis, review of Board & its culture, review of boards competency, experience, contribution, etc.

The feedback received from the Directors was discussed and reviewed by the Independent Directors at their separate meeting and performance of non-independent directors, performance of the Board as a whole and performance of the Chairman of the Company was evaluated.

The policy of the Company on directors' appointment and remuneration including 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, adopted by the Board is appended as Annexure 3 to the Directors' Report. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company organises visits to its/subsidiary company's plants to familiarise the Independent Directors with the Company's business, production process, operations & products of the Company. Presentations are made at the Board/Committees and separate meetings of the Board on Company's strategy, business plan, operations, Company's performance, markets, products, finance, budget & control process, risk management framework, global business environment and other relevant areas by the respective Business Heads of the Company/subsidiaries.

The details about the Company's Familiarisation Programme is uploaded on the Company's website and is accessible at the web link: http://www.pplpack.com/assets/hppl_policy_for_familiarisation_programme.pdf .

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Listing Regulations.

MEETINGS OF THE BOARD:

During the year, fourteen meetings of the Board were held, the details of which are given in the report on Corporate Governance.

DIRECTORS' REPORT (contd.)

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134 of the Companies Act 2013, your Directors state that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with no material departures;

b. appropriate accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2015 and of the profit/loss of the Company for the year ended on that date;

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

d. annual accounts have been prepared on a going concern basis;

e. 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. proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

COST AUDITORS:

The Board has appointed M/s. R. Nanabhoy & Co., Cost Accountants as the Cost Auditors of the Company to conduct the Cost Audit for the Financial year 2015. Members approval is being sought for ratification of their remuneration as Cost Auditors of the Company for the Financial Year 2016.

SECRETARIAL AUDITOR:

The Board has appointed M/s. S.N. Ananthasubramanian & Co, Practicing Company Secretaries, to conduct Secretarial Audit for the Financial year 2015. Their Secretarial Audit Report in prescribed format is annexed to this Report as Annexure 4. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

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

PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

During the year, the Company had entered into material related party transaction with Huhtalux S.à r.l, in terms of Regulation 23 of the Listing Regulations, whereby the Company allotted 3850, Non-Convertible Debentures (NCD's) of face value ₹10,00,000/- each, at face value aggregating to ₹385,00,00,000 (Rupees Three Hundred Eighty Five Crores). The said transaction was approved by the shareholders at the Extra-Ordinary General Meeting held on 29th December, 2014, by way of a Special resolution, and the related parties abstained from voting. All transactions with related parties were in the ordinary course of business and satisfied the test of arm's length. The Company's Policy on Related Party Transactions can be accessed on the Company's website at the link http://www.pplpack.com/assets/hppl_policy_relpartytrans.pdf The details of related party transactions are set out in the prescribed Form AOC-2, appended as Annexure 6 to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Particulars of loans, guarantees given, securities provided and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to the standalone financial statements.

DIRECTORS' REPORT (contd.)

CORPORATE SOCIAL RESPONSIBILITY:

Your Company is committed to Corporate Social Responsibility (CSR) and srongly believes that the business objectives of the Company must be in congruence with the legitimate development needs of the society in which it operates. 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. The details relating to the CSR Committee are described in the Corporate Governance Report forming part of Annual Report.

The CSR Policy of the Company may be accessed on the Company's website at the link http://www.pplpack.com/assets/hppl_policy_csr.pdf The report on CSR is provided at Annexure 7 to the Directors' Report.

EXTRACT OF ANNUAL RETURN:

Extract of Annual Return of the Company in prescribed format is annexed herewith as Annexure 8 to this Report.

RISK MANAGEMENT & INTERNAL FINANCIAL CONTROLS:

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures which is periodically reviewed to ensure that risk is controlled by the Executive Management.

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.

WHISTLE BLOWER POLICY:

The Company has in place a Whistle Blower Policy with a view to provide a mechanism for its directors/employees to approach the Chairman of the Audit Committee, in case of any grievances or concern. The Whistle Blower Policy can be accessed on the Company's website http://www.pplpack.com/assets/hppl_policy_whistleblower.pdf

PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE:

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has adopted a policy for prevention of sexual harassment at work place and has constituted an Internal Complaints Committee. During the year, the Company has not received any complaints on sexual harassment under the said Act.

HUMAN RESOURCES (HR):

The Company's HR policies and procedures are designed to recruit and retain the best talent to support the operations of your Company and to align the interests of all employees with the long term organisational goals.

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 Managing Director nor the Whole-time Directors of the Company receive any 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.
- There have been no instances of fraud reported by Statutory Auditors under Section 143 of Companies Act, 2013 and rules framed thereunder either to the Company or to the Central Government.

DIRECTORS' REPORT (contd.)

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 finally to all its members 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 competence, dedication and contribution towards the operations of the Company.

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

Suresh Gupta
Chairman
(DIN No.: 00235354)

Place : Mumbai
Date: 22nd March, 2016

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - 1

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Webtech Labels Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st January 2015 to 31st December 2015
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share Capital	204,080
5.	Reserves & Surplus	489,078,700
6.	Total Assets	789,413,173
7.	Total Liabilities	300,130,393
8.	Investments	2,500
9.	Turnover	940,445,206
10.	Profit before Taxation	55,541,245
11.	Provision for Taxation	18,870,225
12.	Profit after Taxation	36,671,020
13.	Proposed Dividend	NIL
14.	% of shareholding	51%

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Positive Packaging Industries Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period (Refer Note below)	1st April 2014 to 31st March 2015
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share Capital	44,83,35,620
5.	Reserves & surplus	2,99,70,12,359
6.	Total Assets	6,30,36,09,586
7.	Total Liabilities	2,85,82,61,608
8.	Investments	NIL
9.	Turnover	8,26,43,64,691
10.	Profit before Taxation	43,24,08,254
11.	Provision for Taxation	18,86,53,881
12.	Profit after Taxation	24,37,54,373
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

ANNEXURE TO DIRECTORS' REPORT (contd.)

Notes:

1. The Reporting period for Positive Packaging Industries Limited is April to March. Huhtamaki PPL Limited has acquired Positive Packaging Industries Limited w.e.f. close of business hours of 30 January 2015, accordingly figures of the subsidiary from 31 January 2015 to 31 December 2015 have been consolidated with Huhtamaki PPL Limited for the purpose of Consolidated Accounts. Hence, in the table above, we have disclosed the Share Capital, Reserves and Surplus, Assets and Liabilities as at 31 December 2015 and Profit and Loss and Turnover figures for the period 31 January 2015 to 31 December 2015 in respect of Positive Packaging Industries Limited.
2. Names of subsidiaries which are yet to commence operations

   None
3. Names of subsidiaries which have been liquidated or sold during the year.

   None

Part "B": Associates and Joint Ventures – Not Applicable

For and on behalf of Board of Directors

Suresh Gupta Chairman (DIN No.:00235354)	**A. Venkatrangan** Managing Director (DIN No.: 05294659)	**S. K. Palekar** Director (DIN No.: 01723670)
Parag Vyavahare Chief Financial Officer	**D. V. Iyer** Company Secretary & Head- Legal	

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-structured energy management system in place. Regular efforts are made to optimize process parameters, modernize Plant & Machinery and upgrade Technology and Equipment.

Some of the key initiatives for conserving energy during 2015 were:

- LED base lights used for office and factory.
- Switch over to AC drive from DC drive in phased manner.
- Installation of interlock with blowers to eliminate continues use.
- Efforts to ensure power factor to unity in all plants.
- Old Scroll Chiller has been replaced with Screw Chiller.
- Reduction in furnace oil consumption by optimizing heat utilization.

B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Your company has always been knowledge based company and strived to develop new products in view of market and social needs. The Research & Development Centre of the company located at Thane is recognized by the Department of Scientific and Industrial Research, Government of India. The centre carries out various R&D activities to enhance the knowledge base, absorb new relevant technology, assess application of new raw materials. These are the building blocks of our New Product Development Philosophy – NASP (New Applications, Structures, Products / Processes). And thus, maintaining technology leadership through new product innovation and providing smarter technological solutions to the market. Sustainability and convenience are the leading concerns in modern day packaging. Your company is continuously working to reduce material usage to make it more sustainable. New convenient pouch designs with twin chambers, effective and attractive shapes, thermoformed container, labels and sleeves with enhanced graphics and applications are being offered to the market to improve convenience. Your company considers human safety at work and protection to environment of supreme importance and as an organisation we have been practicing the same in spirit. All our locations have achieved necessary certification. The Company was recognized for its innovative efforts by packaging organizations and awarded 11 awards for the year.

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

a.	Capital	₹ 2 lacs
b.	Recurring	₹ 84 lacs
	Total	₹ 86 lacs

C. FOREIGN EXCHANGE EARNINGS & OUTGO

a. Foreign exchange earnings from exports of the Company's products & services amounted to ₹ 21,304 lacs.

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 ₹19,735 lacs.

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

Suresh Gupta
Chairman
(DIN No.: 00235354)

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 3

NOMINATION AND REMUNERATION POLICY OF HUHTAMAKI PPL LIMITED

1. PREAMBLE:

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

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

2. OBJECTIVE:

The Policy aims to enable the Company to attract, retain and motivate high quality members for the Board and executives by providing a well-balanced and performance-related compensation package, taking into account all stakeholders' interests, risks & opportunities, industry practices and relevant corporate regulations. The Policy shall be read along with Section 178 of the Companies Act, 2013, the applicable rules thereto and Clause 49 of the Listing Agreement.

3. CRITERIA FOR IDENTIFICATION OF THE BOARD MEMBERS AND APPOINTMENTS OF SENIOR MANAGEMENT:

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

b. An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise responsibilities in a bona-fide manner in the best interests of the company; devote sufficient time and attention to professional obligations for informed and balanced decision-making; and assist the company in implementing the best corporate governance practices. An Independent Director should meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement 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 authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of the Companies Act, 2013.

II. POLICY FOR INDEPENDENT DIRECTORS -

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

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

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2015

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

To,
The Members,
Huhtamaki PPL Limited
(Formerly The Paper Products Limited)
CIN:-L21011MH1950FLC145537
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
C-38/39, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st December 2015,** 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 **31st December, 2015** according to the provisions of:

i. The Companies Act, 2013 ('the Act') and The Companies Act,1956 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. The 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;

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

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

   b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;(upto 14th May, 2015)

   c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;(effective from 15th May, 2015)

   d. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   e. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 /Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) **(Not applicable as the Company has not issued any shares /options to Directors/ employees under the said guidelines / Regulations during the period under review).**

   f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   g. 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 there was no reportable event;**

   h. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-**Not applicable as there was no reportable event;**

   i. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not applicable as there was no reportable event;**

ANNEXURE TO DIRECTORS' REPORT (contd.)

vi. The Company has identified the following laws as specifically applicable to the Company:

1. The Petroleum Act,1934;
2. The Legal Metrology Act, 2009;
3. The Manufacture, Storage and Import of Hazardous Chemicals Rules,1989;
4. The Plastic Waste (Management & Handling) Rules, 2011;
5. The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000.

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

i. Secretarial Standards with respect to Board Meeting (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable w.e.f. 1st July, 2015;

ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made applicable w.e.f. 1st December, 2015;

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: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least Seven Days in advance. Wherever the meetings were called with short notice, consent of the Directors were obtained. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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 Chief Financial Officer, Acting Company Secretary, Company Secretary as the case may be and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the Company has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and 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 audit period, there are following specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc,

- The Company has acquired 100% shareholding of Positive Packaging Industries Limited w.e.f. 30th January 2015 subsequent to which it became a wholly owned subsidiary of the Company.
- Approval of the Board of Directors at their Meeting held on 14th September, 2015 to the Scheme of Arrangement with Webtech Labels Private Limited and Positive Packaging Industries Limited.

For **S. N. ANANTHASUBRAMANIAN & CO.,**
Company Secretaries
Firm Registration No. P1991MH040400

S. N. Ananthasubramanian
Partner
C.P No. 1774

Place : Thane
Date : 22nd March 2016

ANNEXURE TO DIRECTORS' REPORT (contd.)

To,
The Members,
Huhtamaki PPL Limited
(Formerly The Paper Products Limited)
CIN: L21011MH1950FLC145537
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
C-38/39, G - Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Our Secretarial Audit Report 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.

Auditors' Responsibility

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

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries
Firm Registration No. P1991MH040400

S.N. Ananthasubramanian
Partner
C.P No. 1774

Place : Thane
Date : 22nd March 2016

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 5

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 2015, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(₹ in lacs)

Sr. No	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for Financial Year (FY)	% increase in Remuneration in the Financial Year 2015	Ratio of remuneration of each Director to median
1	Mr. Suresh Gupta, Chairman	195.22	6.8%	52.8:1
2	Mr. A. Venkatrangan, Managing Director	243.82	17.0%	65.9:1
3	Mr. Arunkumar Gandhi, Independent Director	32.35	NA	8.7:1
4	Mr. Ramesh Kumar Dhir, Independent Director	16.65	NA	4.5:1
5	Mr. S. K. Palekar, Independent Director	19.20	NA	5.2:1
6	Mr. P. V. Narayanan, Independent Director (Resigned w.e.f. 13th April, 2015)	3.00	NA	0.8:1
7	Mr. Nripjit Singh Chawla, Independent Director	18.90	N.A.	5.1:1
8	Ms. Sukanya Kripalu, Independent Director (Appointed w.e.f. 17th March, 2015)	11.45	N.A.	3.1:1
9	Mr. Parag Vyavahare, Chief Financial Officer	88.15	28.0%	23.8:1
10	Mr. D. V. Iyer,* Company Secretary	18.39	NA	5.0:1

* Employed for part of the year

Note :

- The Managing Director and CFO of the Company are entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles them to receive shares at nil cost. The scheme detailed above is assessed, managed and administered by the ultimate holding company and the cost of shares issued is not charged to the Company. The charge taken by Huhtamaki Oyj in its accounts for the year ended 31st December 2015 for these shares is ₹ 58,88,657/-.
- Remuneration paid to Independent Directors consists only sitting fees and Commission for FY 2015 in accordance with Section 197 (ii) of the Companies Act, 2013.

1. The percentage increase in median remuneration of employees of the Company during the financial year was 18.4%;
2. The number of permanent employees on the rolls of Company as on December 31, 2015 were 1559;
3. Relationship between average increase in remuneration and Company performance.

   The alignment between the performance of the Company and employee remuneration is built into the design of the compensation and reward policies. The Company's compensation philosophy is based on the principle of Pay for Performance while maintaining internal equity and external parity. In the design of the Company's Performance Management System (PMS), the business goals set in the beginning of the year are cascaded from the Company's strategic objectives and further deployed to the individuals as Key Result Areas for the year. Post the completion of the annual appraisal process, the final performance grade is used as an input to compute the annual compensation revision as well as performance pays applicable to the individual. The salary increases are function of market competitiveness in the relevant sector, as well as the Company's overall business strategy and affordability.

ANNEXURE TO DIRECTORS' REPORT (contd.)

4. Comparison of remuneration of Key Managerial Personnel against the performance of the Company:

1	Aggregate Remuneration of Key Managerial Personnel in FY 2015 (₹ in Lacs)	545.58
2	Revenue (₹ in Lacs)	115,096.99
3	Remuneration of KMPs (as % of Revenue)	0.47%
4	Profit Before Tax (₹ in Lacs)	6,847.94
5	Remuneration of KMPs (as % of PBT)	7.97%

5. Comparison of remuneration of each Key Managerial Personnel against the performance of the Company:

Particulars	Suresh Gupta, Chairman	A. Venkatrangan, Managing Director	Parag Vyavahare, Chief Financial Officer	Dakshinamurthy Iyer,* Company Secretary
Remuneration (₹ in Lacs)	195.22	243.82	88.15	18.39
Revenue (₹ in Lacs)	115,096.99	115,096.99	115,096.99	115,096.99
Remuneration as % of revenue	0.17	0.21	0.08	0.02
Profit before Tax (₹ in Lacs)	6,847.94	6,847.94	6,847.94	6,847.94
Remuneration as % of Profit before Tax	2.85	3.56	1.29	0.27

* Employed for part of the year

6. Variation in the market Capitalization of the Company, Price earnings ratio as at closing date of current financial year and previous financial year -

Date	Closing Market Price per Share	Price Earnings Ratio (including extraordinary or exceptional items)	Price Earnings Ratio (excluding extraordinary or exceptional items)	Market Capitalization (in Crores)
31.12.2014	180.70	18.55	20.56	1313.90
31.12.2015	239.70	35.51	35.51	1742.91
% Change	33	91	73	32.65

7. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to rate at which Company came out with the last Public Offer:

   The Company's last public offer (Right Issue) was made in May 1993 at a price of ₹ 6/- per equity share of face value of ₹ 2/- per share (for ease of comparison face value of ₹ 10/- has been converted into face value of ₹ 2/- per share). The Closing share price of equity of Company at BSE Ltd as on 31st December, 2015 have grown 3895%, since last public offer as mentioned.

8. Average percentage increase made in the salaries of employees other than managerial personnel in the financial year is 17.8%.

9. Key parameters for any variable component of the remuneration:

   a. Remuneration paid to Non-Executive Directors:

      The variable component of Non-Executive Directors' remuneration consists of commission. The distribution of commission among the Non-Executive Directors is recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board. The NRC will recommend to the Board the quantum of commission for each Director based on the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee meetings, role and responsibility as Chairman/member of the Board/Committee, individual contributions at the meetings and contributions made by Directors other than in meetings.

ANNEXURE TO DIRECTORS' REPORT (contd.)

b. Compensation to the Chairman, Managing Director & CFO:

The NRC evaluates the performance of the Chairman, Managing Director and CFO by setting their Key Performance Objectives at the beginning of the each financial year. The NRC recommends to the Board the compensation of the Chairman, Managing Director and CFO based on their performance during the year vis-a-vis the Key Performance Objectives. The NRC ensures that the overall compensation package is in accordance with applicable laws, in line with the Company's objective, shareholders' interests, industry standards and have an adequate balance between fixed and variable component.

10. No employee of the Company receives remuneration in excess of the highest paid director of the Company.

11. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

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

Suresh Gupta
Chairman
(DIN No.: 00235354)

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 6

Form AOC 2

Particulars of Contracts /Arrangements made with Related Parties

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

No contracts or arrangements or transactions were entered into by the Company with related parties during the year ended 31 December 2015, which were not at arm's length

Details of material contracts or arrangement or transactions at arm's length basis.

The details of material contracts or arrangement or transactions at arm's length basis for the year ended December 31, 2015 are as follows:

1. Name of the Related Party - Huhtalux S.a.r.l.
2. Nature of Relationship – Fellow Subsidiary
3. Nature of Contract/Arrangement/Transaction – Issue of Debentures
4. Duration of contract – 27 January 2015 to 27 January 2020
5. Salient Terms, including value – Unsecured Debentures amounting to ₹ 38,500 lacs, Interest payable @ 7% on half yearly basis. Principal to be repaid on maturity
6. Date of Approval of Audit Committee/Board/Shareholders: 29th November, 2014 (by Audit Committee & Board) and 29th December, 2014 (by Shareholders)
7. Amount paid as advances, if any: ₹ NIL

   Transactions having value of more than 10% of Consolidated Turnover have been identified as material.

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

Suresh Gupta
Chairman
(DIN No.: 00235354)

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 7

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2015

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 CSR policy of the Company covers the proposed CSR activities in line with Section 135 of the Companies Act, 2013 and Schedule VII thereto. The CSR Policy of the Company may be accessed on the Company's website at the link http://www.pplpack.com/assets/hppl_policy_csr.pdf .

2. **The Composition of the CSR Committee:**

   Mr. Suresh Gupta - Chairman

   Mr. S. K. Palekar - Member

   Mr. A. Venkatrangan - Member

3. **Average net profit of the Company for last three financial years:**

   Pursuant to Section 198 of Companies Act, 2013, the average net profits of the Company for last three years is ₹ 7244.05 Lacs. Accordingly, the Company was required to spend an amount of ₹ 144.89 Lacs towards CSR activities.

4. **Prescribed CSR Expenditure** (Two percent of amount as in Item no. 3):

   The Company is required to spend ₹ 144.89 Lacs towards CSR activity

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

   a. Total amount spent for financial year - ₹ 15.01 Lacs

   b. Total amount unspent if any – ₹ 129.88 Lacs

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

Sr. No	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to Prime Minister's National Relief Fund	Schedule VII (viii)	NA	NA	15.01 Lacs	NA	NA

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

   The Company spends considerable amount of money annually on various social responsibility activities, such as helping the community around factories, maintaining high levels of safety, hygiene and environment protection measures. However, the said items of expenditure do not qualify as CSR expenditure, since the same is not as per Schedule VII of the Companies Act 2013. The Company is in process of evaluating & realigning its CSR activities and is confident of meeting the objectives as mentioned in Section 135 of the Companies Act, 2013 in forthcoming years.

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

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

Suresh Gupta
Chairman
(DIN No.: 00235354)

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 8

FORM NO. MGT- 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST DECEMBER, 2014

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN:	L21011MH1950FLC145537
ii.	Registration Date [DDMMYY]	12/06/1950
iii.	Name of Company	Huhtamaki PPL Limited (Formerly The Paper Products Limited)
iv.	Category/ Sub Category of the Company	Company Limited by shares
v.	Address of Registered office and Contact details	Unit No. 12A-06, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39, "G" Block, Behind MCA, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Contact : 022– 6174 0400/ 26531310 Fax: 022– 61740401/26531310 Email Address : rohan.naik@pplpack.com Website: www.pplpack.com
vi.	Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	Yes
vii.	Name, Address Contact details of Registrar & Transfer Agents (RTA):-	Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, 2nd Floor Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Contact : 022– 6772 0300 / 6772 0351/2/3 Fax: 022 – 28591568 Email Address : sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:
(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture and Sale of Flexible Packaging Material	32909	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]

Sr.	Name of the company	CIN/GLN	Holding/ Subsidiary / ssociate
1	Huhtavefa B.V	NA	Holding
2	Webtech Labels Private Limited	U74120MH2012PTC234762	Subsidiary

ANNEXURE TO DIRECTORS' REPORT (contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-December-2013]				No. of Shares held at the end of the year [As on 31-December-2014]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual/ HUF	18,84,087	Nil	18,84,087	3.01	Nil	Nil	Nil	Nil	100
b. Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Govt(s.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any other	3,80,95,166	Nil	3,80,95,166	60.77	5,00,03,997	Nil	5,00,03,997	68.77	13.17
Total shareholding of Promoter (A)	3,99,79,253	Nil	3,99,79,253	63.78	5,00,03,997		5,00,03,997	68.77	13.17
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	37,01,440	2,125	37,03,565	5.91	38,13,140	2,125	38,15,265	5.25	(3.01)
b. Banks / FI	16,228	5,330	21,558	0.03	11,488	5,330	16,818	0.02	(21.99)
c. Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. State Govt(s.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Insurance Companies	2,27,745	Nil	2,27,745	0.36	Nil	Nil	Nil	Nil	Nil
g. FIIs	66,000	6,250	72,250	0.12	10,12,923	6,250	10,19,173	1.40	1.31
h. Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Others (specify.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	40,11,413	13,705	40,25,118	6.42	48,37,551	13,705	48,51,256	6.67	20.52
2. Non-Institutions									
a) Bodies Corporate									
i. Indian	30,04,193	26,310	30,30,503	4.83	29,45,443	26,310	29,71,753	4.09	(1.94)
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,08,23,402	10,80,053	1,19,03,455	18.99	1,02,64,344	8,80,498	1,11,44,842	15.33	(6.37)

ANNEXURE TO DIRECTORS' REPORT (contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-December-2013]				No. of Shares held at the end of the year [As on 31-December-2014]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	25,63,925	1,72,900	27,36,825	4.37	26,35,928	1,72,900	28,08,828	3.86	(2.63)
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	9,91,299	15,100	10,06,399	1.61	9,12,021	15,100	9,27,121	1.27	(7.87)
Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Nationals	637	Nil	637	0.00	637	Nil	637	0.00	0.00
Clearing Members	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	5,000	Nil	5,000	0.01	3,500	Nil	3,500	0.00	0.00
Foreign Bodies– D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	1,73,88,456	12,94,363	1,86,82,819	29.81	1,67,61,873	10,94,808	1,78,56,681	24.56	(4.42)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2,13,99,869	13,08,068	2,27,07,937	36.23	2,15,99,424	11,08,513	2,27,07,937	31.23	Nil
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	6,13,79,122	13,08,068	6,26,87,190	100	7,16,03,421	11,08,513	7,27,11,934	100	13.79

ii. Shareholding of Promoters:

Sr	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Kumkum Gupta	2,50,405	0.40	Nil	Nil	Nil	Nil	100%
2	Ratna Gupta	1,50,965	0.24	Nil	Nil	Nil	Nil	100%
3	Shivani Gupta	1,49,405	0.24	Nil	Nil	Nil	Nil	100%
4	Shivani Gupta	50,000	0.08	Nil	Nil	Nil	Nil	100%
5	Ratna Gupta	50,000	0.08	Nil	Nil	Nil	Nil	100%
6	Shivani Suresh Gupta	1,010	0.00	Nil	Nil	Nil	Nil	100%
7	Kumkum Gupta	625	0.00	Nil	Nil	Nil	Nil	100%
8	Ratna Gupta	385	0.00	Nil	Nil	Nil	Nil	100%
9	Suresh Gupta	9,79,445	1.56	Nil	Nil	Nil	Nil	100%
10	Suresh Gupta	2,51,847	0.40	Nil	Nil	Nil	Nil	100%
11	Huhtavefa B V	3,80,95,166	60.77	Nil	5,00,03,997	68.77	Nil	13.17%

ANNEXURE TO DIRECTORS' REPORT (contd.)

iii. 1) Change in Promoters Shareholding (please specify, if there is no change) – Indian Promoters:

Sr No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	18,84,087	3.01	Nil	Nil
2	Decrease due to Sale of Shares on 21.02.2014	18,84,087	3.01	Nil	Nil
3	At the end of the year	Nil	Nil	Nil	Nil

2) Change in Promoters Shareholding (please specify, if there is no change)– Foreign Promoters:

Sr	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	At the beginning of the year	3,80,95,166	60.77	–	–
2	Increase due to purchase of Shares on 21.02.2014	18,84,087	3.01	3,99,79,253	63.78
3	Increase due to Allotment of shares on 14.08.2014	1,00,24,744	13.79	5,00,03,997	68.77
4	At the end of the year	5,00,03,997	68.77	–	–

iv. Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HDFC Trustee Company Ltd– A/C HDFC Mid–CAPOPPORTUNITIES Fund	33,30,525	5.31	–	–	33,30,525	4.58
2	Dolly Khanna	9,70,137	1.55	-1,20,664	-0.19	8,49,473	1.17
3	SHREE CAPITAL SERVICES LIMITED	8,96,147	1.43	–	–	8,96,147	1.23
4	UTI-MID CAP FUND	3,66,700	0.58	–	–	3,66,700	0.50
5	Dr Sanjeev Arora	3,08,610	0.49	–	–	3,08,610	0.42
6	The New India Assurance Company Limited	2,27,745	0.36	-2,27,745	-0.36	–	–
7	Punit Khanna	2,15,733	0.34	-2,15,733	-0.34	–	–
8	RAJAN	2,04,960	0.33	–	0.00	2,04,960	0.28
9	Newa Investments Pvt Ltd	1,85,605	0.30	-1,85,605	-0.30	–	0.00
10	Amit Jain	1,80,000	0.29	-80,000	-0.13	1,00,000	0.14
11	Ravindar Prakash	1,72,900	0.28	–	0.00	1,72,900	0.24
12	Vidushi Agro Private Limited	90,000	0.14	-90,000	-0.14	–	0.00

ANNEXURE TO DIRECTORS' REPORT (contd.)

Sr	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
13	First State Investments (Hong Kong) Limited A/C First State Indian Subcontinent Fund	–	–	7,51,211	1.20	7,51,211	1.03
14	Deepak Bhagnani	–	–	4,04,275	0.64	4,04,275	0.56
15	Punit Khanna	–	–	2,36,733	0.38	2,36,733	0.33
16	Stewart & Mackertich Wealth Management Ltd.	–	–	–	–	–	–
17	Ragini Finance Limited	–	–	1,85,605	0.30	1,85,605	0.26

v. Shareholding of Directors and Key Managerial Personnel:

Sr	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. A Venkatrangan, Managing Director					
1	At the beginning of the year	5,000	0.006	Nil	Nil
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
3	At the end of the year	5,000	0.006	Nil	Nil

V. INDEBTEDNESS–Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	206,147,019	–	206,147,019
ii) Interest due but not paid	–		–	
iii) Interest accrued but not due	–		–	
Total (i+ii+iii)	–	206,147,019	–	206,147,019
Change in Indebtedness during the financial year				
* Addition	–		–	
* Reduction	–	14,040,907	–	14,040,907
Net Change	–	14,040,907	–	14,040,907
Indebtedness at the end of the financial year				
i) Principal Amount	–	192,106,112	–	192,106,112
ii) Interest due but not paid	–		–	
iii) Interest accrued but not due	–		–	
Total (i+ii+iii)	–	192,106,112	–	192,106,112

ANNEXURE TO DIRECTORS' REPORT (contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Suresh Gupta	A Venkatrangan	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,62,59,548	1,82,40,534	3,45,00,082
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961(including accruals)	10,46,088	20,67,123	31,13,211
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission - as % of profit - others, specify…	–	–	–
5	Others, please specify (PF)	9,65,159	5,37,388	15,02,547
	Total (A)	**1,82,70,795**	**2,08,45,045**	**3,91,15,840**
	Ceiling as per the Act	**3,95,30,014**	**3,95,30,014**	**7,90,60,028**

B. Remuneration to Other Directors:

Sr. No	Particulars of Remuneration	Name of Directors					Total Amount
		1	2	3	4	5	
1	Independent Directors	Arun Kumar Gandhi	Ramesh Dhir	P. V. Narayanan	S.K. Palekar	Nripjit Singh Chawla	
	Fee for attending board committee meetings	2,70,000	2,55,000	1,80,000	3,00,000	2,25,000	12,30,000
	Commission	27,00,000	11,50,000	10,00,000	15,50,000	14,00,000	78,00,000
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**29,70,000**	**14,05,000**	**11,80,000**	**18,50,000**	**16,25,000**	**90,30,000**
2	Other Non-Executive Directors	Jukka Moisio	Shashank Sinha	–	–	–	–
	Fee for attending board committee meetings	Nil	Nil	–	–	–	–
	Commission	Nil	Nil	–	–	–	–
	Others, please specify	Nil	Nil	–	–	–	–
	Total (2)	**Nil**	**Nil**	**–**	**–**	**–**	**–**
	Total (B)=(1+2)	**29,70,000**	**14,05,000**	**11,80,000**	**18,50,000**	**16,25,000**	**90,30,000**

ANNEXURE TO DIRECTORS' REPORT (contd.)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	NA	–	64,63,048	64,63,048
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	–	1,96,648	1,96,648
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	–	–	–
2	Stock Option	NA	–	–	–
3	Sweat Equity	NA	–	–	–
4	Commission	NA	–	–	–
	as % of profit	NA	–	–	–
	others, specify…	NA	–	–	–
5	Others, please specify- PF	NA	–	2,27,709	2,27,709
	Total	**NA**	**–**	**64,63,048**	**68,87,405**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st December, 2015.

BOARD OF DIRECTORS

The Board of Directors of the Company (hereinafter referred as the Board) currently comprises of a combination of 9 (Nine) Executive and Non-Executive Directors, 2 (Two) being Executive and 7 (Seven) are Non-Executive Directors, 5 (Five) of them being Independent. The Chairman of the Board is an Executive Director and more than half of the Board members are Independent. The composition of the Board is in line with requirement of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment 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 vests with the Board, while the Board Committees oversee operational issues. The Board meets at least once in a quarter to consider amongst other business, 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 the 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 2015/Tenure	No. of Board Meetings attended	Attendance at last AGM
1	Mr. Suresh Gupta, Chairman	Executive	14	14	Yes
2	Mr. A. Venkatrangan, Managing Director~	Executive	14	13	Yes
3	Mr. Jukka Moisio	Non-Executive	14	03	Yes
4	Mr. Shashank Sinha^	Non- Executive	12	04	Yes
5	Mr. Arunkumar Gandhi*	Non-Executive, Independent	14	14	Yes
6	Mr. P.V. Narayanan#	Non-Executive, Independent	02	02	No
7	Mr. Ramesh K. Dhir*	Non-Executive, Independent	14	14	Yes
8	Mr. S. K. Palekar*	Non-Executive, Independent	14	14	Yes
9	Mr. Nripjit Singh Chawla*	Non-Executive, Independent	14	11	Yes
10	Ms. Sukanya Kripalu $	Non-Executive, Independent	13	11	No
11	Mr. Olli Koponen%	Non-Executive	01	01	No

~Mr. A. Venkatrangan was re-designated as Managing Director w. e. f. 10th June, 2015

*Mr. Arunkumar Gandhi, Mr. Ramesh K. Dhir, Mr. S. K. Palekar and Mr. Nripjit Singh Chawla were appointed as Non-Executive Independent Directors of the Company for a period of two years w.e.f. 31st March, 2015.

#Mr. P.V. Narayanan ceased to be a Non-Executive, Independent Director of the Company w. e. f. 13th April, 2015 consequent to his resignation.

$Ms. Sukanya Kripalu was appointed as Additional Director (Non- Executive Independent) on 17th March, 2015 and was re-appointed at the Annual General Meeting held on 7th May, 2015 for period of two years w. e. f. 7th May, 2015.

^Mr. Shashank Sinha ceased to be Non-Executive Director w.e.f. 4th November, 2015 consequent to his resignation.

%Mr. Olli Koponen was appointed as Non-Executive Director w.e.f. 17th December, 2015.

CORPORATE GOVERNANCE (contd.)

During the year 2015, 14 (Fourteen) Board Meetings were held on 6th February 2015, 17th March 2015, 25th April 2015, 4th May 2015, 7th May 2015, 10th June 2015, 3rd July 2015, 6th August 2015, 13th August 2015, 31st August 2015, 14th September 2015, 6th November 2015, 19th November 2015 and 17th December 2015 with time gap not exceeding 4 months between two such meetings. The Annual General Meeting was held on 7th May 2015.

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

Name of the Director	As on 31st December, 2015			
	Other Directorship(s)[1]	Committee positions in other Companies (excluding HPPL)[2]		
		Member	Chairman	Total
Mr. Suresh Gupta	2	Nil	Nil	Nil
Mr. Jukka Moisio	Nil	Nil	Nil	Nil
Mr. Arunkumar Gandhi	3	1	1	2
Mr. P.V. Narayanan	Nil	Nil	Nil	Nil
Mr. Ramesh K. Dhir	Nil	Nil	Nil	Nil
Mr. S. K. Palekar	2	Nil	1	1
Mr. A. Venkatrangan	2	1	Nil	1
Mr. Nripjit Singh Chawla	Nil	Nil	Nil	Nil
Mr. Shashank Sinha	Nil	Nil	Nil	Nil
Ms. Sukanya Kripalu	3	2	Nil	2
Mr. Olli Koponen	Nil	Nil	Nil	Nil

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

[2]Committee includes only Audit Committee and Stakeholders Relationship Committee of public limited companies (excluding foreign companies and Section 8 companies) in terms of Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board.

Review of legal compliance reports:

The Board periodically reviews the reports placed by the management with respect to compliance of various laws applicable to the Company. The Internal Auditors also review compliance status and reports the same to the Audit Committee.

Relationship between Directors inter-se:

There are no inter-se relationships amongst the Directors.

COMMITTEES OF THE BOARD:

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

a. Audit Committee

i. The Audit Committee comprises of Two Non-Executive Independent Directors and One Executive Director, all of whom are financially literate and one of them possesses accounting and financial management expertise.

CORPORATE GOVERNANCE (contd.)

During the Year 2015, 6 (Six) Audit Committee meetings were held on 6th February, 2015, 17th March, 2015, 10th June, 2015, 13th August, 2015, 14th September, 2015 and 6th November, 2015. The time gap between two consecutive meetings of the Audit Committee was not more than four months.

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

Name of the Director	Qualification	Meetings attended / held during FY 2015
Mr. S. K. Palekar - Chairman	M.Sc. (Physics) and M.M.S (Marketing)	6/6
Mr. Arunkumar Gandhi	FCA (India) and FCA (England & Wales)	6/6
Mr. P. V. Narayanan *	Post Graduate in Chemistry	2/2
Mr. Suresh Gupta *	Masters in Management Studies (MMS)	4/4

* Due to resignation of Mr. P. V. Narayanan, Non-Executive, Independent Director w.e.f. 13th April, 2015, the Audit Committee was re-constituted and Mr. Suresh Gupta, Executive Chairman of the Company was appointed as member of the Audit Committee on 10th June, 2015.

ii. The terms of reference of the Audit Committee are in line with Regulation 18 read with Part C of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee include the following:

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of remuneration to statutory auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgement by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, Debenture issue etc.), the statement of funds utilized 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;

CORPORATE GOVERNANCE (contd.)

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as per the terms of reference of the audit committee.
- Reviewing MDA of financial condition and results of operations;

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 7th May, 2015 for addressing the shareholders queries.

The MD, CFO, the Statutory Auditors and the Internal Auditors are invited by the Committee to attend the Audit Committee meetings. Operating Managers are also invited to attend the meetings, as and when required.

The minutes of the Audit Committee meetings are placed before the Board. The Compliance Officer of the Company acts as Secretary to the Audit Committee.

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

b. Stakeholders Relationship Committee

The Committee comprises of Two Non-Executive Iindependant Directors. During the Year 2015, 3 (Three) Stakeholders Relationship Committee meetings were held on 6th February, 2015, 6th August, 2015 and 6th November, 2015 in which both the Directors were present.

The current composition of the Committee is given hereunder:

Name of the Director	Meetings attended / held during FY 2015
Mr. Ramesh K. Dhir - Chairman	3/3
Mr. S. K. Palekar - Member	3/3

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

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

Details of Investor complaints received during 2015:

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

*The two complaints are under adjudication with Securities Exchange Board of India.

CORPORATE GOVERNANCE (contd.)

c. Corporate Social Responsibility Committee

The Committee comprises of 3 (Three) members, the Chairman being an Executive Director of the Company.

Name	Meetings attended / held during FY 2015
Mr. Suresh Gupta - Chairman	2/2
Mr. S. K. Palekar - Member	2/2
Mr. A. Venkatrangan - Member	2/2

The Meetings of Corporate Social Responsibility Committee were held on 3rd July, 2015 and 17th December, 2015.

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR projects. The Company has adopted CSR policy and same is posted on website of the Company http://www.pplpack.com/assets/hppl_policy_csr.pdf.

d. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 (Three) Independent Directors. The current composition of the Committee and their attendance at the meeting(s) is given hereunder:

Name of the Director	Meetings attended / held during FY 2015
Mr. Arunkumar Gandhi, Chairman	8/8
Mr. Nripjit Singh Chawla, Member	8/8
Mr. Ramesh K. Dhir, Member	8/8

During the year Eight meetings of Nomination and Remuneration Committee were held on 6th February, 2015, 17th March, 2015, 10th June, 2015, 6th August, 2015, 13th August, 2015,14th September, 2015, 6th November, 2015 and 17th December, 2015.

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19 read with Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of Companies Act, 2013:

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

Performance Evaluation of Board, Committees and Individual Directors

The Board has adopted a formal mechanism for evaluating the performance of its Board, Committees & individual Directors, including the Chairman of the Board. Further a structured performance evaluation exercise was carried out based on criteria such as Board/ Committee Compositions, Structure & responsibilities thereof, effectiveness of Board process, participation and contribution by member, information & functioning; Board/ Committee culture & dynamics, degree of fulfillment of key responsibilities, etc.

The performance of Board, Committee thereof, Chairman, Executive & Non- Executive Directors and individual Directors is evaluated by the Board/ separate meetings of Independent Directors. The results of such evaluation are presented to the NRC and Board of Directors.

CORPORATE GOVERNANCE (contd.)

Remuneration to Executive Directors

The remuneration paid to Mr. Suresh Gupta, Chairman and Mr. A. Venkatrangan, Managing Director for the year 2015 is as under:

(Amt. in ₹)

Name of the Director	Salary	HRA	Perquisites	Commission	Total
Mr. Suresh Gupta	11,450,988	5,352,204	2,718,702	–	19,521,894
Mr. A. Venkatrangan	20,190,071	2,610,000	1,581,665	–	24,381,736

Notes:

1. Perquisites include Company's contribution to provident fund, medical and leave travel allowance etc. as well as monetary value of perquisites as per Income Tax Rules.
2. Salary includes incentive of ₹ 2,374,289/- paid to Mr. Suresh Gupta and ₹ 2,426,571/- paid to Mr. A.Venkatrangan under the Management Incentive Program based on Company Performance and achievement of specific targets.
3. The above does not include gratuity and leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available.
4. The Managing Director of the Company is entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles him to receive shares at nil cost. The scheme detailed above are assessed, managed and administered by the ultimate holding company and cost of shares issued is not charged to the Company. The charge taken by Huhtamaki Oyj in its accounts for the year ended 31st December, 2015 for these shares is ₹4,218,352/-.
5. The above remuneration of Mr. Suresh Gupta, Chairman of the Company does not include ₹ 19,433,381/- paid by Huhtamaki Finance BV, as Senior Advisor for the Huhtamaki Group.
6. Details of service contracts, notice period and severance fees of the Executive Directors:

Name of Director	Mr. Suresh Gupta	Mr. A. Venkatrangan
Date of Contract	6th July, 1999 (renewed and modified on 22nd June 2001, 24th June 2004, 27th April 2007, 3rd March 2010 & 4th May, 2012 and 13th November,2013) and 7th August, 2014 *	27th July, 2012, 7th May, 2013 7th October, 2014, 10th June, 2015**
Term of Contract	Three Years w.e.f. 1st January, 2014	Three Years w.e.f. 7th October, 2014
Notice Period	90 days	90 days
Severance Fees	i. Salary and other emoluments for a period of 90 days in lieu of notice. and ii. Base salary for a period equal to one month's base salary for every year of completed service.	Salary and other emoluments for a period of 90 days in lieu of notice.

* Mr. Suresh Gupta was re-designated as Chairman of the Company w.e.f. 7th August, 2014.

** Mr. A. Venkatrangan was re-designated as Managing Director of the Company w.e.f 10th June, 2015.

CORPORATE GOVERNANCE (contd.)

Remuneration to Non Executive Directors

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

Details of Sitting Fees paid to the Directors during the year 2015 are as follows:

(Amount in ₹.)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr. Arunkumar Gandhi	470,000	365,000	835,000
Mr. P. V. Narayanan	50,000	50,000	100,000
Mr. Ramesh K. Dhir	470,000	195,000	665,000
Mr. S. K. Palekar	470,000	250,000	720,000
Mr. Nripjit Singh Chawla	365,000	175,000	540,000
Ms. Sukanya Kripalu	385,000	10,000	395,000
Total	**2,210,000**	**1,045,000**	**3,255,000**

The Commission paid to the Non–Executive Independent Directors for the year 2015 is as follows:

Names of the Directors	Amount in ₹
Mr. Arunkumar Gandhi	2,400,000
Mr. S. K. Palekar	1,200,000
Mr. P.V. Narayan	200,000
Mr. Ramesh K. Dhir	1,000,000
Mr. Nripjit Singh Chawla	1,350,000
Ms. Sukanya Kripalu	750,000
Total	**6,900,000**

Commission payable to each of the Independent Directors as authorized by the Members at 62nd Annual General Meeting held on 4th May, 2012, is determined and approved by the Board based on the number of meetings attended, their roles and responsibilities as Chairman/Member of the Board Committee and contribution thereof. The total amount of commission to Non-Executive Independent Directors is within the limit of 1% of the net profits of the company for the year, calculated as per the provisions of the Companies Act, 2013.

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

d. Share Transfer Committee

The Board of Directors has delegated the powers to approve the transfer of shares to a Share Transfer Committee. The Committee comprises of Mr. Suresh Gupta, Chairman and Mr. A. Venkatrangan, Managing Director.

The meetings of the Share Transfer Committee were held on 12th February, 2015, 3rd March, 2015, 10th March, 2015, 18th March, 2015, 20th March, 2015, 15th April, 2015, 20th April, 2015, 21st May, 2015, 17th June, 2015, 6th July, 2015, 28th July, 2015, 2nd September, 2015, 11th September, 2015, 18th September, 2015, 29th September, 2015, 2nd November, 2015, 18th November, 2015, 25th November, 2015, 15th December, 2015, 17th December, 2015, 23rd December, 2015 and 30th December, 2015.

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

CORPORATE GOVERNANCE (contd.)

Share Transfer System

Documents for transfer of shares in physical form can be lodged with Sharepro Services (India) Pvt. Ltd., the R&T Agents of the Company. The Board of Directors has delegated the powers to approve the transfer of shares to Share Transfer Committee. The Committee attends to share transfer formalities at least once in fortnight.

Independent Directors

Meeting of Independent Directors

2 (Two) meetings of Independent Directors as required under Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were held on 5th November, 2015 and 16th December, 2015. The attendance of the Independent Director for the said meeting was as follows:

Name of the Director	Meetings attended / held during FY 2015
Mr. S. K. Palekar, Chairman	2/2
Mr. Arunkumar Gandhi, Member	2/2
Mr. Nripjit Singh Chawla, Member	2/2
Mr. Ramesh K. Dhir, Member	2/2
Ms. Sukanya Kripalu, Member	1/2

Familiarisation programme for Independent Directors

The Company had conducted Plant visit of Independent Directors at its Plant located at Thane and at plant of its Wholly-Owned Subsidiary, Positive Packaging Industries Limited at Khopoli, to familiarize them on manufacturing process carried out by the Company. The details of familiarisation programme has been posted on website http://www.pplpack.com/assets/hppl_policy_for_familiarisation_programme.pdf

MANAGEMENT

Disclosures by Management

The particulars of transactions between the Company and its related parties as per the Accounting Standard are set out in Note 38 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interest.

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

CEO / CFO Certification

Mr. A. Venkatrangan, Managing Director & Mr. Parag Vyavahare, Chief Financial Officer, have issued necessary certification to the Board in terms of Schedule II Part B of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was taken on record by the Board at its meeting held on 16th February, 2016. A copy of this certificate is provided as Annexure A to this report.

Code of Conduct

As required under, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 http://www.pplpack.com/assets/hppl-code-of-conduct.pdf. The Company has received affirmation of compliance from Directors & Senior Managerial Personnel of the Company for the financial year ended 31st December, 2015. A declaration to this effect signed by the Managing Director of the Company is provided as Annexure B to this report.

DISCLOSURES

Disclosures regarding appointment or re-appointment of Directors

A. 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.

CORPORATE GOVERNANCE (contd.)

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

Mr. Olli Koponen who was appointed as Additional Director w.e.f. 17th December, 2015 has offered himself for re-appointment at ensuing Annual General Meeting. The Company has received notice from a Shareholder proposing his candidature for the said re-appointment.

B. The brief resume of the above-mentioned Director is as under:

Mr. Jukka Moisio holds a Masters Degree in Science (Economics) and also has a Masters in Business Administration (MBA). He has worked with Ahlstrom Corp (1991-2008) before joining Huhtamaki Oyj in the year 2008. Currently, he holds the position of CEO and Chairman of Group Executive Team of Huhtamaki Oyj. He has been nominated as Director by Huhtavefa B.V. on HPPL Board w.e.f. 23rd April 2008.

Mr. Olli Koponen holds a Masters Degree in Engineering Automation and Information Technology. He has worked previously with Systecon Oy before joining Huhtamaki Oyj in the year 1990 and presently holds the position of Executive Vice President, Flexible Packaging. Based on the nomination received from Huhtavefa B V, he has been appointed as Additional Director on the Board of the Company w.e.f. 17th December, 2015.

Means of Communication

The Company has always promptly reported to all the Stock Exchanges where the securities of the Company are listed, all the 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" and "Sakal". The said results are also made available on the Company's website: www.pplpack.com. 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 individual shareholders.

Disclosures of materially significant related party transactions

Transactions with related parties, as per requirements of Accounting Standard 18 are disclosed in notes to accounts annexed to the financial statement of Annual Report of the Company for year 2015. The Company has adopted policy on Related Party Transactions. The same is posted on website of the Company at http://www.pplpack.com/assets/hppl_policy_relpartytrans.pdf

Insider Trading Regulations

The Company has notified and adopted the HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information made pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer is responsible with compliance under these Regulations. The said HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company http://www.pplpack.com/assets/hppl_policy_insidertrading.pdf

Details of capital market related non-compliance, if any

The Company has paid a penalty of ₹ 5,78,007/- levied by BSE Ltd and National Stock Exchange of India Limited for non-Compliance of the erstwhile Clause 41 of the Listing Agreement, with respect to delay in filing of Unaudited quarterly financial results for quarter ended 31st March, 2015. This was due to delay in finalization of consolidated results of the Company due to migration issues in ERP Systems undertaken by Positive Packaging Industries Limited, wholly owned subsidiary, acquired by the Company on 30th January, 2015. The Company had submitted the Consolidated results on 10th June, 2015. Other than the aforesaid non-compliance, there has been no non-compliance by the Company of any legal requirements during the last three years; nor has there been any penalty, strictures imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets pertaining to this period.

CORPORATE GOVERNANCE (contd.)

Risk Management

The Company has in place a mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by the Executive Management.

Whistle Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle Blower Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers. The same has been posted on the Company's website http://www.pplpack.com/assets/hppl_policy_whistleblower.pdf. The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/ unethical behaviour. No personnel have been denied access to the Audit Committee to seek redressal of his/her grievances.

Material Subsidiary Policy

The Company has adopted Policy for Determination of Material Subsidiary and the same has been posted on the Company's website http://www.pplpack.com/assets/hppl_policy_material_subs.pdf. As on date, Company has one Material Subsidiary i.e Positive Packaging Industries Limited. The Company has complied with the requirements mentioned in Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

ANNUAL GENERAL MEETINGS

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

Year	Date	Time	Location	Special Resolutions passed
2012	07.05.2013	4.00 PM	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	Consent of the Company for holding office or place of profit by, Mr. A. Venkatrangan, under Section 314(1)(a) and payment of remuneration and perquisites
2013	07.05.2014	4.00 PM	Manik Sabhagriha, Vishwakarma, M.D. Lotlikar Vidya Sankul, Opp Lilavati Hospital, Bandra Reclamation, Mumbai - 400050	For change of name of Company from "The Paper Products Limited" to "Huhtamaki PPL Ltd."
2014	07.05.2015	4.00 PM	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	Nil

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

CORPORATE GOVERNANCE (contd.)

B. EXTRA-ORDINARY GENERAL MEETING - NIL

C. POSTAL BALLOT – The Company had by Postal ballot sought approval of shareholders by ordinary resolution, for re-appointment of Non-Executive Independent Directors namely Mr. Arunkumar Gandhi, Mr. Ramesh K. Dhir, Mr. S. K. Palekar, Mr. P. V. Narayanan and Mr. Nripjit Singh Chawla for period of two years w.e.f 31st March, 2015. The same were duly approved. The Company had appointed Mr. S. N. Ananthasubramanian of S.N. ANANTHASUBRAMANIAN & Co., Practising Company Secretaries, as Scrutinizer for conducting this Postal Ballot.

GENERAL SHAREHOLDER INFORMATION

Details of ensuing Annual General Meeting

Day & Date	Time	Venue
10th May, 2016	4.00 PM	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020

Financial Calendar:

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

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

Quarter ending	Date of Board Meetings
March, 2016	10th May, 2016 (Tuesday)
June, 2016	9th August, 2016 (Tuesday)
September, 2016	8th November, 2016 (Tuesday)
December, 2016	Second week of February, 2017

Book Closure Date

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Friday, 29th April, 2016 to Tuesday, 10th May, 2016 (both days inclusive).

Dividend Payment Date

Dividend at the rate of ₹ 2.80 per share has been recommended by the Board and is subject to the approval of shareholders at the ensuing AGM, the same will be paid on or before 15th May, 2016:

a. 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 28th April, 2016; and

b. To 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 28th April, 2016

Dividend History of the Company

Year	AGM Date	Dividend ₹ /(%)
2012	07.05.2013	₹ 2.60/- (130%)
2013	07.05.2014	₹ 2.80/- (140%).
2014	07.05.2015	₹ 2.80/- (140%).

CORPORATE GOVERNANCE (contd.)

Listing of Shares on Stock Exchanges

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

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

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

Annual Listing fees for 12 months ended 31st March, 2016 have been paid to BSE and NSE.

Company Identification Number (CIN)

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V Part E of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Auditor's Certificate regarding the compliance of provisions of the Corporate Governance norms is attached with this report.

STOCK DATA

The table herein below gives the monthly high and low prices and volume of the Company's shares traded at the BSE and NSE during the period from January 2015 to December 2015:

Month & Year	BSE			NSE		
	High (₹/share)	Low (₹/share)	Volume (No. of Shares)	High (₹/share)	Low (₹/share)	Volume (No. of Shares)
Jan-15	217.00	175.10	2,84,889	216.60	175.00	12,00,357
Feb-15	227.90	200.00	2,53,987	230.00	200.00	10,54,347
Mar-15	238.20	212.20	1,78,051	239.00	212.00	7,83,451
Apr-15	259.60	213.90	1,56,051	259.90	210.30	6,41,385
May-15	243.00	220.00	48,899	243.80	219.75	3,59,440
Jun-15	250.40	213.10	83,376	251.00	213.10	5,67,910
Jul-15	334.00	235.30	7,54,314	331.95	235.15	24,67,392
Aug-15	318.70	222.10	1,62,019	318.95	240.10	7,40,336
Sep-15	293.90	250.00	97,869	287.95	251.25	3,99,890
Oct-15	294.00	267.00	88,448	292.80	266.60	2,55,580
Nov-15	274.00	236.00	72,415	277.40	236.20	2,45,656
Dec-15	253.00	227.00	1,05,521	254.20	226.30	5,33,053

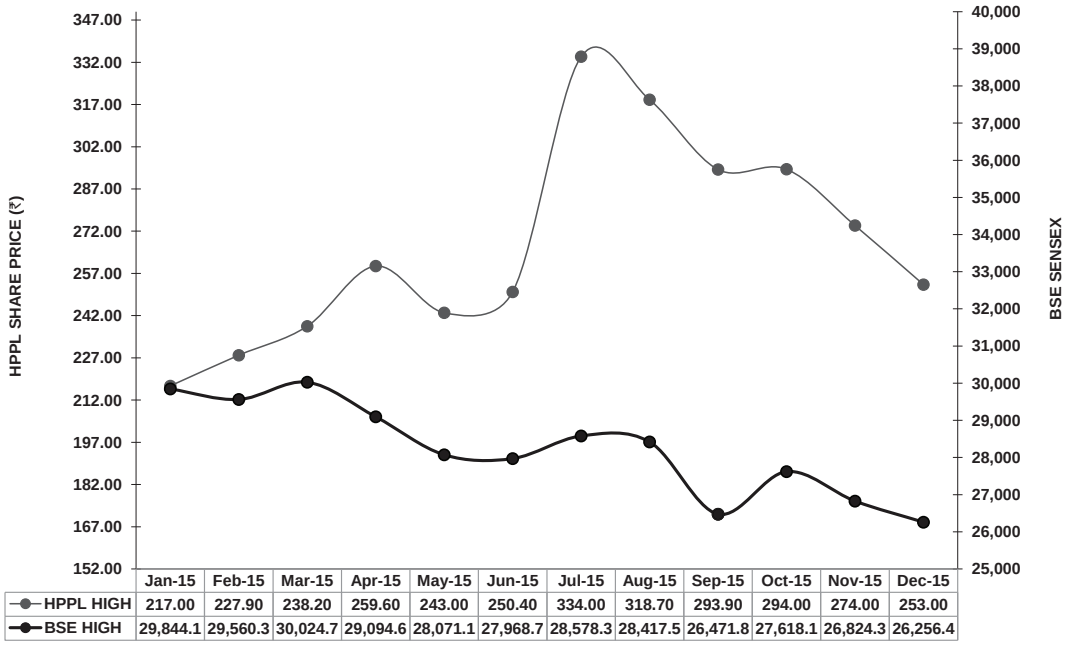
Note:

1. 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.)

COMPANY SHARE PRICE AND BSE SENSEX - HIGH



DISTRIBUTION OF SHAREHOLDINGS

Following is the distribution pattern of shareholding of the Company as on 31st December, 2015:

Distribution of shareholding by ownership:

Sr. No	Category	No. of Shareholders	No. of Shares	% of Total Holding
1.	Indian Promotors	–	–	–
2.	Foreign Promoters – Huhtavefa B.V.	1	50,003,997	68.77
3.	Foreign Institutional Investors	22	367224	0.51
4.	NRI's & OCB's	286	550,338	0.76
5.	Bodies Corporate	462	3,191,775	4.39
6.	Banks/Financial Institutions	5	17,752	0.02
7.	Insurance Companies	–	–	–
8.	Mutual Funds	7	43,52,586	5.99
9.	Resident Individuals	14,000	14,227,462	19.56
10	Trust	1	800	0.00
Total		**14,784**	**72,711,934**	**100.00**

Distribution of shareholding by number of shares held:

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Up to – 500	11,146	75.39	1,598,066	2.20
501 – 1000	1,497	10.13	1,221,600	1.68
1001 – 2000	937	6.34	1,416,089	1.95
2001 – 3000	364	2.46	9,25,333	1.27
3001 – 4000	180	1.22	6,43,000	0.88
4001 – 5000	149	1.01	700,353	0.96
5001 - 10000	281	1.90	2,114,462	2.91
10001 and above	230	1.55	64,093,031	88.15
Total	**14,784**	**100.00**	**72,711,934**	**100.00**

CORPORATE GOVERNANCE (contd.)

Following is the List of Top Ten Shareholders (other than Promoters) of the Company as on 31st December, 2015:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPORTUNITIES FUND	38,80,725	5.34
2	SHREE CAPITAL SERVICES LIMITED	9,48,947	1.31
3	DEEPAK BHAGNANI	8,55,401	1.18
4	DOLLY KHANNA	6,87,890	0.95
5	DEEPAK BHAGNANI	5,11,588	0.70
6	UTI-MID CAP FUND	3,55,571	0.49
7	TASHA ENTERPRISES LLP	2,37,923	0.33
8	PUNIT KHANNA	2,36,733	0.33
9	RAJAN KUMAR	2,04,960	0.28
10	RAGINI FINANCE LIMITED	1,85,605	0.26
	Total	**81,05,343**	**11.17**

PLEDGE OF SHARES

No pledge has been created over the Equity Shares held by the Promoters and/or Promoter Group Shareholders as on 31st December, 2015.

DEMATERIALISATION OF SHARES

At present, 98.55% of the Company's shares including all the shares held by the Promoters are held in electronic form and the Company's shares can only be traded in compulsory demat segment in the stock exchanges where it is listed.

The table herein below gives the break up of shares in physical and demat form as at 31st December, 2015:

Mode of Holding	Number of Shareholders	Number of shares	Percentage
Physical	1,400	10,57,483	1.45
Dematerialised	13,384	7,16,54,451	98.55
Total	**14,784**	**72,7,11,934**	**100.00**

OUTSTANDING GDRS/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

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

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

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

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 minimize the risk of fraudulent encashment.

ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

All correspondence may please be addressed to the Registrar and Transfer Agent, SHAREPRO SERVICES (INDIA) PRIVATE LIMITED at the address given below.

In case any shareholder is not satisfied with the response or do not get any response within reasonable period from the

CORPORATE GOVERNANCE (contd.)

Registrar and Transfer Agent, they may approach the Compliance Officer at the Registered Office of the Company or email their queries/ grievances to investor.communication@pplpack.com.

Registered Office:
Registered & Corporate Office:

Huhtamaki PPL Ltd.
Unit No.12A-06, 13th Floor
Parinee Crescenzo
Nos. C-38 & C-39,
G Block, Behind MCA,
Bandra Kurla Complex,
Bandra (East)
Mumbai - 400 051
Tel: +91 22 6174 0400
Fax: +91 22 6174 0400
Website: www.pplpack.com
Email:investor.communication@pplpack.com

Registrar and Transfer Agent (RTA)
(For Shares and Non-Convertible Debentures)

Sharepro Services (India) Pvt. Ltd.
Sakinaka Telephone Exchange Lane
Off Andheri- Kurla Road
Sakinaka, Andheri East
Mumbai - 400 072
Tel: + 91 22 6772 0300 / 6772 0351/2/3
Fax: + 91 22 2837 5646
Website: www.shareproservices.com
Email: sharepro@shareproservices.com

COMPLIANCE OFFICER

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

LOCATIONS

Registered & Corporate Office:	Unit No.12A-06, 13th Floor, Parinee Crescenzo, and Plot Nos C-38 & C-39 G Block, Behind MCA, Bandra Kurla Complex, Bandra (East) Mumbai -400051
Central Headquarters:	L.B.S. Marg, Majiwade, Thane (Maharashtra) – 400601
Plants:	
Thane	L.B.S. Marg, Majiwade, Thane (Maharashtra) – 400601
Silvassa	Survey No. 33/1, At Post Umerkoi, Via Silvassa, U. T. of Dadra & Nagar Haveli – 396230
Hyderabad	Plot No.139 & 148, Sri Venkateshwara Co-op. Industrial Estate, Bollarum, Medak District (Telangana) - 502325
Rudrapur	Plot No. 70-73, Sector 4, IIE Pantnagar, Rudrapur, Udhamsingh Nagar (Uttarakhand) - 263153
Gava Unit	Khasra No 43/1/1, Village - Rampura Tehsil Kichha, Gava Rice Mill Compound, Dist. Udham Singh Nagar, Rudrapur - 263153., Uttarakhand, India Tel: +91 05944 250183/84 Fax: + 91 05944250186

CORPORATE GOVERNANCE (contd.)

Annexure A

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

16th February, 2016

To
The Board of Directors
Huhtamaki PPL Ltd.

We hereby certify that in the preparation of the accounts for the year ended December 31, 2015:

a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

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

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

b. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposes to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

   a. That there are no significant changes in internal controls over financial reporting during the year;

   b. That there are no significant changes in accounting policies during the year; and

   c. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Parag Vyavahare
Chief Financial Officer

A. Venkatrangan
Managing Director
(DIN: 05294659)

Annexure B

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

The Members of
Huhtamaki PPL Ltd.

DECLARATION

As required under Regulation 17 read with Schedule V (D) of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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, 2015.

For Huhtamaki PPL Ltd.

A.Venkatrangan
Managing Director
(DIN: 05294659)

Place : Mumbai
Date : 22nd March, 2016

CORPORATE GOVERNANCE (contd.)

AUDITORS' CERTIFICATE

To

The Members of Huhtamaki PPL Limited

We have examined the compliance of conditions of corporate governance by Huhtamaki PPL Limited, for the year ended on 31st December, 2015, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, pursuant to Listing Agreement of the said Company with stock exchanges.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: 22nd March, 2016

MANAGEMENT DISCUSSION AND ANALYSIS Y 2015

"HPPL is a business with purpose . . ."

We are a technology based, service oriented, manufacturing company. We provide custom-designed packaging materials for our customers and for the ultimate consumer of their products.

It is HPPL's belief that good ethics make good business sense. We are a business with purpose — to positively contribute to the society in which we operate and not do any act which diverts from this purpose. We believe in continuous improvement and innovation.

All this is done by the People engaged in the business — their motivation, knowledge, commitment and loyalty to the cause is developed and secured. Our Suppliers and supporters are our Partners to the cause. Our Shareholders, benefit from the above objects which secure long term maximization of value.

". . . in a year of sluggish market growth, we took a big step forward . . ."

30th January, 2015 is a key milestone date in our history. On this date we completed the acquisition of 100% of the equity shares of Positive Packaging Industries Ltd. India (Positive), making HPPL a leader in the consumer packaging sector in the wider Asia-Pacific-African region (excluding Japan).

Our consolidated net sales in Y 2015 moved up to ₹ 2,010 crores from ₹ 1,214 crores in Y 2014 – a growth jump of 65% (2015 sales include the results of Positive, from 31st January, 2015).

Consolidated EPS moved up to ₹ 10.58 per share from ₹ 9.09 in the previous year (excluding exceptional and extraordinary income in both years).

Snapshot of Consolidated and Standalone Results of HPPL

Particulars	Consolidated Y 2015 ₹ Crores	Consolidated Y 2014 ₹ Crores	Standalone Y 2015 ₹ Crores	Standalone Y 2014 ₹ Crores
Net Sales	2,010	1,214	1,141	1,124
EBIT – excluding exceptional and extraordinary income	156	84	94	75
Net Profit before minority interest	79	69	49	65

The decrease in the Standalone PAT is mainly due to interest costs on borrowings taken to finance the acquisition of Positive.

Standalone HPPL

Standalone sales for HPPL moved up from ₹ 1,124 cr to ₹ 1,141 cr., a value growth of 1.5% resulting from a combination of volume growth in this period of 6.5% and a reduction in selling prices (due to the fall in raw material prices driven by falling crude oil prices).

Below normal monsoon for the second successive year, had an adverse impact on rural demand. Coupled with drought like conditions in some areas, we also had unseasonal rains in some parts of the country, impacting agriculture. Growth in Urban demand for fast moving consumer goods (FMCG) was also sluggish. Experts pegged overall growth at 6% only. The pharma sector, a key customer, also experienced weak sales growth in 2015.

Our established strategy of continued work on customer service, innovation and market expansion helped us to maintain and grow our key customer partnerships and also expand our customer base.

Our sales were spread over a vast range of custom designed packaging material structures and forms for a large diversified range of branded products – from foods to pharma, from personal care to pesticides, from beverages to beauty, from biscuits to batteries and from confectionery to condoms, to name a few. Sales respresented utilisation of a wide range of technologies – from gravure printing to flexo to offset to digital, from shrink sleeves to wrap arounds to wet strength to pressure sensitive labels, tube laminates to speciality pouches and from the most modern forms of registered hotmelts to cold seals, to give an overview.

MANAGEMENT DISCUSSION & ANALYSIS (contd.)

„Imagination is everything. It is the preview of lifeÊs coming attractions.
If you want your children to be intelligent, read them fairy tales. If you want them to be more intelligent, read them more fairy tales.‰

Albert Einstein

The HPPL creativity program, called NASP (New Applications, Structures and Products/Processes) has become an entrenched part of our culture.

The first NASP objective is to create new business through finding new applications and markets for existing structures and technology processes. The second objective is to introduce new packaging products and structures and technology processes for new applications and markets. The third objective is to offer new technically superior solutions which add value to a brand through packaging improvements, or, provide new solutions which offer a cost advantage without compromising performance.

Hence, NASP is about (a) marketing existing packaging products to new customers, (b) creating new or improved packaging products for our existing customers, and (c) taking new products to new markets and customers.

Hence, the NASP exercise creates new business, but as importantly, it also protects or improves existing business shares from customers.

We map the sales of NASP products introduced using a three year cycle. During Y 2015 NASP sales over the consolidated business comprised 27% of total sales – a significant proportion.

In Y2015, our products were recognized by distinguished industry bodies, and were awarded the ERA (European Rotogravure Association) packaging award and ten India Stars. We also had many opportunities to receive our most cherished recognition – feedback in form of letters and awards from happy customers.

Customers were made aware of the combined capabilities of HPPL, Positive and Webtech through innovation events, one-to-one communication on specific solutions as well as participation in well attended national and international packaging exhibitions.

We followed up on our well established “small is beautiful” strategy. We are fortunate in having amongst our customers, select, entrepreneurial, innovative, quality conscious and consumer focused start ups. In general, the smaller FMCG players have witnessed faster growth. We will continue to actively develop strong relationships with such customers.

Related entities

As mentioned in the last Annual Report, acquisition of Positive Packaging Industries Ltd. India was completed in January, 2015. A culture of innovation, a competent team and a strong customer base — all enhance our strength in the market place.

Webtech, the 51% owned subsidiary of HPPL is the leader in India in high end pressure sensitive label for the Pharmaceuticals sector and to important customers in Agro-chemicals, Lubes, and FMCG. Webtech strongly adds to HPPL’s portfolio – both in terms of clientele and product offerings.

OPERATIONS REVIEW (standalone HPPL)

Sales Revenues and Market Commentary

Net Sales grew by 1.5% to ₹ 114,059 lac in Y 2015 from ₹ 112,428 lac in the previous year.

Other Income

For Y 2015, Other Income was ₹ 1,273 lac against ₹ 923 lac for Y 2014.

Dividend income grew from ₹ 651 lac in 2014 to ₹ 887 lac in 2015.

Other Interest rose to ₹ 201 lac in Y 2015 from ₹ 15 lacs in Y 2014 . Miscellaneous income increased to ₹ 162 lac from ₹ 140 lac for Y 2014.

Value Addition

During Y 2015, value addition (VA) improved in absolute terms to ₹ 34,069 lac from ₹ 30,077 lac in 2014. Despite drop in selling prices, margins improved due to benign raw material prices and better product mix.

MANAGEMENT DISCUSSION & ANALYSIS (contd.)

Expenditure

Total expenses, excluding raw material input costs and before depreciation and financial expenses, in Y 2015 were ₹ 23,079 lac or 20.1% of net sales, as against ₹ 21,008 lac or 18.7% of net sales the previous year.

To analyse key elements:

Power and fuel expenses dropped from ₹ 3,617 lac in Y 2014 to ₹ 3,132 lac in Y 2015 - from 3.2% of net sales to 2.7% of net sales.

Personnel expenses increased by 16.0% to ₹ 9,755 lac in Y 2015 from ₹ 8406 lac in Y 2014. As a% to net sales, it increased from 7.5% in Y 2014 to 8.6% in Y 2015. Payout for Y 2015 includes differential bonus amounting to ₹ 293 lac for the period April 2014 to December 2015 in line with the provisions of the amended law.

Administration and Sales expenses were ₹ 5,596 lac in Y 2015 compared to ₹ 4,990 lac for the previous year. Under this expense head, selling & distribution expenses were at ₹ 2,258 lac in 2015 compared to ₹ 2,170 lac for the previous year. Administration expenses amounted to ₹ 3,338 lacs compared to ₹ 2,820 lac in Y 2014. The rise in Administration and Sales expenses includes impact of ₹ 292 lac being professional, legal & other expenses incurred on acquisition of Positive Packaging Industries Limited.

Depreciation

Depreciation for Y 2015 was ₹ 3,935 lac compared to ₹ 3,554 lac for Y 2014, an increase of 10.7% . Depreciation of ₹ 185 lac on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013. [Refer Note 3(b) to the Accounts].

Finance cost at ₹ 2,517 lac was mainly driven by interest of ₹ 2,503 Lac on 7% Unsecured Non convertible debentures issued to Huhtalux s. a.r.l. for acquisition of Positive.

PBT, Tax, PAT, Cash Profit

Profit before tax and exceptional and extraordinary income was ₹ 6,848 lac in Y 2015 compared to ₹ 7,509 lac in Y 2014 .

Provision for taxation rose to ₹ 1,937 lac from ₹ 1,674 lac for Y 2014 .

Net Profit after tax for Y 2015 was ₹ 4,911 lac for Y 2015 compared to ₹ 6,462 lac for Y2014.

Cash Profit i.e Profit after tax but before depreciation was ₹ 8,846 lac against ₹ 10,016 lac for the previous year.

Earnings Per Share

Earnings per share excluding exceptional and extraordinary income was ₹ 6.75 per share compared to ₹ 8.79 per share for the previous year. Cash earnings per share excluding exceptional and extraordinary income was ₹ 12.17 per share against ₹ 14.15 per share for the previous year.

Dividend

The dividend on equity shares has been maintained at 140% (₹ 2.80 per share). This will absorb ₹ 2,450 lac (₹ 2,443 lac for 2014) including an amount of ₹ 414 lac (₹ 407 lac for 2014) towards dividend distribution tax.

Share Capital

Paid up Equity Capital of the company at the end of Y 2015 remained at ₹ 1,454 lac -- same as at the end of Y 2014.

Reserves & Surplus

At end Y 2015, Reserves and Surplus stood at ₹ 57,232 lac against ₹ 54,893 lac at the end of 2014.

Book value per share stands increased to ₹ 80.33 from ₹ 77.11 last year.

Borrowings

Long term borrowings at the end of 2015 largely comprises ₹ 38,500 lacs of 7% Unsecured Non-Convertible Debentures issued to Huhtalux S.a.r.l. on private placement basis. The Debentures are due for redemption on January 27, 2020.

Debt equity ratio (excluding revaluation reserve) as on 31st December, 2015 was at 0.68:1.

MANAGEMENT DISCUSSION & ANALYSIS (contd.)

Capital Expenditure and Fixed Assets

During Y 2015, the company added ₹ 2,462 lac to its gross block. Capital work in progress as at 31st Dec 2015 was ₹ 336 lac compared to ₹ 573 lac as at 31st Dec 2014.

Inventory

Inventories dropped to ₹ 8,308 lac at the end of Y 2015 against ₹ 9,409 lac at the end of Y 2014. Accordingly, holding period dropped to 26 days from 31 days for Y 2014.

Debtors

At the end of Y 2015, Sundry Debtors stood at ₹ 21,748 lacs against ₹ 21,839 lac at the end of Y 2014. Debtors at the end of Y 2015, represent 69 days of sale against 71 days in 2014.

Current Liabilities

Sundry Creditors for raw materials at the end of Y 2015 amount to ₹ 15,302 lac against ₹ 15,611 lac at the end of Y 2014. Trade creditors represent 49 days sales (51 days for the previous year). Other liabilities at ₹ 7,151 lacs (₹ 3,223 lacs for 2014) majorly comprise ₹ 2,790 lac of Retention maney payable to the erstwhile shareholders of Positive Packaging Industies Ltd and ₹ 1,207 lac of Interest on debentures (accrued but not due).

Loans & Advances

Loans and Advances of ₹ 2,226 lac (₹ 3,518 lac in 2014) largely comprise balances and deposits with Customs, Excise and Sales Tax Authorities, Advance Income Tax (net of provision) and MAT Credit entitlement.

Cash Flow From Operations

During the current year, cash flow from operations amounted to ₹ 15,481 lac against ₹ 8,870 lac in 2014.

Return on Capital Employed

With an EBIT of ₹ 6,848 lac and an average capital employed of ₹ 80,435 lac, the ROCE is 8.6%.

Return on Net Worth

With a Profit after Tax of ₹ 4,911 lac and an average Net Worth of ₹ 57,517 lac, the RONW is 8.4%.

Positive Packaging Industries Ltd. became a 100% owned subsidiary of HPPL wef 30th January 2015. During the period 31st January, 2015 to 31st December, 2015 Positive recorded sales of ₹ 82,644 lac with EBIT of ₹ 5,656 lac, PBT of ₹ 4,324 lac and PAT of ₹ 2,438 lac. Positive derives a significant proportion of its turnover from exports to Africa accounting for a significant value, hence the impact of the slowdown in Africa was more keenly felt. However, there are some early positive signs of a return to growth in sales to the Region.

Webtech Lables Pvt. Ltd. ended Y 2015 with sales of ₹ 9,404 lac against ₹ 9,006 lac for Y 2014 reflecting a growth of 4.4%. Slower growth was influenced by the overall slowdown in the economy, disruptive rains that affected south-based customers and FDA warnings which forced several of our pharma customers to go slow. Lower growth in the sector increased price competition. PAT dropped marginally from ₹ 389 lac to ₹ 367 lac.

Consolidated net sales for Y 2015 moved up to ₹ 200,975 lac from ₹ 121,434 lac in Y 2014 – a growth jump of 65%. Consolidated EBIT increased to ₹ 15,600 lac from ₹ 8,445 lac in Y 2014 whereas PBT increased to ₹ 11,563 lac from ₹ 8,135 lac in Y 2014 and PAT increased to ₹ 7,873 lac from ₹ 6,851 lac in Y 2014. EPS increased to ₹ 10.58 per share from ₹ 9.09 per share.

Awards and Recognition

The Company won 10 India Star Awards during the year besides the ERA Packaging Gravure Award 2015.

INTERNAL CONTROLS

It is the management's responsibility to establish and maintain appropriate controls over financial reporting. Controls are aimed at providing reasonable assurance that external reports and statements are in accordance with applicable accounting principles.

Internal controls mandate that records are maintained to faithfully reflect transactions as they occur and disposition of assets.

MANAGEMENT DISCUSSION & ANALYSIS (contd.)

Besides, recordings should permit preparation of financial statements as per Generally Accepted Accounting Principles and under proper authority, protection of company assets, and timely detection and prevention of unauthorized activities designed to acquire/dispose of company assets.

The Audit Committee supervises the work of Internal Audit. Scope of work and coverage are periodically reviewed and revised depending on specific issues that have been identified.

RISK MANAGEMENT

HPPL is a growing organization with a nationwide footprint and significant exports. Risks arise and evolve over different dimensions. Operations, businesses and supply chains plants and branch offices are always on the lookout for opportunities with entrepreneurial zeal. Managing risk while creating value is a tough balancing act that requires the support of a strong framework.

HPPL follows the Enterprise Risk management (ERM) framework. At the heart of the ERM framework is the globally accepted COSO backbone – however, necessary customization is done to suit HPPL's unique business needs.

Key risks in the overall bouquet include product pricing, growth and market share, raw material availability and cost, energy availability and cost, employee attrition, exchange rate management and overall environment.

Intensity and frequency of risk monitoring depends on the context with a stress on sustainable, long-term solutions. The board periodically assesses various facets of risk.

Judicious buying and a focussed view enable the right calls to be taken on raw material buying. Long term relationships with suppliers within the country and overseas ensure fair prices and timely supplies.

Inherent strengths of the company are well known – however, further mitigation on the price risk front comes from innovation and developments through NASP.

Drop in oil prices help buying countries while sellers suffer. Consequently, demand growth has suffered in our export markets whose economies are dependent on oil and commodity exports.

PEOPLE

"It is people who face and overcome challenges. Their approach, knowledge, commitment and actions are what finally delivers. An open hands on culture, which involves and empowers, which believes in sharing and training, and inculcates pride in knowledge.

All this is our philosophy. We need to continuously ensure that it is also our practice."

Our practice of continued training of our people at all levels and across functional areas gained in importance. Special focus continued on Safety, Hygiene and 5S initiatives. Remote locations continue to maintain several in house activities for the families which has further helped in knitting closer bonds of oneness amongst the plant teams.

Finally

Integration between HPPL and Positive is proceeding as planned at a furious pace.

In the push for profitable growth, the company continues to look for organic and inorganic opportunities.

Increase in consumption of foods / beverages, personal products and soaps / detergents is a given.

Minor blips, occasional slowdowns, altered consumption patterns and change in mix are a fact of life.

Passion for excellence in packaging, in-built resilience, geographic spread, a committed workforce and, above all, trust of the customer provide a strong base to delight the customer and confidence to look at the future more optimistically despite the challenges and uncertainties.

Caution:

The report may contain forward looking statements. Views are based on customers' expectations and demand projections in the public domain as seen today. Macro- and micro-economic factors impact demand for FMCG products which in turn drive demand for flexible packaging. Currency fluctuations, interest rate changes, competing products, customer resistance to new offerings, changes in economic laws and so on may result in actual outcomes differing materially from projections.

INDEPENDENT AUDITORS' REPORT

To the Members of

Huhtamaki PPL Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Huhtamaki PPL Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2015;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) On the basis of written representations received from the directors as on December 31,2015 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Vijay Maniar
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: February 16, 2016

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph [1] under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Huhtamaki PPL Limited ('the Company')

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

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

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

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

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) The Company has not accepted any deposits from the public

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

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

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

ANNEXURE TO THE AUDITORS' REPORT (contd.)

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

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount ₹ in lacs
Income Tax Act. 1961	Income Tax	2001 – 02	ITAT	23
		2007 - 09	High Court	67
		2011 - 12	CIT Appeals	268
State and Central Sales Tax Act	VAT/CST	2001 – 07	Deputy Commissioner	74
		2009-10	Assessing Officer	52
		2009-12	Deputy Commissioner (Appeals)	163
		2005-08	Sales tax Appellate Tribunal	34
Finance Act 1994 - Service Tax	Service Tax	2006-2015	Additional Commissioner	41
		2004-2015	Assistant Commissioner	16
		2006-12	Customs Excise and Service Tax Appellate Tribunal	14
		2007-2012	Commissioner	11
		2010-2015	Deputy Commissioner	16
		2014-2015	Superintendent	1
Central Excise Act, 1944	Excise Duty	2001-09	Assistant Commissioner	14
		1989-14	Customs Excise and Service Tax Appellate Tribunal	863
		1997-13	Commissioner (Appeals)	29
		1998-14	Deputy Commissioner	24
		1986-89	Joint Commissioner	9
Customs Act, 1962	Customs Duty	2012-13	Customs Excise and Service Tax Appellate Tribunal	3

(d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) The Company did not have any term loans outstanding during the year.

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

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

per Vijay Maniar
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: February 16, 2016

BALANCE SHEET

As at 31st December 2015

(₹ in lacs)

	Notes	31st December 2015	31st December 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**1,454.33**	1,454.33
Reserves and Surplus	3	**57,231.55**	54,893.16
		58,685.88	56,347.49
Non-Current Liabilities			
Long - Term borrowings	4	**39,980.23**	1,729.51
Deferred Tax Liability (Net)	5	**236.64**	350.85
Other Long Term Liabilities	6	**3,540.05**	–
Long Term Provisions	7	**73.97**	95.98
		43,830.89	2,176.34
Current Liabilities			
Trade Payables	8	**15,301.98**	15,610.92
Other Current Liabilities	9	**7,150.55**	3,195.40
Short Term Provisions	10	**3,790.82**	3,531.86
		26,243.35	22,338.18
TOTAL		**128,760.12**	80,862.01
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11(a)	**18,140.92**	20,010.13
Intangible Assets	11(b)	**482.88**	284.43
Capital Work in Progress		**335.71**	572.87
Non-Current Investments	12	**54,806.50**	3,879.13
Long Term Loans & Advances	13	**1,565.63**	1,993.18
Other Non Current Assets	14	**0.73**	24.73
		75,332.37	26,764.47
Current Assets			
Current Investments	15	**20,662.62**	18,633.78
Inventories	16	**8,338.34**	9,408.59
Trade Receivables	17	**21,748.44**	21,839.02
Cash and Cash Equivalents	18	**1,103.05**	1,158.41
Short Term Loans & Advances	19	**660.04**	1,527.27
Other Current Assets	20	**915.26**	1,530.47
		53,427.75	54,097.54
TOTAL		**128,760.12**	80,862.01
Significant Accounting Policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2015

(₹ in lacs)

	Notes	31st December 2015	31st December 2014
INCOME			
Revenue from Operations (Gross)	21	**123,238.16**	121,353.78
Less : Excise Duty		**8,141.17**	7,831.86
Revenue from Operations (Net)		**115,096.99**	113,521.92
Other Income	22	**1,272.64**	922.82
Total Revenue		**116,369.63**	114,444.74
EXPENSES			
Raw Material and Components Consumed	23	**80,094.41**	82,879.19
Changes in Inventories of Finished Goods and Work-in-Process	24	**(103.78)**	(528.20)
Employee Benefit Expenses	25	**9,754.83**	8,406.07
Finance Cost	26	**2,517.40**	21.76
Depreciation and Amortisation Expenses	27	**3,934.75**	3,554.38
Other Expenses	28	**13,324.08**	12,602.98
Total Expenses		**109,521.69**	106,936.18
Profit before Extra-Ordinary Items and Tax		**6,847.94**	7,508.56
Extraordinary Item (Net of Tax) (Refer note 44)		**–**	627.53
Profit before Tax		**6,847.94**	8,136.09
Tax Expenses			
Current Tax (Including Minimum Alternate Tax (MAT))		**2,148.65**	1,394.88
Excess Provision for earlier years written back (including MAT Credit Entitlement of ₹ 82.21 lacs)		**(160.34)**	–
Less: MAT Credit Entitlement		**–**	(75.00)
Net Current Tax		**1,988.31**	1,319.88
Deferred Tax		**(51.31)**	354.16
Profit for the Period		**4,910.94**	6,462.05
Earnings per Equity Share including Extra-Ordinary Items (Nominal value - ₹ 2 (Previous Year - ₹ 2))	29		
1. Basic		**6.75**	9.74
2. Diluted		**6.75**	9.74
Earnings per Equity Share excluding Extra-Ordinary Items			
1. Basic		**6.75**	8.79
2. Diluted		**6.75**	8.79
	1		

Significant Accounting Policies

The accompanying notes are an integral part of financial statements
As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

CASH FLOW STATEMENT

For the year ended 31st December 2015

(₹ in lacs)

	31st December 2015	31st December 2014
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extra-Ordinary Items	**6,847.94**	7,508.56
Adjustments for		
Depreciation	**3,934.75**	3,554.38
Unrealised Foreign Exchange Loss (Net)	**79.70**	34.69
Interest Income	**(207.17)**	(19.15)
Dividend Income	**(886.50)**	(650.93)
Financial Expenses	**2,517.40**	21.76
Provision for Doubtful Debts made / (Written back)	**53.78**	(20.64)
Baddebts written off	**7.81**	–
(Profit)/Loss on Sale of Investments	**2.65**	0.10
Fixed Assets Written Off	**3.45**	3.68
Provision for Sales Tax made	**3.65**	59.40
Profit on Sale of Assets (Net)	**(12.34)**	(66.65)
Operating Profit before Changes in Working Capital	**12,345.12**	10,425.20
Adjustments for (Increase)/Decrease in		
Trade Receivables	**(54.77)**	(3,154.31)
Inventories	**1,070.25**	(494.72)
Loans and Advances	**1,088.44**	(594.56)
Other Assets	**639.20**	482.50
Adjustments for Increase / (Decrease) in		
Trade Payables	**(265.22)**	2,182.71
Other Current Liabilities	**759.47**	66.16
Provisions	**(101.40)**	(43.22)
Cash Generated from Operations	**15,481.09**	8,869.76
Direct Taxes Paid (Net of Refunds Received)	**(1,903.39)**	(1,353.70)
Net Cash from Operating Activities	**13,577.70**	7,516.06
Extra-Ordinary Item (Net of Tax) (Refer note 44)	**–**	398.90
Net Cash from Operating Activities	**13,577.70**	7,914.96
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	**(2,674.05)**	(7,133.49)
Proceeds from Sale of Fixed Assets	**17.70**	82.71
Purchase of Current Investments	**(45,187.03)**	(34,858.17)
Sale of Current Investments	**43,155.55**	21,703.68
Acquision of Subsidiary (Refer note 45)	**(44,597.37)**	–
Dividend Received	**886.50**	650.93
Interest Received	**207.11**	19.01
Net Cash used in Investing Activities	**(48,191.59)**	(19,535.33)

CASH FLOW STATEMENT

For the year ended 31st December 2015

(₹ in lacs)

	31st December 2015	31st December 2014
C. Cash Flow from Financing Activities		
Issue of Share Capital (Net of Expenses on issue)	–	13,420.16
Issue of Debentures	**38,500.00**	–
Repayment of Sales Tax deferral loan	**(191.55)**	(140.41)
Interest Paid	**(1,310.46)**	(21.76)
Dividends Paid (Including Dividend Tax thereon)	**(2,439.46)**	(2,047.24)
Net Cash from Financing Activities	**34,558.53**	11,210.75
Net Increase/ (decrease) in Cash and Cash Equivalents	**(55.36)**	(409.62)
Cash and Cash Equivalents at the Beginning of the Year	**1,158.41**	1,568.03
Cash and Cash Equivalents at the Close of the Year	**1,103.05**	1,158.41
Cash and Cash Equivalents Comprise:		
Cash on Hand	**11.41**	12.58
Cheques on Hand	**1.24**	0.89
Balances in Current Accounts with Scheduled Banks	**569.31**	1,022.39
Balances in Deposit Accounts with Scheduled Banks	**454.00**	59.01
Balances in Unpaid Dividend Bank Accounts *	**67.09**	63.54
	1,103.05	1,158.41

* These balances are not available for use by the Company,as they represent corresponding unpaid liabilities.

Notes :

1) The above cashflow statement has been prepared under indirect method as per Accounting Standard-3 "Cash Flow Statement"

2) Cash and Cash equivalents for the purpose of cash flow statements comprise of Cash at Bank and in Hand and short term investments with an original maturity of three months or less.

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India, under the historical cost convention (with the exception of freehold land which has been revalued and derivative financial instruments which have been measured at fair value),on the accrual basis of accounting and comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently followed by the company.

2. Use of Estimates

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets

- Fixed assets are stated at cost (or revalued amounts as the case may be) less accumulated depreciation & impairment losses,if any.Cost of fixed assets comprises of purchase price, duties, levies 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 fixed assets upto the completion of construction or acquisition of such fixed assets are included in the gross book value of the asset.
- Cenvat credit availed for excise duty and countervailing duty availed for customs duty payments made on fixed assets is reduced from the cost of fixed assets.
- Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the asset.
- Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date.

4. Intangibles

Intangible Assets acquired seperately are measured on intial recognition at cost. Following, intial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

5. Depreciation

a. Tangible Assets

Buildings are depreciated on written down value method at the rates prescribed in Schedule II to the Companies Act, 2013, which coincide with management estimate of useful life.Other fixed assets are depreciated on straight line method at the rates prescribed in Schedule II to the Companies Act, 2013 except those specified below. (Refer note 3 (b))

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

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

Depreciation on additions/deletions to fixed assets is provided prorata from the date of addition/till the date of deletion.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

Leasehold Land - Premium paid for acquisition of leasehold land is amortised over the period of lease,viz 99 years.

b. 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. All upgradations/enhancements are generally charged to profit and loss account,unless they bring significant additional benefits.

Corporate club membership fees paid are amortised over the period of use, viz 10 years.

6. Foreign Currency Transactions

- 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 recognized in the profit and loss account of the year.
- Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end are translated at the year end at the closing exchange rate and the resultant exchange differences are recognised in the profit and loss account.
- Non-monetary foreign currency items are carried at cost.
- The premium or discount on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised over the period of the contracts in the profit and loss account. Exchange gain or loss on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised in the profit and loss account.
- In compliance with the Institute of Chartered Accountants of India (ICAI) announcement dated 29th March,2008 on accounting for derivatives, the mark to market valuation loss on forward contracts entered into, to cover the forecast transactions is charged to profit and loss account. Gain on Mark to Market valuation is ignored.

7. Inventories

- Inventories are valued at lower of cost and net realisable value, Cost is determined on Weighted Average Method.
- Raw materials,Components,Stores and Spares held for use in production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- The cost of manufactured inventories and Work-In-Process is the direct cost of manufacture plus appropriate allocated overheads & excise duty wherever applicable.
- The cost of loose tools is amortised over its estimated useful life.

8. Revenue Recognition

- Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. It is recognised when significant risks and rewards of ownership of goods have passed to the buyer.
- Gross sales are inclusive of Excise Duty.
- Sales are net of returns & discounts.
- Dividend income is recognised when the right to receive dividend is unconditional at the balance sheet date.
- Interest on investments is accounted on a time proportion basis taking into account the amounts invested and the rate of interest.

9. Retirements Benefits

a. Defined Contribution Plans:

Contributions payable to the recognised provident fund, which is a defined contribution plan, are charged to the profit and loss account as incurred.

b. Defined Benefit Plans:

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

The present value of the obligation under such defined benefit plan is 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 plan is based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

c. Other Long Term Employment Benefits :

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

Long service awards and Pension scheme are other long term benefits. The present value of the obligation under these long term benefits are determined based on acturial valuation using Projected Unit Credit Method.

d. Other Short Term Employment Benefits:

Company provides short term benefit of sick leave to its employees with certain accumulation provisions and same being short term and expected to be utilised within twelve months are provided on undiscounted basis.

10. Investments

- Investments, which are readily realisable and intended to be held for not more than one year from the date on which such Investments are made, are classified as current Investments. All other Investments are classified as Long Term Investments.
- Long term investments are valued at cost and an appropriate provision is made for diminution, which is other than temporary, in their value.
- Current investments are valued at cost or market value, whichever is lower.

11. 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.

12. Taxation

Income tax expense comprises current income tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

13. Leases

Operating Leases

Lease payments under operating leases are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

14. Impairment of Assets

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

15. Government Grants and Subsidies

Grants and Subsidies from the Governments are recognised when there is a reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grants / subsidy will be received.

Government Grants of the nature of Promoter Contribution are credited to Capital Reserve and treated as part of the Shareholders Funds.

16. Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized 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 recognized in the period in which the change occurs.

17. 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 THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

No.		31 December 2015		31 December 2014	
2	**SHARE CAPITAL**				
	AUTHORISED CAPITAL				
	150,000,000 (Previous Year 150,000,000)				
	Equity shares of ₹ 2/- each	**3,000.00**		3,000.00	
	700,000 (Previous Year 700,000) 12% Redeemable				
	Cumulative Preference Shares of ₹ 100/- each	**700.00**		700.00	
	300,000 (Previous Year 300,000) Unclassified				
	Shares of ₹ 100/- each	**300.00**	**4,000.00**	300.00	4,000.00
			4,000.00		4,000.00
	ISSUED SUBSCRIBED AND PAID-UP CAPITAL				
	72,711,934 (Previous Year: 72,711,934) Equity				
	Shares of ₹ 2/- each fully paid-up.	**1,454.24**		1,454.24	
	Add : Amount Received on 1,449 (Previous Year 1,449) Forfeited Shares.	**0.09**	**1,454.33**	0.09	1,454.33
	TOTAL		**1,454.33**		1,454.33

a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	31 December 2015		31 December 2014	
	Nos.	**₹ in lac**	**Nos.**	**₹ in lac**
At the beginning of the period	**72,711,934**	**1,454.24**	62,687,190	1,253.74
Add: Issued during the year	**–**	**–**	10,024,744	200.50
Outstanding at the end of the period	**72,711,934**	**1,454.24**	72,711,934	1,454.24

b Terms / Rights attached to equity shares.

The company has only one class of Issued,Subscribed and Paid-up Equity Capital having a par value of ₹ 2/- per share.Each holder of equity share is entitled to one vote per share.The company declares and pays dividend 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.

During the year ended 31st December 2015, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.80 (31 December 2014 : ₹ 2.80)

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

c Shares held by holding company

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

	31 December 2015		31 December 2014	
	Nos.	**₹ in lac**	**Nos.**	**₹ in lac**
Huhtavefa B.V., Netherlands,The Holding Company	**50,003,997**	**1,000.08**	50,003,997	1,000.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

d Details of Shareholders holding more than 5% shares in the company.

	31 December 2015		31 December 2014	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of ₹ 2/- each fully paid up				
Huhtavefa B.V., Netherlands,The Holding Company	50,003,997	68.77%	50,003,997	68.77%
HDFC Trustee Company Limited (A/c HDFC Midcap Opportunities Fund)	3,880,725	5.34%	3,330,525	4.58%

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.

		31 December 2015		31 December 2014	
3	**RESERVES AND SURPLUS**				
	Capital Redemption Reserve		**700.00**		700.00
	Securities Premium Account				
	Balance as per last Balance sheet	**21,155.98**		7,936.32	
	Add: Premium received on issue of shares	**–**		13,240.68	
	Less: Share issue expenses	**–**	**21,155.98**	21.02	21,155.98
	Debenture Redemption Reserve				
	Balance as per last Balance sheet	**–**		–	
	Add: Transfer from Profit & Loss (Refer Note (a) below)	**1,925.00**	**1,925.00**	–	–
	Revaluation in Reserve		**275.77**		275.77
	Capital Reserve		**30.00**		30.00
	General Reserve				
	Balance as per last Balance sheet	**8,975.27**		8,329.06	
	Less: Adjusted for Depreciation (Refer Note (b) below)	**(122.15)**		–	
	Add: Amount transferred from Surplus balance in the Statement of Profit and Loss	**492.00**	**9,345.12**	646.21	8,975.27
	Surplus in the statement of Profit & Loss				
	Balance as per last financial statement	**23,756.14**		20,383.30	
	Profit for the year	**4,910.94**		6,462.05	
	Less : Appropriations				
	Proposed Final Equity Dividend (Amount per/share ₹ 2.80 (31st Dec 2014 ₹ 2.80))	**(2,035.93)**		(2,035.93)	
	Tax on Proposed Equity Dividend	**(414.47)**		(407.07)	
	Transferred to General Reserve	**(492.00)**		(646.21)	
	Transferred to Debenture Redemption Reserve	**(1,925.00)**		–	
	Net Surplus in the statement of Profit & Loss		**23,799.68**		23,756.14
	Total Reserves and Surplus		**57,231.55**		54,893.16

a. Debenture Redemption Reserve has been created in terms of Section 71 of the Companies Act, 2013

b. During the year w.e.f. 1 January 2015, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013. As per the transitional provision, depreciation of ₹ 122.15 lacs (net of deferred tax of ₹ 62.90 lacs) on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
4	**LONG - TERM BORROWINGS**		
	Deferred Sales Tax Loan (Unsecured)	**1,480.23**	1,729.51
	3,850 (Previous Year: Nil) 7% Unsecured Non-Convertible Debentures of ₹ 10 lacs each	**38,500.00**	–
		39,980.23	1,729.51

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

The scheduled maturity of long term borrowings is summarised below.

In the next one year (disclosed in note 9 being current maturities of long term borrowings)	**249.29**	191.55
In the second year	**288.21**	249.29
In the 3rd to 5th year	**1,016.06**	928.15
After 5 years	**175.96**	552.08

During the current year, the Company has issued 3,850 Non Convertible Debentures of ₹10,00,000 each to Huhtalux S.a.r.l. on private placement basis. The Debentures are listed and due for redemption on January 27, 2020.

		31 December 2015	31 December 2014
5	**DEFERRED TAX (ASSET) / LIABILITY (NET)**		
	Deferred Tax Liability arising on account of timing differences in:		
	- WDV of Fixed Assets	**639.08**	700.62
		639.08	700.62
	Deferred Tax Asset arising on account of timing differences in :		
	- Provision for doubtful debts	**45.17**	26.09
	- Provision for retirement benefits	**182.22**	200.86
	- Effect of expenditure debited to Profit & Loss account but allowed for Tax purposes in following years	**175.05**	122.82
		402.44	349.77
	Deferred Tax (Asset) /Liability (Net)	**236.64**	350.85

		31 December 2015	31 December 2014
6	**OTHER LONG TERM LIABILITIES**		
	Retention Money Payable	**3,540.05**	–
		3,540.05	–

(The same represents money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares from them) (Refer note 46)

		31 December 2015	31 December 2014
7	**LONG TERM PROVISIONS**		
	Provision for Employee Benefits	**73.97**	95.98
		73.97	95.98

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
8	**TRADE PAYABLES**		
	Trade Payables (Refer note 33 for details of dues to Micro and Small Enterprises)	**15,301.98**	15,610.92
		15,301.98	15,610.92

		31 December 2015	31 December 2014
9	**OTHER CURRENT LIABILITIES**		
	Unclaimed dividend*	**67.09**	63.54
	Advance from Customers	**83.78**	174.17
	Employee Benefits Payable	**1,943.30**	1,213.17
	Employee Statutory Liabilities Payable	**76.71**	71.89
	Taxes payable	**345.32**	303.42
	TDS Payable	**143.62**	74.15
	Creditors for Capital Goods	**244.50**	1,103.51
	Current Maturity of Long Term Borrowings (Refer note 4)	**249.29**	191.55
	Interest accrued but not due	**1,206.94**	–
	Retention Money Payable (Refer Note (a) below)	**2,790.00**	–
		7,150.55	3,195.40

a. The same represents money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares from them (Refer note 46)

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

		31 December 2015	31 December 2014
10	**SHORT TERM PROVISIONS**		
	Provision for Income Tax (Net of Advance Tax)	**446.05**	161.95
	Provision for Employee Benefits	**457.29**	514.42
	Provision for Mark to Market Losses on Derivative Contracts	**0.13**	27.68
	Provision for Losses on Derivative Contracts (as per AS 11-Revised)	**39.53**	31.94
	Provision for Litigations	**397.42**	352.87
	Proposed Equity Dividend	**2,035.93**	2,035.93
	Provision for Tax on Proposed Equity Dividend	**414.47**	407.07
		3,790.82	3,531.86
	Provision for Litigations		
	At the beginning of the year	**352.87**	317.25
	Arising during the year	**104.50**	157.52
	Unused amount reversed / utilised during the year	**(59.95)**	(121.90)
	At the end of the year	**397.42**	352.87

Provision for Litigation represents provision made by the company in respect of disputed Indirect Tax matters.

No. 11 (a) FIXED ASSETS

TANGIBLE ASSETS

(₹ in lacs)

Description	LAND		Building	Machinery	Computers	Vehicles	Furniture & Fixtures	Office Equipments	Total
	Free Hold	Lease Hold							
Gross Block									
Balance as at 01-01-2014	522.66	259.45	6,990.26	39,635.52	882.46	179.14	889.35	341.74	49,700.58
Additions	–	–	255.07	7,181.61	261.80	62.27	86.14	29.47	7,876.36
Deletions	–	–	54.98	1,825.65	122.73	39.64	6.91	20.98	2,070.89
Balance as at 31-12.2014	**522.66**	**259.45**	**7,190.35**	**44,991.48**	**1,021.53**	**201.77**	**968.58**	**350.23**	**55,506.05**
Additions	–	–	47.53	1,763.36	63.62	47.06	43.86	40.78	2,006.21
Deletions	–	–	–	302.90	91.66	41.37	16.37	4.71	457.01
Balance as at 31-12.2015	**522.66**	**259.45**	**7,237.88**	**46,451.94**	**993.49**	**207.46**	**996.07**	**386.30**	**57,055.25**
Accumulated Depreciation									
Balance as at 01-01-2014	**–**	**23.94**	**3,598.03**	**29,018.55**	**728.82**	**125.58**	**506.03**	**215.11**	**34,216.06**
Additions	–	2.88	353.59	2,742.78	83.76	31.77	76.62	39.60	3,331.00
Deletions	–	–	54.98	1,810.49	122.48	35.86	6.54	20.79	2,051.14
Balance as at 31-12.2014	**–**	**26.82**	**3,896.64**	**29,950.84**	**690.10**	**121.49**	**576.11**	**233.92**	**35,495.92**
Additions	–	2.88	331.67	3,060.10	127.94	32.69	83.71	42.60	3,681.59
Adjustment (Refer Note iv below)	–	–	181.52	–	0.69	–	2.84	–	185.05
Deletions	–	–	–	296.72	91.49	41.37	13.96	4.69	448.23
Balance as at 31-12.2015	**–**	**29.70**	**4,409.83**	**32,714.22**	**727.24**	**112.81**	**648.70**	**271.83**	**38,914.33**
Net Block									
Balance as at 31-12.2014	**522.66**	**232.63**	**3,293.71**	**15,040.64**	**331.43**	**80.28**	**392.47**	**116.31**	**20,010.13**
Balance as at 31-12.2015	**522.66**	**229.75**	**2,828.05**	**13,737.72**	**266.25**	**94.65**	**347.37**	**114.47**	**18,140.92**

Notes

	As At 31st December 2015		As At 31st December 2014	
	Original Cost	**Written Down Value**	Original Cost	Written Down Value
i Buildings include				
a. Buildings on leasehold land	**1,976.53**		1,974.08	
b. Ownership flats in Co-operative Societies on freehold land	**212.62**		212.62	
c. Ownership flats in Co-operative Societies on leasehold land	**61.78**		61.78	
ii Machinery includes Electrical Fittings being expenditure incurred on installing overhead line & metering yard for laying high tension line for drawing power from Central Power Distribution Company of Andhra Pradesh Ltd's Grid to the Hyderabad plant though ownership of the same vests with Central Power Distribution Company of Andhra Pradesh Ltd	**13.60**	**0.83**	13.60	2.23

iii Freehold Land at Thane was revalued on 31.07.1985 based on independent valuation report.The historical cost of Freehold Land fair valued by the Company was ₹1.29 lacs and the fair value was ₹ 277.06 lacs. Hence the revaluation resulted in an increase in the value of Freehold Land by ₹ 275.77 lacs

iv Depreciation of ₹ 185.05 lacs on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013. [Refer Note 3(b)].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

No.11 (b) - Fixed Assets
Intangible Assets

(₹ in lacs)

Description	Non Compete Fees	Computer Software	Club Membership	Total
Gross Block				
Balance as at 01-01-2014	**75.00**	**1,306.59**	**55.15**	**1,436.74**
Additions	–	228.32	–	228.32
Deletions	75.00	–	–	75.00
Balance as at 31-12.2014	**–**	**1,534.91**	**55.15**	**1,590.06**
Additions	–	451.61	–	451.61
Deletions	–	5.62	–	5.62
Balance as at 31-12.2015	**–**	**1,980.90**	**55.15**	**2,036.05**
Accumulated Depreciation				
Balance as at 01-01-2014	**68.74**	**1,070.40**	**18.11**	**1,157.25**
Additions	6.26	211.62	5.50	223.38
Deletions	75.00	–	–	75.00
Balance as at 31-12.2014	**–**	**1,282.02**	**23.61**	**1,305.63**
Additions	–	247.63	5.53	253.16
Deletions	–	5.62	–	5.62
Balance as at 31-12.2015	**–**	**1,524.03**	**29.14**	**1,553.17**
Net Block				
Balance as at 31-12.2014	**–**	**252.89**	**31.54**	**284.43**
Balance as at 31-12.2015	**–**	**456.87**	**26.01**	**482.88**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
12	**NON-CURRENT INVESTMENTS**		
	Trade Investments (valued at cost unless stated otherwise)		
	Unquoted Equity Shares		
	Investment in Subsidiary		
	10,408 Equity Shares of ₹ 10/-each fully paid in Webtech Labels Private Limited (Previous Year 10,408 Equity Shares of ₹ 10/-each)	**3,879.13**	3,879.13
	44,833,562 Equity shares (Previous Year: Nil) of ₹ 10 each fully paid of Positive Packaging Industries Limited Refer Note 45 and 46	**50,927.37**	–
		54,806.50	3,879.13

		31 December 2015	31 December 2014
13	**LONG TERM LOANS & ADVANCES**		
	Capital Advances		
	Unsecured, Considered Good	**126.38**	531.94
	Security Deposit		
	Unsecured, Considered Good	**391.57**	377.64
	Advances recoverable in Cash or in Kind		
	Unsecured Considered Good	**20.82**	27.83
	Other Loans & Advances (Unsecured Considered Good)		
	Advance Income Tax (Net of Provision)	**223.29**	106.32
	Advance Fringe Benefit Tax (Net of Provision)	**21.01**	21.01
	MAT Credit Entitlement	**157.21**	75.00
	Loans / Advances to Staff	**16.39**	21.22
	Prepaid Expenses	**1.49**	19.29
	Balances with Customs, Excise & Sales Tax Authorities etc	**607.47**	812.93
		1,565.63	1,993.18

		31 December 2015	31 December 2014
14	**OTHER NON-CURRENT ASSETS**		
	Unsecured,considered good unless stated otherwise.		
	Non - Current bank balances being Deposits with original maturity of more than 12 months	**0.73**	0.73
	Others		
	Others	**–**	24.00
		0.73	24.73

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

			31 December 2015		31 December 2014	
15	**CURRENT INVESTMENTS (valued at lower of cost & fair value, unless stated otherwise)**					
	UNITS OF MUTUAL FUNDS-UNQUOTED	**Face Value**	**Nos.**	**Amount**	**Nos.**	**Amount**
	Axis Liquid Fund - DDR	1,000	**151,108**	**1,511.57**	313,558	3,136.55
	Franklin India TMA - Super IP - DDR	1,001	**370,122**	**3,703.87**	150,962	1,510.70
	ICICI Prudential Money Market Fund - DDR	100	**1,588,835**	**1,590.89**	–	–
	Birla Sun Life Floating Rate Fund-STP - DDR	100	**3,525,397**	**3,526.11**	–	–
	UTI Money Market Fund - IP - DDR	1,003	**282,016**	**2,829.71**	–	–
	Reliance Liquid fund TP - Dly Dividend	1,529	**192,388**	**2,941.11**	185,578	2,837.00
	Kotak floater Short Term - Daily Dividend	1,012	**361,706**	**3,659.10**		
	Re-investment				300,319	3,038.09
	DWS Insta Cash Plus Fund - DDR	100	**897,531**	**900.26**	–	–
	Birla Sun Life Cash Plus - DDR	100	**–**	**–**	2,983,000	2,988.82
	ICICI Prudential Liquid-Reg - DDR	100	**–**	**–**	2,519,719	2,521.22
	HDFC Liquid Fund - DDR	10	**–**	**–**	18,347,368	1,871.10
	IDFC Cash Fund - Reg - Dly Dividend	1,000	**–**	**–**	72,997	730.30
	TOTAL			**20,662.62**		18,633.78
	Net Asset Value of Mutual fund Units			**20,662.62**		18,633.78

		31 December 2015	31 December 2014
16	**INVENTORIES (Valued at lower of cost and net realizable value)**		
	Raw Materials and Components [includes in transit ₹ 277.34 Lacs (31 Dec 2014 ₹ 206.22 Lacs)]	**3,917.32**	5,125.40
	Work in Process	**1,745.23**	1,768.56
	Finished Goods	**910.47**	785.19
	Stores & Spares	**841.74**	772.01
	Loose Tools	**923.58**	957.43
		8,338.34	9,408.59

		31 December 2015	31 December 2014
17	**TRADE RECEIVABLES**		
	Trade Receivables (Unsecured)		
	Outstanding for more than Six Months from the date they are due for payment		
	Considered Good	**–**	–
	Considered Doubtful	**130.52**	76.74
		130.52	76.74
	Less : Provision for Doubtful Receivables	**130.52**	76.74
		–	–
	Other Receivables		
	Considered Good	**21,748.44**	21,839.02
	Considered Doubtful	**–**	–
		21,748.44	21,839.02
	Less : Provision for Doubtful Receivables	**–**	–
		21,748.44	21,839.02
	TOTAL	**21,748.44**	21,839.02

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
18	**CASH AND CASH EQUIVALENTS**		
	Balances with Banks		
	On Current Accounts	**569.31**	1,022.39
	On Unpaid Dividend Accounts	**67.09**	63.54
	Deposits with original maturity of less than three months	**454.00**	59.01
	Cheques on Hand	**1.24**	0.89
	Cash on Hand	**11.41**	12.58
		1,103.05	1,158.41

		31 December 2015	31 December 2014
19	**SHORT TERM LOANS & ADVANCES**		
	Security Deposit		
	Unsecured, Considered Good	**32.99**	26.49
	Advances Recoverable in Cash or in Kind		
	Unsecured Considered Good	**13.14**	194.06
	Loans & Advances to Related Parties		
	Unsecured Considered Good	**42.43**	7.68
	Other Loans & Advances (Unsecured Considered Good)		
	Loans/Advances to Staff	**34.67**	30.81
	Prepaid Expenses	**223.32**	224.11
	Balances with Customs, Excise & Sales Tax Authorities etc	**313.49**	1,044.12
		660.04	1,527.27

		31 December 2015	31 December 2014
20	**OTHER CURRENT ASSETS**		
	Unsecured,considered good unless stated otherwise		
	Un-amortised Premium on Forward Contracts	**43.73**	68.72
	FMS/DEPB Licences available	**3.38**	100.36
	Others		
	Claims Recoverable	**429.98**	712.48
	Export Rebate Receivables	**437.64**	648.43
	Interest Accrued on Investments	**0.53**	0.48
		915.26	1,530.47

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
21	**REVENUE FROM OPERATIONS**		
	Revenue from operations		
	Sale of Products		
	Finished Goods	**122,199.95**	120,259.48
	Less : Excise Duty on Sales	**8,141.17**	7,831.86
		114,058.78	112,427.62
	Other operating Revenue		
	Scrap Sales	**1,013.68**	1,068.25
	Compensation Received for Loss of Profit	**24.53**	26.05
	Revenue from Operations (net)	**115,096.99**	113,521.92
	Details of Products Sold		
	Finished Goods Sold		
	a. Laminates and Converted,Coated / Uncoated Paper and Films	**110,514.98**	109,046.44
	b. Cartons	**1,900.22**	2,368.95
	c. Others	**1,643.58**	1,012.23
		114,058.78	112,427.62

		31 December 2015	31 December 2014
22	**OTHER INCOME**		
	Interest Income on		
	Bank Deposits	**5.69**	4.30
	Others	**201.48**	14.85
	Dividend Income on Current Investments	**886.50**	650.93
	Other Non-Operating Income		
	Rent	**4.81**	4.81
	Profit on Sale of Fixed Assets (Net)	**12.34**	66.65
	Foreign Exchange Gain (Net)	**–**	20.94
	Doubtful Debts Provision Written Back	**–**	20.64
	Other Non Operating Income	**161.82**	139.70
		1,272.64	922.82

		31 December 2015	31 December 2014
23	**RAW MATERIALS AND COMPONENTS CONSUMED**		
	Inventory at the beginning of the year	**5,125.40**	5,207.11
	Add : Purchases	**78,886.33**	82,797.48
		84,011.73	88,004.59
	Less : Inventory at the end of the year	**3,917.32**	5,125.40
	Cost of raw material and components consumed	**80,094.41**	82,879.19
	Details of Raw Materials and Components Consumed		
	Paper	**4,180.68**	3,782.06
	Paper Board	**733.68**	847.13
	Films	**40,558.25**	42,327.52
	Inks, Adhesives and Solvents	**17,920.73**	18,721.83
	Polyethylene Granules	**12,270.84**	13,628.80
	Others	**4,430.23**	3,571.85
		80,094.41	82,879.19

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015		31 December 2014	
24	**CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS**				
	Inventories at the end of the year				
	Work in Process		**1,745.23**		1,768.56
	Finished Goods		**910.47**		785.19
			2,655.70		2,553.75
	Inventories at the beginning of the year				
	Work in Process		**1,768.56**		1,235.09
	Finished Goods		**785.19**		795.51
			2,553.75		2,030.60
	Changes in Inventories of Finished Goods and Work-in-Process		**(101.95)**		(523.15)
	Excise Duty on Changes in Inventories of Finished Goods				
	Excise Duty on Closing Finished Goods Stock	**81.65**		83.48	
	Less: Excise Duty on Opening Finished Goods Stock	**83.48**	**(1.83)**	88.53	(5.05)
			(103.78)		(528.20)
	Details of Inventory				
	Work in Process				
	a. Laminates and Converted,Coated / Uncoated Paper and Films		**1,650.72**		1,663.29
	b. Cartons		**74.49**		70.46
	c. Others		**20.02**		34.81
			1,745.23		1,768.56

		31 December 2015	31 December 2014
25	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries, Wages and Bonus	**8,420.44**	7,132.08
	Contribution to Provident and Other Fund	**453.43**	407.44
	Staff Welfare Expenses	**880.96**	866.55
		9,754.83	8,406.07

		31 December 2015	31 December 2014
26	**FINANCE COST**		
	Interest		
	- To Banks	**–**	0.10
	- To Others	**14.37**	21.66
	- On Debentures (Refer Note 4)	**2,503.03**	–
		2,517.40	21.76

		31 December 2015	31 December 2014
27	**DEPRECIATION AND AMORTISATION EXPENSES**		
	Depreciation of Tangible Assets	**3,681.59**	3,331.00
	Amortisation of Intangible Assets	**253.16**	223.38
		3,934.75	3,554.38

Depreciation of ₹ 185.05 lacs on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013. [Refer Note 3(b)]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
28	**OTHER EXPENSES**		
	Consumption of Stores and Consumables	**802.31**	791.09
	Power and Fuel	**3,132.47**	3,617.21
	Repairs to Building	**303.76**	151.08
	Repairs to Machinery	**1,162.02**	1,059.67
	Other Repairs	**410.37**	200.13
	Sub Contracting Expenses	**918.10**	925.76
	Insurance	**177.26**	203.91
	Rent	**259.86**	236.67
	Rates and Taxes **	**161.20**	141.62
	Travelling and Conveyance	**615.85**	574.33
	Legal and Professional Charges *	**596.77**	496.95
	Commission-Directors	**69.00**	78.00
	Communication Costs	**128.07**	136.47
	Payment to Auditor (Refer note 28.1)	**159.99**	54.45
	Donation	**0.61**	1.37
	Printing and Stationery	**85.87**	76.86
	Commission on Sales - Others	**134.65**	200.94
	Freight and Forwarding Expenses	**1,960.91**	1,848.11
	Corporate Social Responsibility Expenses	**15.01**	–
	Fixed Assets Written Off	**3.45**	3.68
	Bank Charges	**67.81**	75.07
	Provision for Sales Tax	**3.65**	59.40
	Provision for Doubtful Debts	**53.78**	–
	Baddebts written off	**7.81**	–
	Foreign Exchange Loss (Net)	**43.26**	–
	Net Loss on Sale of Current Investments	**2.65**	0.10
	Miscellaneous Expenses	**2,047.59**	1,670.11
		13,324.08	12,602.98

* Includes ₹ 291.97 lacs being professional fees incurred on acquisition of Subsidiary - Positive Packaging Industries Limited

** Includes ₹ 25 lacs being expenses incurred in connection with issue of Non-Convertible Debentures

		31 December 2015	31 December 2014
28.1	**Payment to Auditors:**		
	Auditor's Remuneration		
	Audit Fees	**54.38**	51.80
	Other Services	**102.42**	–
	In other capacity		
	Certification Fees	**0.75**	1.57
	Reimbursement of Expenses	**2.44**	1.08
		159.99	54.45

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
29	**EARNINGS PER SHARE (EPS)**		
	Profit after Tax Excluding Extraordinary Items	4,910.94	5,834.52
	Profit after Tax Including Extraordinary Items	4,910.94	6,462.05
	Weighted Average Number of Equity Shares	72,711,934	66,367,507
	Basic and Diluted Earnings per Equity Share Excluding Extraordinary Items (in ₹)	6.75	8.79
	Basic and Diluted Earnings per Equity Share Including Extraordinary Items (in ₹)	6.75	9.74
	Nominal Value of Share (in ₹)	2.00	2.00

		31 December 2015	31 December 2014
30	**NET DIVIDEND REMITTED IN FOREIGN CURRENCY (EURO) TO ITS PARENT COMPANY**		
	M/s. Huhtavefa B.V., Netherlands.		
	The particulars of dividend declared and paid to above shareholder are as under:		
	a. Dividend for the year	**2014**	2013
	b. Number of Non-resident Shareholder	**1**	1
	c. Equity Shares held by Non-resident Shareholder (on record date)	**50,003,997**	39,979,253
	d. Gross Amount of Dividend Remitted	**1,400.11**	1,119.42

			31 December 2015	31 December 2014
31	**CONTINGENT LIABILITIES**			
	a. Excise Duty			
	Matters in Appeal	- Duty	**518.11**	5,016.95
		- Penalties	**418.87**	419.52
	Show Cause Notices	- Duty	**44.73**	4,014.54
	b. Service Tax			
	Show Cause Notices	- Service Tax	**72.71**	64.40
		- Penalties	**–**	3.26
	Matters in Appeal	- Service Tax	**15.63**	24.10
		- Penalties	**12.92**	14.45
	c. Income Tax Demands in Appeal		**257.75**	67.32
	d. Sales Tax Demands in Appeal		**91.34**	178.96
	e. Claims against the Company not acknowledged as debts		**65.18**	65.18

Note for (a) to (e): Future cash outflows / uncertainties, if any, in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/ authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
32	**CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (NET OF ADVANCES).**	**192.64**	575.54

		31 December 2015	31 December 2014
33	**DISCLOSURE OF THE AMOUNTS DUE TO THE MICRO AND SMALL ENTERPRISES**		
	(On the basis of the information and records available with the Management.)		
	The principal amount and the interest due there on remaining unpaid to any Micro/Small supplier		
	- Principal amount	**135.45**	184.52
	- Interest there on	**29.72**	20.55
	The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each accounting year.	**–**	–
	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act 2006.	**–**	–
	The amount of interest accrued and remaining unpaid at the end of each accounting year.	**9.17**	6.38
	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.	**29.72**	20.55

		Currency	31 December 2015 Foreign Currency in lacs	31 December 2014 Foreign Currency in lacs
34	**DISCLOSURE OF DERIVATIVE INSTRUMENTS**			
	i Derivative Instruments Outstanding			
	Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods.	**USD**	**12.00**	18.00
	ii Foreign Exchange Exposures			
	Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods.	**USD**	**58.33**	60.36
		EUR	**0.54**	0.75
		GBP	**0.97**	–
		AED	**8.66**	9.97

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	Currency	31 December 2015 Foreign Currency in lac	31 December 2014 Foreign Currency in lac
Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	USD	42.88	55.40
	EUR	0.41	3.55
	JPY	24.61	–
	GBP	0.11	0.09
	CHF	–	0.18
iii Derivatives taken to Cover Forecast Exposures			
Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	USD	18.00	36.00
iv Closing exchange rate at Balance Sheet date (In INR)	USD	66.15	63.19
	EUR	72.02	76.72
	JPY	0.55	0.53
	GBP	98.13	98.50
	CHF	66.47	63.80
	AED	18.01	17.21
v Mark to market valuation loss on account of forward exchange contracts entered into to cover the forecast transactions pursuant to the ICAI announcement of 29th March 2008 on Accounting for Derivatives.		0.13	27.68

		31 December 2015	31 December 2014
35	**VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**		
	a. Raw Materials	18,602.41	20,052.48
	b. Stores, Spares-Parts and Other Materials	181.99	254.12
	c. Capital Goods	662.01	5,157.89

36 SEGMENT REPORTING

The Company's sole business segment is consumer packaging and all activities of the Company are incidental to this sole business segment. Given this fact and that the Company services its domestic and export markets from India only, the financial statements reflect the information required by AS-17 Segment Reporting for the sole business segment of consumer packaging.

Secondary segments for the Company are geographic, namely domestic and exports.

Revenue from geographic segments is based on the domicile of customers.

	31 December 2015	31 December 2014
Net Sales Domestic Customers	92,257.25	89,869.89
Net Sales Export Customers	21,801.53	22,557.73
Total Net Sales	114,058.78	112,427.62
The entire business assets other than trade receivables are situated in India.		
Trade receivables outstanding in respect of domestic segment as at the year end	16,805.47	16,745.99
Trade receivables outstanding in respect of export segment as at the year end	4,942.97	5,093.03

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
37	**EARNINGS IN FOREIGN CURRENCY** (on accrual basis)		
	a. F.O.B. Value of Exports	**20,829.08**	20,805.11
	b. Others	**475.03**	443.08

38. RELATED PARTY TRANSACTIONS

a. Related party where control exists:

Ultimate Parent Company	Huhtamaki Oyj., Finland
Holding Company	Huhtavefa B.V., Netherlands
Subsidiary Company	Webtech Labels Private Limited
	Positive Packaging Industries Limited (w.e.f. 31 January 2015)

b. Other Related Parties with whom transactions have taken place during the year:

Fellow Subsidiaries	Huhtamaki New Zealand Ltd., New Zealand.
	Huhtamaki Australia Ltd., Australia
	Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany
	Huhtamki South Africa Pty Ltd., South Africa
	Huhtamaki (Thailand) Ltd., Thailand
	Huhtamaki Finance B V, Netherlands
	Positive Packaging Industries South Africa Pty Ltd (w.e.f. 31 January 15)
	Huhtalux S.a.r.l.

c. Key Managerial Personnel

Mr. Suresh Gupta	Chairman
Mr. A.Venkatrangan	Managing Director

d. Details of transactions with related parties that have taken place during the year :

	31 December 2015	31 December 2014
1) Ultimate Parent Company		
a) Software and Expense Reimbursements Charge	**43.32**	69.10
b) Remuneration paid by Huhtamaki Oyj to Mr.Suresh Gupta as EVP - Flexibles Packaging Global, Huhtamaki Oyj.	**–**	24.24
c) Expense Reimbursements - Recovery	**31.18**	12.05
d) Due to Ultimate Parent Company	**0.99**	0.73
2) Holding Company		
Dividend Paid		
– Huhtavefa B.V., Netherlands	**1,400.11**	1,119.42
Issue of Share Capital including Share Premium		
– Huhtavefa B.V., Netherlands	**–**	13,441.17

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	31 December 2015	31 December 2014
3) Subsidiary Company		
Expense Reimbursement Recovery		
- Webtech Labels Private Limited	**34.35**	35.51
- Positive Packaging Industries Limited	**37.00**	–
Purchase of Goods & Services		
- Webtech Labels Private Limited	**1.93**	0.16
Expense Reimbursement Charges		
- Positive Packaging Industries Limited	**7.23**	–
Purchase of Goods & Services		
- Positive Packaging Industries Limited	**3,862.12**	–
Sale of Goods & Services		
- Positive Packaging Industries Limited	**1,268.50**	–
Lease Rent Expenses		
- Positive Packaging Industries Limited	**19.04**	–
4) Fellow Subsidiaries		
Purchase of Goods		
- Huhtamaki (Thailand) Ltd, Thailand	**4.45**	0.40
Sale of Goods		
- Huhtamaki New Zealand Ltd., New Zealand. (Net of Sales Returns)	**–**	227.13
- Huhtamaki Australia Ltd., Australia	**376.14**	381.35
- Huhtamaki South Africa Ltd., South Africa	**–**	96.98
- Positive Packaging Industries South Africa Pty Ltd	**63.09**	–
Issue of Debentures		
- Huhtalux S.a.r.l.	**38,500.00**	–
Interest on Debentures		
- Huhtalux S.a.r.l.	**2,503.03**	–
Commission Expenses on Sales		
- Huhtamki South Africa Pty Ltd., South Africa	**36.31**	89.70
Expense Reimbursements - Charge		
- Huhtamki South Africa Pty Ltd., South Africa	**6.64**	–
Huhtamaki Finance B V, Netherlands - Remuneration paid by fellow subsidiary to Mr.Suresh Gupta as Senior Advisor for Huhtamaki Group	**194.33**	96.04
Expense Reimbursements - Recovery		
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**0.06**	0.15
- Huhtamaki Finance B. V., Netherlands	**29.16**	79.15
Balances due to		
- Huhtamaki South Africa Pty Ltd., South Africa	**1.78**	8.50
- Huhtamaki New Zealand Ltd., New Zealand.	**–**	7.18
- Huhtalux S.a.r.l. (Debentures and interest thereon not due)	**39,680.35**	–
- Webtech Labels Private Limited	**0.95**	0.13
- Positive Packaging Industries Limited	**865.99**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	31 December 2015		31 December 2014	
Balances due from				
- Huhtamaki Australia Ltd., Australia		**45.75**		73.15
- Huhtamaki Finance B. V., Netherlands		**24.50**		3.53
- Positive Packaging Industries South Africa Pty Ltd		**41.58**		–
- Webtech Labels Private Limited		**8.11**		7.68
- Positive Packaging Industries Limited		**119.55**		–
5) Payments to Key Managerial Personnel and their Relatives				
Remunaration Paid to key Management Personal*				
Mr. Suresh Gupta, Chairman	**195.22**		182.71	
Mr. A.Venkatrangan,Managing Director	**243.82**	**439.04**	208.45	391.16
Dividend Paid to Key Managerial Personnel				
Mr. A.Venkatrangan		**0.14**		0.14

* As the future liabilities for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not acertainable and therefore not included above.

	31 December 2015		31 December 2014	
	% of Consumption	Amount	% of Consumption	Amount
39 CONSUMPTION OF RAW MATERIALS, PACKING MATERIALS & STORES & SPARES CONSUMED				
Imported	**25.44%**	**20,577.43**	26.62%	22,272.37
Indigenous	**74.56%**	**60,319.29**	73.38%	61,397.91
	100.00%	**80,896.72**	100.00%	83,670.28

	31 December 2015	31 December 2014
40 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) 'EMPLOYEE BENEFITS'		
The Company has classified various employee benefits as under		
i) Defined Contribution Plans		
Amount recognised as an expense and included in "Personnel costs" for Provident Fund & ESIC contributions in the Profit and Loss account.	**345.67**	322.50

ii) Defined Benefit Plans

The Company has classified the various benefit plans provided to employees as under :

I Gratuity Plan

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.

II Leave Plan

Eligible employees can carry forward and encash leave on superannuation, death, and resignation subject to maximum limits as per Company policy.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

The following table summarises the components of the net benefit expense recognised in the statement of profit & loss and the funded status and amount recognised in the Balance sheet for the respective plans.

(₹ in lacs)

		Gratuity - Funded		Leave Encashment - Non Funded	
		2015	2014	2015	2014
I.	**Change in Benefit Obligation**				
	Opening Defined Benefit Obligation	**1,410.17**	1,228.39	**429.61**	359.65
	Interest Cost	**114.51**	116.70	**34.88**	34.17
	Current Service Cost	**88.35**	79.72	**57.02**	51.42
	Benefit Paid	**(96.05)**	(43.33)	**(59.46)**	(28.51)
	Actuarial (Gain)/ Loss on Obligations	**4.47**	28.68	**(29.12)**	12.88
	Closing Defined Benefit Obligation	**1,521.45**	1,410.17	**432.93**	429.61
II.	**Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	**1,341.46**	1,228.39	**–**	–
	Expected Return on Plan Assets	**108.93**	116.70	**–**	–
	Contributions	**177.90**	–	**–**	–
	Benefit Paid	**(96.05)**	(43.33)	**–**	–
	Actuarial Gain/(Loss) on Plan Assets	**(15.54)**	39.70	**–**	–
	Fair Value of Plan Assets at the end of the year	**1,516.70**	1,341.46	**–**	–
III.	**Actual Return on Plan Assets**				
	Actual Return on Plan Assets	**93.39**	156.39	**–**	–
	Expected Return on Plan Assets	**108.93**	116.70	**–**	–
	Actuarial Gain/ (Loss) on Plan Assets	**(15.54)**	39.70	**–**	–
	Actuarial Gain/ (Loss) on Obligation	**(4.47)**	(28.68)	**(29.12)**	(12.88)
IV.	**Amount Recognised in the Balance Sheet**				
	Defined Benefit Obligation	**1,521.45**	1,410.17	**432.93**	429.61
	Fair Value of Plan Assets	**1,516.70**	1,341.46	**–**	–
	Funded Status	**(4.75)**	(68.71)	**(432.93)**	(429.61)
	Unrecognised Actuarial Gain/(Loss)	**–**	–	**–**	–
	Net Asset / (Liability) Recognised in the Balance Sheet	**(4.75)**	(68.71)	**(432.93)**	(429.61)
V.	**Expenses Recognised in the Statement of Profit and Loss**				
	Current Service Cost	**88.35**	79.72	**57.02**	51.42
	Interest Cost	**5.58**	116.70	**34.88**	34.17
	Expected Return on Plan Assets	**–**	(116.70)	**–**	–
	Net Actuarial (Gain)/Loss to Be Recognised	**20.01**	(11.01)	**(29.12)**	12.88
	Expense Recognised in Statement of Profit and Loss	**113.94**	68.71	**62.79**	98.47

The Company expects to contribute ₹ 99.09 lacs to Gratuity in next year (31st December 2014: ₹ 157.05 lacs)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

The principal assumptions used in determining benefit obligations for the Company's plans are shown below.		
Particulars	**2015**	**2014**
Discount Rate	**8.12%**	8.12%
Rate of Return on Plan Assets	**8.25%**	8.12%
Salary Escalation	**6.25%**	6.25%
	years	%
	0-2	12%
Employee Turnover	**3-4**	5%
	5-9	2.5%
	10 & Above	1%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation,seniority,promotion and other relevant factors, such as supply and demand in the employment.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.				
Particulars	**Gratuity**			
	31 December 2015		**31 December 2014**	
	Amount in lac	**%**	Amount in lac	%
Investment Value in Unit Linked Plans	**653.27**	**43%**	531.32	40%
Investment Value in Non Unit Linked Plans	**749.08**	**49%**	695.81	51%
Investment Value in Special Deposit Scheme of Bank Of Baroda	**114.33**	**7%**	114.33	9%
Total	**1516.70**	**100%**	1341.46	100%

Amounts for the current and previous periods are as follows.

Particulars	**Gratuity**				
	2015	**2014**	**2013**	**2012**	**2011**
Defined Benefit Obligation	**1,521.45**	1,410.17	1,228.39	1,274.36	1,125.95
Plan Assets	**1,516.70**	1,341.46	1,228.39	1,274.36	1,125.95
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	**(4.75)**	(68.71)	–	–	–
Experience Adjustment on Plan Assets	**(15.54)**	39.70	–	(77.19)	(42.43)
Experience Adjustment on Plan Liabilities	**21.32**	(31.57)	14.71	30.93	(11.48)
	Leave Encashment				
Particulars	**2015**	**2014**	**2013**	**2012**	**2011**
Defined Benefit Obligation	**432.93**	429.61	359.65	356.89	306.53
Plan Assets	**–**		–	–	–
Experience Adjustment	**(24.10)**	(0.71)	–	–	–
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	**432.93**	429.61	359.65	356.89	306.53

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
41	**LEASES**		
	The Company has taken certain office premises and residential facilities under operating Lease arrangements.		
	There are no restrictions imposed by lease arrangements. There are no subleases.		
	Future lease commitments in respect of non-cancellable operating leases are as follows :		
	Within one year	**225.12**	211.66
	After one year but not more than five years	**467.80**	652.32
	More than five years	**145.16**	185.76
		838.08	1,049.74

			31 December 2015	31 December 2014
42	**EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)**			
	a.	Travelling Expenses	**75.56**	79.83
	b.	Commission on Sales	**127.74**	195.00
	c.	Service Charges Paid for Technical Services	**25.82**	115.69
	d.	Royalty	**–**	9.20
	e.	Professional Fees	**9.61**	18.80
	f.	Others	**49.99**	98.38

		31 December 2015	31 December 2014
43	**RESEARCH AND DEVELOPMENT EXPENSES**		
	The details of expenses incurred on in-house research and development activities during the year ended 31 December 2015 as certified by the management are as follows :		
	Total Revenue Expenditure *	**84.01**	91.00
	Total Capital Expenditure **	**2.17**	2.85
	Total Research & Development Expenses	**86.18**	93.85

* Revenue Expenditure of ₹ 84.01 lacs has been grouped under various expense heads of the Financial Statements.

** Additions to Fixed Assets in Note no. 11 includes ₹ 2.17 lacs towards Capital Expenditure incurred for Company's in house R & D facilities.

44 EXTRAORDINARY ITEM

Extra-Ordinary Item in the in the previous year, represents Insurance claim for fire at Silvassa Plant during the year 2013 of ₹ 627.53 lacs (net of tax of ₹ 323.13 lacs).

45 On 8 July 2014, the Company and the Shareholders of Positive Packaging Industries Limited, India ('PPIL'), had entered into a definitive agreement, pursuant to which the Company on 30th January 2015, has acquired 100% of PPIL. This has been completed, after all necessary approvals and for a total enterprise value of Rupees 78,819 lacs inclusive of debt of ₹ 27,917 lacs, subject to closing adjustments.

The Company has funded the above acqusition through the following:-

- Issue of 10,024,744 Equity shares of ₹ 2 each (face value) to Huhtavefa B.V. ('Holding Company') on Preferential basis in August 2014 at a price of Rupees 134.08 per share.
- Issue of 7% Non-convertible Debentures of Rupees 38,500 lacs on 27th January 2015 on private placement basis to Huhtalux S A R L. ('Huhtamaki Group entity')

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

46 Investment in PPIL of ₹ 50,927 lacs comprises of consideration for investment amounting to ₹ 50,902 lacs and expenses capitalized as per Accounting Standard -13, 'Accounting for Investments' amounting to ₹ 25 lacs. Out of the total consideration of 50,902 lacs the Company has retained ₹6,330 lacs as holdback amount.

47 Amalgamations

a The Board of Directors approved the amalgamation of Positive Packaging Industries Limited, (100% subsidiary), with the Company in their meeting held on 14 September 2015. The scheme has received approval from the stock exchanges on which the Company is listed and the Company is in the process of filing the scheme with High Court of Mumbai. In terms of the Scheme the appointed date is 30 January 2015. Since the Positive Packaging Industries Limited is a 100% subsidiary there is no share swap ratio.

b The Board of Directors approved the amalgamation of Webtech Labels Private Limited, (51% subsidiary), with the Company in their meeting held on 14 September 2015. The scheme has received approval from the stock exchanges on which the Company is listed and the Company is in the process of filing the scheme with High Court of Mumbai. In terms of the Scheme the appointed date is 1st April 2015 and the share swap ratio will be 281 equity shares of face value of ₹ 2 each fully paid up of the Company for every 1 equity share of face value of ₹ 10 each fully paid up of Webtech Labels Private Limited.

Pending the approval of High Court, no effect of the above proposed amalgamations have been recognized in the financial statements for the year ended 31 December 2015.

48 Pursuant to provisions of Section 2(41) of the Companies Act, 2013, the Company has obtained an order from the Company law Board permitting the Company to continue having 1st January - 31st December as its Financial Year.

49 Previous year figures have been regrouped or reclassified wherever necessary, to conform to this year classifications.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Huhtamaki PPL Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Huhtamaki PPL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at December 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at December 31, 2015, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company, its subsidiaries, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
   (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
   (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) On the basis of the written representations received from the directors of the respective group's companies as on December 31, 2015 taken on record by the Board of Directors of the respective group's companies, none of the directors is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 31 to the consolidated financial statements;
      ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

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

per Vijay Maniar
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: February 16, 2016

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph [1] under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: The Group, comprising Huhtamaki PPL Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as "the Covered entities" in this report)

(i) (a) The Holding Company and the Covered entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) Fixed assets have been physically verified by the management of the Holding Company and the Covered entities of the Group during the year and no material discrepancies were identified on such verification.

(ii) (a) The management of the Holding Company and the Covered entities of the Group have conducted physical verification of inventory at reasonable intervals during the year.
   (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and the Covered entities of the Group and the nature of their business.
   (c) The Holding Company and the Covered entities of the Group are maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account of the Holding Company and the respective Covered entities of the Group.

ANNEXURE TO THE AUDITORS' REPORT (contd.)

(iii) According to the information and explanations given to us, the Holding Company and the Covered entities of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and the Covered entities of the Group and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Holding Company and the Covered entities of the Group and the nature of its businesses, for the purchase of inventory and fixed assets and for the sale of goods and services, to the extent applicable to the nature of the business of the Holding company and the Covered entities of the Group. During the course of our audit, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the Covered entities of the Group in respect of these areas.

(v) The Holding Company and the Covered entities of the Group have not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Holding Company and certain Covered entities of the Group to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. The detailed examinations of the same have not been made by us. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of certain other Covered entities of the Group.

(vii) (a) The Holding Company and the Covered entities of the Group are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable to the respective Holding Company and the Covered entities.

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

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

Holding Company

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount ₹ in lacs
Income Tax Act, 1961	Income Tax	2001 – 02	ITAT	23
		2007 - 09	High Court	67
		2011 - 12	CIT Appeals	268
State and Central Sales Tax Act	VAT/CST	2001 – 07	Deputy Commissioner	74
		2009-10	Assessing Officer	52
		2009-12	Deputy Commissioner (Appeals)	163
		2005-08	Sales tax Appellate Tribunal	34
Finance Act, 1994 - Service Tax	Service Tax	2006-2015	Additional Commissioner	41
		2004-2015	Assistant Commissioner	16
		2006-12	Customs Excise and Service Tax Appellate Tribunal	14
		2007-2012	Commissioner	11
		2010-2015	Deputy Commissioner	16
		2014-2015	Superintendent	1
Central Excise Act, 1944	Excise Duty	2001-09	Assistant Commissioner	14
		1989-14	Customs Excise and Service Tax Appellate Tribunal	863
		1997-13	Commissioner (Appeals)	29
		1998-14	Deputy Commissioner	24
		1986-89	Joint Commissioner	9
Customs Act, 1962	Customs Duty	2012-13	Customs Excise and Service Tax Appellate Tribunal	3

ANNEXURE TO THE AUDITORS' REPORT (contd.)

Subsidiary Company:

Name of Statute	Nature of Dues	Amount ₹ in lacs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	347	AY 2007-08 to AY 2011-12	CIT Appeals
Central Sales Tax Act and State Sales Tax Acts	VAT/CST	424	AY 2006-07 and 2007-08	Joint commissioner (Appeals)
Finance Act, 1994	Service tax	4	2010-12	CESTAT
		10	2009-15	Commissioner Appeals
		10	2010-2016	Deputy Commissioner
		1	2009-15	Joint Secretary
Central excise Act, 1944	Excise Duty	54	2008-11	CESTAT
		1	2012-13 & 2013-14	Commissioner Appeals
		1	2005-06 and 2009-12	Deputy Commissioner
		1	2001-06	High Court
		4	2008-10	Joint secretary
Custom Act, 1962	Custom duty	25	2005-2009 and 2010-11	Commissioner Appeals

(d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time by the Holding Company and the Covered entities to the extent applicable to the Covered entities.

(viii) The Holding Company and the Covered entities of the Group have no accumulated losses at the end of the financial year and have not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Holding Company and the Covered entities of the Group have not defaulted in their repayment of dues to a financial institution, bank or debenture holders.

(x) According to the information and explanations given to us, the Holding Company and the Covered entities of the Group have not given any guarantee for loans taken by others from bank or financial institutions.

(xi) 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 by the Covered entities of the Group. The Holding Company did not have any term loans outstanding during the year.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Holding Company and the Covered entities of the Group have been noticed or reported during the year.

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

per Vijay Maniar
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: February 16, 2016

CONSOLIDATED BALANCE SHEET

As at 31st December 2015

(₹ in lacs)

	Notes	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**1,454.33**	1,454.33
Reserves and Surplus	3	**60,414.39**	55,293.77
		61,868.72	56,748.10
Minority Interest		**2,382.80**	2,203.11
Non-Current Liabilities			
Long - Term borrowings	4	**43,520.57**	3,540.61
Deferred Tax Liability (Net)	5	**423.66**	548.85
Other Long Term Liabilities	6	**3,559.96**	–
Long Term Provisions	7	**648.56**	144.33
		48,152.75	4,233.79
Current Liabilities			
Short Term borrowings	8	**5,156.23**	231.64
Trade Payables	9	**28,673.51**	17,397.25
Other Current Liabilities	10	**12,789.24**	3,648.29
Short Term Provisions	11	**5,883.35**	3,550.14
		52,502.33	24,827.32
TOTAL		**164,906.60**	88,012.32
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12(a)	**51,053.48**	23,919.31
Intangible Assets	12(b)	**1,702.98**	1,652.76
Capital Work in Progress		**378.51**	593.69
Goodwill on Consolidation		**22,716.28**	1,956.73
Non-Current Investments	13	**0.03**	0.03
Long Term Loans & Advances	14	**4,006.04**	2,514.72
Other Non Current Assets	15	**15.97**	28.36
		79,873.29	30,665.60
Current Assets			
Current Investments	16	**20,662.62**	18,633.78
Inventories	17	**15,606.82**	9,825.19
Trade Receivables	18	**41,886.69**	24,577.52
Cash and Bank Balances	19	**1,536.60**	1,165.22
Short Term Loans & Advances	20	**2,064.99**	1,614.48
Other Current Assets	21	**3,275.59**	1,530.53
		85,033.31	57,346.72
TOTAL		**164,906.60**	88,012.32
Significant Accounting Policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT

For the year ended 31st December 2015

(₹ in lacs)

	Notes	31 December 2015	31 December 2014
INCOME			
Revenue from Operations (Gross)	22	**219,623.93**	131,161.32
Less: Excise Duty		**15,885.65**	8,627.94
Revenue from Operations (Net)		**203,738.28**	122,533.38
Other Income	23	**1,423.89**	925.65
Total Revenue		**205,162.17**	123,459.03
EXPENSES			
Raw Material and Components Consumed	24	**138,584.50**	87,707.10
Changes in Inventories of Finished Goods and Work-in-Process	25	**(1,928.00)**	(534.43)
Employee Benefit Expenses	26	**17,703.79**	9,224.84
Finance Cost	27	**4,037.31**	310.12
Depreciation and Amortisation Expenses	28	**9,053.01**	4,385.78
Other Expenses	29	**26,149.01**	14,231.12
Total Expenses		**193,599.62**	115,324.53
Profit before Extraordinary Item and Tax		**11,562.55**	8,134.50
Extraordinary Item (Refer note 39)		**–**	627.53
Profit Before Tax		**11,562.55**	8,762.03
Tax Expenses			
Current Tax (Including Minimum Alternate Tax (MAT))		**3,834.35**	1,559.08
Excess Provision for earlier years written back (including MAT Credit Entitlement of ₹ 82.21 lacs)		**(160.15)**	–
Less: MAT Credit Entitlement		–	(98.00)
Net Current Tax		**3,674.20**	1,461.08
Deferred Tax		**15.49**	450.16
Profit for the period		**7,872.86**	6,850.79
Share of Minority Interest		**179.69**	190.48
Profit After Minority Interest		**7,693.17**	6,660.31
Earnings per Equity Share including Extra-Ordinary Items (Nominal value - ₹ 2 (Previous Year- ₹ 2))	30		
1. Basic		**10.58**	10.04
2. Diluted		**10.58**	10.04
Earnings per Equity Share excluding Extra-Ordinary Items			
1. Basic		**10.58**	9.09
2. Diluted		**10.58**	9.09
Significant Accounting Policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
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Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and Extra-Ordinary Items	**11,562.55**	8,134.50
	Adjustments for		
	Depreciation	**9,053.01**	4,385.78
	Unrealised Foreign Exchange Loss (Net)	**144.52**	33.23
	Interest Income	**(260.86)**	(20.53)
	Dividend Income	**(886.50)**	(650.93)
	Financial Expenses	**4,037.31**	310.12
	Provision for Doubtful Debts made / (Written back)	**62.56**	(20.64)
	Liabilities no longer required written back and baddebts recovered	**(86.87)**	–
	Baddebts written off	**12.68**	–
	(Profit)/Loss on Sale of Investments	**2.65**	0.10
	Fixed Assets Written Off	**3.45**	3.68
	Provision for Sales Tax made	**82.32**	59.40
	(Profit)/Loss on Sale of Assets (Net)	**26.99**	(60.19)
	Operating Profit before Changes in Working Capital	**23,753.81**	12,174.52
	Adjustments for (Increase)/Decrease in		
	Trade Receivables	**1,241.32**	(3,580.10)
	Inventories	**4,871.81**	(476.91)
	Loans and Advances	**4,285.35**	(674.01)
	Other Assets	**602.70**	481.57
	Adjustments for Increase / (Decrease) in		
	Trade Payables	**289.91**	2,459.16
	Other Current Liabilities	**298.44**	129.39
	Provisions	**(346.66)**	(30.96)
	Cash Generated from Operations	**34,996.68**	10,482.66
	Direct Taxes Paid (Net of Refunds Received)	**(3,371.19)**	(1,498.44)
	Net Cash from Operating Activities	**31,625.49**	8,984.22
	Extra-Ordinary Item (Net of Tax) (Refer note 39)	**–**	398.90
	Net Cash from Operating Activities	**31,625.49**	9,383.12
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	**(4,681.86)**	(8,064.08)
	Proceeds from Sale of Fixed Assets	**29.79**	83.42
	Purchase of Current Investments	**(45,187.03)**	(34,858.17)
	Sale of Current Investments	**43,155.55**	21,703.68
	Acquision of Subsidiary (Refer note 40)	**(44,597.37)**	–
	Dividend Received	**886.50**	650.93
	Interest Received	**267.08**	20.39
	Capital Subsidy Received	**–**	30.00
	Net Cash used in Investing Activities	**(50,127.34)**	(20,433.83)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2014

(₹ in lacs)

	31 December 2015	31 December 2014
C. Cash Flow from Financing Activities		
Issue of Share Capital (Net of Expenses on issue)	–	13,420.16
Issue of Debentures	**38,500.00**	–
Repayment of Sales Tax deferral loan	**(191.55)**	(140.41)
Repayment of Short term borrowings	**(6,939.21)**	–
Repayment of Long term borrowings	**(7,637.29)**	(813.01)
Proceeds from Long Term Borrowings	–	353.56
Proceeds from Short Term Borrowings	–	173.03
Interest Paid	**(2,904.84)**	(310.11)
Dividends Paid (Including Dividend Tax thereon)	**(2,439.46)**	(2,047.24)
Net Cash from Financing Activities	**18,387.65**	10,635.98
Net Increase/ (decrease) in Cash and Cash Equivalents	**(114.20)**	(414.73)
Cash and Cash Equivalents on account of acquisition of subsidiary (Refer Note 40)	**485.58**	–
Cash and Cash Equivalents at the Beginning of the Year	**1,165.22**	1,579.95
Cash and Cash Equivalents at the Close of the Year	**1,536.60**	1,165.22
Cash and Cash Equivalents Comprise:		
Cash on Hand	**21.58**	14.18
Cheques on Hand	**60.50**	0.89
Balances in Current Accounts with Scheduled Banks	**897.77**	1,027.60
Balances in Deposit Accounts with Scheduled Banks	**489.66**	59.01
Balances in Unpaid Dividend Bank Accounts *	**67.09**	63.54
	1,536.60	1,165.22

* These balances are not available for use by the Company,as they represent corresponding unpaid liabilities.

Notes :

1) The above cashflow statement has been prepared under indirect method as per Accounting Standard-3 "Cash Flow Statement"

2) Cash and Cash equivalents for the purpose of cash flow statements comprise of Cash at Bank and in Hand and short term investments with an original maturity of three months or less.

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. GROUP INFORMATION

Subsidiaries considered in this Consolidated Financial Statement-

Name of the Company	Country of Incorporation	% of Ownership at 31st December 2015	% of Ownership at 31st December 2014
Webtech Labels Private Limited	India	51%	51%
Positive Packaging Industries Limited	India	100%	–

The financial statements of subsidiaries considered in consolidated accounts are drawn upto the same date i.e. 31 December 2015

B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Huhtamaki PPL Limited ('the company') and its subsidiaries (hereinafter referred as ”the Group”). The consolidated financial statements have been prepared on the following basis.

- The financial statements of the Company and its subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of assets,liabilities,income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements” as notified by Companies (Accounting Standards) Rules 2006 (as amended).
- The difference between the cost of investment in the subsidiaries and the company's share of equity on the date of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- Minority Interest's share of net assets of Consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's seperate financial statements.

C. OTHER SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India, under the historical cost convention (with the exception of freehold land which has been revalued and derivative financial instruments which have been measured at fair value),on the accrual basis of accounting and comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently followed by the group.

b. Use of Estimates

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities.The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Fixed Assets

- Fixed assets are stated at cost (or revalued amounts as the case may be) less accumulated depreciation & impairment losses,if any.Cost of fixed assets comprises of purchase price, duties, levies 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 fixed assets upto the completion of construction or acquisition of such fixed assets are included in the gross book value of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

- Cenvat credit availed for excise duty and countervailing duty availed for customs duty payments made on fixed assets is reduced from the cost of fixed assets.
- Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the asset.
- Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date.

d. Intangibles

Intangible Assets acquired seperately are measured on intial recognition at cost. Following, intial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

e. Depreciation

i. Tangible Assets

Buildings are depreciated on written down value method at the rates prescribed in Schedule II to the Companies Act, 2013, which coincide with management estimate of useful life.Other fixed assets are depreciated on straight line method at the rates prescribed in Schedule II to the Companies Act, 2013 except those specified below. (Refer note 3 (b))

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

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

Depreciation on additions/deletions to fixed assets is provided prorata from the date of addition/till the date of deletion.

Leasehold Land is amortised on a straight line basis over the period of lease.

ii. 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. All upgradations/enhancements are generally charged to profit and loss account,unless they bring significant additional benefits.

Goodwill is amortised over a period of 10 years

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.

f. Goodwill on Consolidation

Goodwill arising on Conslidation is valued at cost, and provision is made for impairment if applicable.

g. Foreign Currency Transactions

- 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 recognized in the profit and loss account of the year.
- Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end are translated at the year end at the closing exchange rate and the resultant exchange differences are recognised in the profit and loss account.
- Non-monetary foreign currency items are carried at cost.

- The premium or discount on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised over the period of the contracts in the profit and loss account. Exchange gain or loss on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised in the profit and loss account.
- In compliance with the Institute of Chartered Accountants of India (ICAI) announcement dated 29th March,2008 on accounting for derivatives, the mark to market valuation loss on forward contracts entered into, to cover the forecast transactions is charged to profit and loss account. Gain on Mark to Market valuation is ignored.
- Operations of foreign branch of one of the subsidiary are classified as "Integral foreign operations". Revenue and expenses are translated at the monthly average rate. Monetary assets and liabilities at the year end are translated at the year end exchange rates. Non-monetary items comprising of fixed assets are translated using exchange rate at the date of transaction. The net exchange difference resulting from the translations of items in the financial statements of the foreign branch are recognized as income/expense for the year.

h. Inventories

- Inventories are valued at lower of cost and net realisable value, Cost is determined on Weighted Average Method. In case of a subsidiary, cost is determined on First in First Out (FIFO) 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 & excise duty wherever applicable.
- The cost of loose tools is amortised over its estimated useful life.

i. Revenue Recognition

- Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. It is recognised when significant risks and rewards of ownership of goods have passed to the buyer.
- Gross sales are inclusive of Excise Duty.
- Sales are net of returns & discounts.
- Dividend income is recognised when the right to receive dividend is unconditional at the balance sheet date.
- Interest on investments is accounted on a time proportion basis taking into account the amounts invested and the rate of interest.

j. Retirements Benefits

i. Defined Contribution Plans:

Contributions payable to the recognised provident fund, which is a defined contribution plan, are charged to the statement of profit and loss as incurred.

ii. Defined Benefit Plans :

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

The present value of the obligation under such defined benefit plan is 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 plan is based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

iii. Other Long Term Employment Benefits :

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are considered as long-term employee benefit for measurement purposes and are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately

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

iv. Other Short Term Employment Benefits:

Group provides short term benefit of sick leave to its employees with certain accumulation provisions and same being short term and expected to be utilised within twelve months are provided on undiscounted basis.

k. Investments

- Investments, which are readily realisable and intended to be held for not more than one year from the date on which such Investments are made, are classified as current Investments. All other Investments are classified as Long Term Investments.
- Long term investments are valued at cost and an appropriate provision is made for diminution, which is other than temporary, in their value.
- Current investments are valued at cost or market value, whichever is lower.

l. 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.

m. Taxation

Income tax expense comprises current income tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

n. Leases

Operating Leases

Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

o. Impairment of Assets

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

p. Governments Grants and Subsidies

Grants and Subsidies from the Governments are recognised when there is a reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grants / subsidy will be received.

Government Grants of the nature of Promoter Contribution are credited to Capital Reserve and treated as part of the Shareholders Funds.

q. Provisions and Contingent Liabilities

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized 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 recognized in the period in which the change occurs.

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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015		31 December 2014	
2	**SHARE CAPITAL**				
	AUTHORISED CAPITAL				
	150,000,000 (Previous Year 150,000,000)				
	Equity shares of ₹ 2/- each	**3,000.00**		3,000.00	
	700,000 (Previous Year 700,000) 12% Redeemable				
	Cumulative Preference Shares of ₹ 100/- each	**700.00**		700.00	
	300,000 (Previous Year 300,000) Unclassified				
	Shares of ₹ 100/- each	**300.00**	**4,000.00**	300.00	4,000.00
			4,000.00		4,000.00
	ISSUED SUBSCRIBED AND PAID-UP CAPITAL				
	72,711,934 (Previous Year: 72,711,934) Equity				
	Shares of ₹ 2/- each fully paid-up.	**1,454.24**		1,454.24	
	Add : Amount Received on 1,449 (Previous Year 1,449) Forfeited Shares.	**0.09**	**1,454.33**	0.09	1,454.33
	TOTAL		**1,454.33**		1,454.33

a Reconciliation of the shares outstanding at the beginning & at the end of the reporting period.

	31 December 2015		31 December 2014	
	Nos.	**₹ in lac**	**Nos.**	**₹ in lac**
At the beginning of the period	**72,711,934**	**1,454.24**	62,687,190	1,253.74
Add: Issued during the year	**–**	**–**	10,024,744	200.50
Outstanding at the end of the period	**72,711,934**	**1,454.24**	72,711,934	1,454.24

b Terms / Rights attached to equity shares.

The company has only one class of Issued,Subscribed and Paid-up Equity Capital having a par value of ₹ 2/- per share.Each holder of equity share is entitled to one vote per share.The company declares and pays dividend 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.

During the year ended 31st December 2015, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.80 (31 December 2014 : ₹ 2.80)

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

c Shares held by holding company

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

	31 December 2015		31 December 2014	
	Nos.	**₹ in lac**	**Nos.**	**₹ in lac**
Huhtavefa B.V., Netherlands,The Holding Company	**50,003,997**	**1,000.08**	50,003,997	1,000.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	31 December 2015		31 December 2014	
d Details of Shareholders holding more than 5% shares in the company.	**Nos.**	**% holding in the class**	Nos.	% holding in the class
Equity shares of ₹ 2/- each fully paid up.				
Huhtavefa B.V., Netherlands,The Holding Company.	**50,003,997**	**68.77%**	50,003,997	68.77%
HDFC Trustee Company Limited (A/c HDFC Midcap Opportunities Fund)	**3,880,725**	**5.34%**	3,330,525	4.58%

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.

	31 December 2015		31 December 2014	
3 RESERVES AND SURPLUS				
Capital Redemption Reserve		**700.00**		700.00
Securities Premium Account				
Balance as per last Balance sheet	**21,155.98**		7,936.32	
Add: Premium received on issue of shares	–		13,240.68	
Less: Share issue expenses	–	**21,155.98**	21.02	21,155.98
Debenture Redemption Reserve				
Balance as per last Balance sheet	–			
Add: Transfer from Profit & Loss (Refer Note (a) below)	**1,925.00**	**1,925.00**	–	–
Revaluation Reserve		**275.77**		275.77
Capital Reserve				
Balance as per last Balance Sheet	**60.00**		30.00	
Add: Received during the year	–	**60.00**	30.00	60.00
General Reserve				
Balance as per last Balance Sheet	**8,975.27**		8,329.06	
Less: Adjusted for Depreciation (Refer Note (b) below)	**(122.15)**		–	
Add: Amount Transferred from Surplus balance in the statement of Profit and Loss	**492.00**	**9,345.12**	646.21	8,975.27
Surplus in the Statement of Profit & Loss				
Balance as per last financial statement	**24,126.75**		20,555.65	
Profit for the year	**7,693.17**		6,660.31	
Less: Appropriations	**–**			
Proposed Final Equity Dividend (Amount per/share ₹ 2.80 (31 December 2014 ₹ 2.80))	**(2,035.93)**		(2,035.93)	
Tax on Proposed Equity Dividend	**(414.47)**		(407.07)	
Transferred to General Reserve	**(492.00)**		(646.21)	
Transferred to Debenture Redemption Reserve	**(1,925.00)**		–	
Net Surplus in the statement of Profit & Loss		**26,952.52**		24,126.75
Total Reserves & Surplus		**60,414.39**		55,293.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

a. Debenture Redemption Reserve has been created in terms of Section 71 of the Companies Act, 2013

b. During the year w.e.f. 1 January 2015, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013. As per the transitional provision, depreciation of ₹ 122.15 lacs (net of deferred tax of ₹ 62.90 lacs) on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve.

(₹ in lacs)

		31 December 2015	31 December 2014
4	**LONG - TERM BORROWINGS**		
	3,850 (Previous Year: Nil) 7% Unsecured Non-Convertible Debentures of ₹ 10 lacs each (Refer Note a)	**38,500.00**	–
	Deferred Sales Tax Loan - Hyderabad (Unsecured) (Refer Note b)	**1,480.23**	1,729.51
	Deferred Sales Tax Loan - Maharashtra (Unsecured) (Refer Note c)	**108.61**	–
	External commercial borrowings from Group Company (Huhtavefa B.V) (Unsecured) (Refer Note d)	**–**	–
	External commercial borrowings from Standard Chartered Bank (Secured) (Refer Note e)	**2,646.15**	–
	Indian Rupee Loans from Banks (secured) (Refer Notes f to i)	**229.48**	1,811.10
	Foreign currency loan from Bank (secured)(Refer Note j)	**556.10**	–
		43,520.57	3,540.61

a. During the current year, the Company has issued 3,850 Non Convertible Debentures of ₹ 10,00,000 each to Huhtalux S.a.r.l. on private placement basis. The Debentures are listed and due for redemption on January 27, 2020.

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

c. Repayable after 10 years from the date of availment of the loan in 5 equal installment. These loans are repayable annually in April with 1st installment was due in April 2008 and April 2011 and last one being due on April 2017 and April 2020. The loans are interest free.

d. Repayable in four equal half yearly installments commencing from June 2015 along with interest at the rate LIBOR plus 300 basis points.

e. Loan of USD 100 lacs - Repayable in 15 equal quarterly installments commenced from December 2014 along with interest rate of 3 months LIBOR plus 349 basis points.

f. Indian Rupee loans from banks of ₹ Nil (Previous Year ₹ 1,503.37 lacs) carry interest @ PLR less 5% p. a., These loans are repayable in 60 monthly installments of ₹ 60.84 lacs each along with interest, from the date of loans. The loans are secured by hypothecation of Machineries of Subsidiary.

g. Indian Rupee loan from bank of ₹ 229.15 lacs (Previous Year ₹ 307.73 lacs) carries interest @ 11.90% p.a. The loan is repayable in 54 monthly installments of principal component of ₹ 6.55 lacs each after completion of moratorium of six months from the date of loans. The loans are secured by hypothecation of Machineries of subsidiary

h. Indian Rupee Loan from Bank of ₹ 281.25 lacs is repayable in 48 equal monthly installments of ₹ 31.25 lacs w.e.f. October 2012. These term loans carries interest rate ranging from 13.35 % to 11.45%

i. Indian Rupee Loan from Bank (Vehicle loans) of ₹ 6.81 lacs is repayable in 36 equal monthly installments commencing from the date of purchase alongwith interest rate of 9.5% to 10.5% p.a. These are secured against hypothecation of respective vehicles financed.

j. Foreign currency Loan from Bank of ₹ 1,112.20 lacs is repayable in 48 equal monthly installments w.e.f. January 2014 alongwith interest rate of 1 year LIBOR plus 600 basis points.

Loans referred to in Note (e), (h) and (j) are secured by first paripassu charge on immovable fixed assets i.e Land and Buildings of the subsidiary situated at Khopoli, Taloja and Ambernath in Maharashtra, first pari passu charge over movable fixed assets, both present and future, at all locations in Maharashtra and Bengaluru of subsidiary and second paripassu charge on current assets, both present and future at all locations in Maharashtra and Bangalore of subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
5	**DEFERRED TAX (ASSET) / LIABILITY (NET)**		
	Deferred Tax Liability arising on account of timing differences in:		
	- Depreciation	**1,345.30**	907.75
		1,345.30	907.75
	Deferred Tax Asset arising on account of timing differences in:		
	- Provision for doubtful debts	**62.49**	31.00
	- Provision for retirement benefits	**524.02**	205.08
	- Effect of expenditure debited to Profit & Loss account but allowed for Tax purposes in following years	**335.13**	122.82
		921.64	358.90
	Deferred Tax (Asset) / Liability (Net)	**423.66**	**548.85**

		31 December 2015	31 December 2014
6	**OTHER LONG TERM LIABILITIES**		
	Retention Money Payable (Refer Note below)	**3,540.05**	–
	Security Deposit Payable	**19.91**	–
		3,559.96	**–**

(The same represents money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares from them) (Refer note 40)

		31 December 2015	31 December 2014
7	**LONG TERM PROVISIONS**		
	Provision for Employee Benefits	**648.56**	144.33
		648.56	144.33

		31 December 2015	31 December 2014
8	**SHORT TERM BORROWINGS**		
	Cash Credit from Banks (secured)	**1,596.23**	156.64
	Working Capital Demand Loan (secured)	**3,560.00**	75.00
		5,156.23	231.64

a. Working Capital Demand loan of ₹ 100 lacs (Pervious year ₹ 75 lacs) carries interest @ 11% p.a. and is secured against hypothecation of stocks and book debts of subsidiary

b. Cash Credit from Banks of ₹ 118.12 lacs (Pervious year ₹ 156.64 lacs) carries interest ranging from 11.50% to 12% p.a. and is secured against hypothecation of stocks and book debts of subsidiary.

c. Working Capital Demand loan and Cash Credit other than stated in Note a & b, above carry interest rates ranging from 10.40% p.a. to 11.00% p.a.

The loans in Note (c) are secured by first pari passu charge over the current assets (both present and future) of the subsidiary situated at all locations in Maharashtra and Bangalore, second Pari passu charge on the movable fixed assets (except Vehicles) of the Subsidiary situated at Maharashtra & Bangalore and second pari passu charge on the immovable fixed assets of the Subsidiary situated in Maharashtra.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
9	**TRADE PAYABLES**		
	Trade Payables	**28,673.51**	17,397.25
		28,673.51	17,397.25

		31 December 2015	31 December 2014
10	**OTHER CURRENT LIABILITIES**		
	Unclaimed dividend *	**67.09**	63.54
	Advance from Customers	**221.30**	176.52
	Employee Benefits Payable	**2,935.52**	1,360.72
	Employee Statutory Liabilities Payable	**144.46**	79.45
	Taxes payable	**574.02**	347.66
	TDS Payable	**222.88**	82.62
	Creditors for Capital Goods	**372.93**	1,103.58
	Current Maturity of Long Term Borrowings (Refer note 4)	**4,187.25**	421.34
	Interest accrued but not due	**1,244.23**	–
	Retention Money Payable (Refer Note (a) below)	**2,790.00**	–
	Others	**29.56**	12.86
		12,789.24	3,648.29

a. The same represents money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares from them (Refer note 40)

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

		31 December 2015	31 December 2014
11	**SHORT TERM PROVISIONS**		
	Provision for Income Tax (Net of Advance Tax)	**1,759.00**	161.95
	Provision for Employee Benefits	**1,045.66**	532.70
	Provision for Mark to Market losses on derivative contracts	**0.13**	27.68
	Provision for Losses on Derivative Contracts (as per AS 11-Revised)	**39.53**	31.94
	Provision for Litigations	**588.63**	352.87
	Proposed Equity dividend	**2,035.93**	2,035.93
	Provision for Tax on Proposed Equity Dividend	**414.47**	407.07
		5,883.35	3,550.14
	Provision for Litigations		
	At the beginning of the year	**352.87**	317.25
	Arising during the year	**104.50**	157.52
	Arising during the year on account of acquisition of Subsidiary (Refer Note 40)	**191.21**	–
	Unused amount reversed/utilised during the year	**(59.95)**	(121.90)
	At the end of the year	**588.63**	352.87

Provision for Litigation represents provision made by the company in respect of disputed Indirect Tax matters.

No.12 (a) - Fixed Assets
Tangible Assets

(₹ in lacs)

Description	LAND Free Hold	LAND Lease Hold	LAND Leasehold Improvement	Building	Machinery	Computers	Vehicles	Furniture & Fixtures	Office Equipments	Total
Gross Block										
Balance as at 01-01-2014	**522.66**	**259.45**	**–**	**6,990.26**	**43,978.29**	**913.96**	**191.22**	**994.40**	**362.86**	**54,213.10**
Additions	–	–	–	255.07	7,778.06	271.06	62.27	112.65	35.60	8,514.71
Deletions	–	–	–	54.98	1,834.16	123.18	39.65	7.29	22.43	2,081.69
Balance as at 31-12.2014	**522.66**	**259.45**		**7,190.35**	**49,922.19**	**1,061.84**	**213.84**	**1,099.76**	**376.03**	**60,646.12**
Additions	3.02	–	0.22	941.25	3,234.43	99.31	77.19	84.57	116.91	4,556.90
Acquisition of Susidiary (Refer note 40)	164.32	2,926.04	264.24	11,754.58	46,478.67	601.59	174.13	869.72	408.56	63,641.85
Deletions	–	–	41.80	–	456.33	168.89	51.21	86.91	23.15	828.29
Balance as at 31-12.2015	**690.00**	**3,185.49**	**222.66**	**19,886.18**	**99,178.96**	**1,593.85**	**413.95**	**1,967.14**	**878.35**	**128,016.58**
Accumulated Depreciation										
Balance as at 01-01-2014	–	23.94	–	3,598.03	29,607.30	742.94	128.92	529.89	222.91	34,853.93
Additions	–	2.88	_	353.59	3,305.01	93.39	34.72	94.42	43.66	3,927.67
Deletions	–	–	_	54.98	1,812.30	122.93	35.86	6.72	22.00	2,054.79
Balance as at 31-12.2014	**–**	**26.82**		**3,896.64**	**31,100.01**	**713.40**	**127.78**	**617.59**	**244.57**	**36,726.81**
Additions	–	117.87	10.98	1,241.05	6,625.15	189.46	63.14	137.32	115.74	8,500.71
Acquisition of Susidiary (Refer note 40)	–	62.95	233.35	3,930.21	25,543.33	488.00	95.72	596.47	163.28	31,113.31
Adjustment (Refer Note v below)	–	–		181.52	–	0.69	–	2.84	–	185.05
Deletions	–	–	23.91	–	424.38	167.59	49.96	81.21	21.05	768.10
Balance as at 31-12.2015	**–**	**207.64**	**220.42**	**9,249.42**	**62,844.11**	**1,223.96**	**236.68**	**1,273.01**	**502.54**	**75,757.78**
Impairment										
Balance as at 01-01-2014	–	–	–	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–	–	–	–
Deletions	–	–	–	–	–	–	–	–	–	–
Balance as at 31-12.2014	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of Susidiary (Refer note 40)				334.16	854.13	3.19	–	12.04	3.80	1,207.32
Charge for the year	–	–	–	–	–	–	–	–	–	–
Reversal during the year					1.41	0.10		0.42	0.07	2.00
Balance as at 31-12.2015	**–**	**–**	**–**	**334.16**	**852.72**	**3.09**	**–**	**11.62**	**3.73**	**1,205.32**
Net Block										
Balance as at 31-12.2014	**522.66**	**232.63**	**–**	**3,293.71**	**18,822.18**	**348.44**	**86.06**	**482.17**	**131.46**	**23,919.31**
Balance as at 31-12.2015	**690.00**	**2,977.85**	**2.24**	**10,302.60**	**35,482.13**	**366.80**	**177.27**	**682.51**	**372.08**	**51,053.48**

Notes

		As At 31st December 2015 Original Cost	As At 31st December 2015 Written Down Value	As At 31st December 2014 Original Cost	As At 31st December 2014 Written Down Value
i	Buildings include				
	a. Buildings on leasehold land	**1,976.53**		1,974.08	
	b. Ownership flats in Co-operative Societies on freehold land	**212.62**		212.62	
	c. Ownership flats in Co-operative Societies on leasehold land	**61.78**		61.78	
ii	Machinery includes Electrical Fittings being expenditure incurred on installing overhead line & metering yard for laying high tension line for drawing power from Central Power Distribution Company of Andhra Pradesh Ltd's Grid to the Hyderabad plant though ownership of the same vests with Central Power Distribution Company of Andhra Pradesh Ltd	**13.60**	**0.83**	13.60	2.23
iii	Machinery at one of the subsidiary includes expenditure towards HT line installation the ownership of which rests with the State Electricity Board.	**167.83**	**64.72**	–	–
iv	Freehold Land at Thane was revalued on 31.07.1985 based on independent valuation report.The historical cost of Freehold Land fair valued by the Company was Rs.1.29 lacs and the fair value was Rs.277.06 lacs. Hence the revaluation resulted in an increase in the value of Freehold Land by Rs.275.77 lacs				
v	Depreciation of Rs.185.05 lacs on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013. [Refer Note 3(b)].				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

No.12 (b) - Fixed Assets

Intangible Assets

(₹ in lacs)

Description	Non Compete Fees	Computer Software	Club Membership	Goodwill	Total
Gross Block					
Balance as at 01-01-2014	**489.00**	**1,326.18**	**55.15**	**1,419.56**	**3,289.89**
Additions	–	244.40	–	–	244.40
Deletions	75.00	–	–	–	75.00
Balance as at 31-12.2014	**414.00**	**1,570.58**	**55.15**	**1,419.56**	**3,459.29**
Additions	–	471.53	–	–	471.53
Acquisition of Susidiary (Refer note 40)	–	517.58	–	792.56	1,310.14
Deletions	–	7.42	–	–	7.42
Balance as at 31-12.2015	**414.00**	**2,552.27**	**55.15**	**2,212.12**	**5,233.54**
Accumulated Depreciation					
Balance as at 01-01-2014	166.07	1,072.39	18.11	166.85	1,423.42
Additions	89.06	221.58	5.51	141.96	458.11
Deletions	75.00	–	–	–	75.00
Balance as at 31-12.2014	**180.13**	**1,293.97**	**23.62**	**308.81**	**1,806.53**
Additions	82.80	322.03	5.51	141.96	552.30
Acquisition of Susidiary (Refer note 40)	–	386.43	–	506.61	893.04
Deletions	–	7.43	–	–	7.43
Balance as at 31-12.2015	**262.93**	**1,995.00**	**29.13**	**957.38**	**3,244.44**
Impairment					
Balance as at 01-01-2014	–	–	–	–	–
Additions	–	–	–	–	–
Deletions	–	–	–	–	–
Balance as at 31-12.2014	–	–	–	–	–
Acquisition of Susidiary (Refer note 40)	**–**	**0.16**	**–**	**285.96**	**286.12**
Charge for the year	–	–	–	–	–
Reversal during the year	–	–	–	–	–
Balance as at 31-12.2015	**–**	**0.16**	**–**	**285.96**	**286.12**
Net Block					
Balance as at 31-12.2014	**233.87**	**276.61**	**31.53**	**1, 110.75**	**1,652.76**
Balance as at 31-12.2015	**151.07**	**557.11**	**26.02**	**968.78**	**1,702.98**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
13	**NON-CURRENT INVESTMENTS**		
	Trade Investments (valued at cost unless stated otherwise)		
	Unquoted Equity instruments		
	100 Equity shares (31 December 2014 – 100 Equity Shares) of ₹ 25 each fully paid up in Shamrao Vithal Co–Operative Bank Ltd	**0.03**	0.03
		0.03	0.03

		31 December 2015	31 December 2014
14	**LONG TERM LOANS & ADVANCES**		
	Capital Advances	**150.87**	820.08
	Unsecured,Considered good		
	Security Deposit	**799.48**	450.07
	Unsecured,Considered good		
	Advances recoverable in Cash or in Kind	**20.82**	27.83
	Unsecured considered good		
	Other loans & advances (Unsecured considered good)		
	Advance Income Tax (Net of Provision)	**290.34**	157.12
	Advance Fringe Benefit Tax (Net of Provision)	**21.51**	21.01
	MAT Credit Receivable	**1,279.21**	136.00
	Loans/Advances to Staff	**28.83**	21.22
	Prepaid Expenses	**4.16**	19.29
	Balances with Customs, Excise & Sales Tax Authorities etc	**1,410.82**	862.10
		4,006.04	2,514.72

		31 December 2015	31 December 2014
15	**OTHER NON–CURRENT ASSETS**		
	Unsecured,considered good unless stated otherwise.		
	Margin Money deposit (Refer Note below)	**3.38**	3.38
	Non – Current bank balances being Deposits with original maturity of more than 12 months	**12.59**	0.98
	Others	**–**	24.00
		15.97	28.36

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

			31 December 2015		31 December 2014	
16	**CURRENT INVESTMENTS (valued at lower of cost & fair value, unless stated otherwise)**					
	UNITS OF MUTUAL FUNDS– UNQUOTED	**Face Value**	**Nos.**	**Amount**	**Nos.**	**Amount**
	Axis Liquid Fund–DDR	1,000	**151,108**	**1,511.57**	313,558	3,136.55
	Franklin India TMA – Super IP – DDR	1,001	**370,122**	**3,703.87**	150,962	1,510.70
	ICICI Prudential Money Market Fund–DDR	100	**1,588,835**	**1,590.89**	–	–
	Birla Sun Life Floating Rate Fund – STP – DDR	100	**3,525,397**	**3,526.11**	–	–
	UTI Money Market Fund – IP – DDR	1,003	**282,016**	**2,829.71**	–	–
	Reliance Liquid fund TP– Dly Dividend	1,529	**192,388**	**2,941.11**	185,578	2,837.00
	Kotak floater Short Term – Daily Dividend Re – investment	1,012	**361,706**	**3,659.10**	300,319	3,038.09
	DWS Insta Cash Plus Fund – DDR	100	**897,531**	**900.26**	–	–
	Birla Sun Life Cash Plus –DDR	100		**–**	2,983,000	2,988.82
	ICICI Prudential Liquid – Reg – DDR	100		**–**	2,519,719	2,521.22
	HDFC Liquid Fund – DDR	10		**–**	18,347,368	1,871.10
	IDFC Cash Fund – Reg – Dly Dividend	1,000		**–**	72,997	730.30
	TOTAL			**20,662.62**		18,633.78
	Net Asset Value (NAV) of Mutual fund Units			**20,662.62**		18,633.78

		31 December 2015	31 December 2014
17	**INVENTORIES (Valued at lower of cost and net realizable value)**		
	Raw Materials and Components [includes in transit ₹ 430.14 Lacs (31 Dec 2014 ₹ 206.22 Lacs)	**8,245.44**	5,466.29
	Work in Process	**2,827.45**	1,844.28
	Finished Goods	**1,799.22**	785.19
	Stores & Spares	**1,811.13**	772.01
	Loose Tools	**923.58**	957.42
		15,606.82	9,825.19

		31 December 2015	31 December 2014
18	**TRADE RECEIVABLES**		
	Trade Receivables (Unsecured)		
	Outstanding for more than Six Months from the date they are due for payment		
	Considered Good	**111.35**	–
	Considered Doubtful	**180.79**	124.42
		292.14	124.42
	Less: Provision for Doubtful Receivables	**180.79**	124.42
		111.35	–
	Other Receivables		
	Considered Good	**41,775.34**	24,577.52
	Considered Doubtful	**–**	–
		41,775.34	24,577.52
	Less: Provision for Doubtful Receivables	**–**	–
		41,775.34	24,577.52
	TOTAL	**41,886.69**	24,577.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
19	**CASH AND CASH BALANCES**		
	Cash and Cash Equivalents		
	Balances with Banks		
	On Current Accounts	**897.77**	1,027.60
	On Unpaid Dividend Accounts	**67.09**	63.54
	Deposits with original maturity of less than three months	**489.66**	59.01
	Cheques on Hand	**60.50**	0.89
	Cash on Hand	**21.58**	14.18
		1,536.60	1,165.22

		31 December 2015	31 December 2014
20	**SHORT TERM LOANS & ADVANCES**		
	Security Deposit		
	Unsecured, Considered Good	**85.59**	26.49
	Advances Recoverable in Cash or in Kind		
	Unsecured Considered Good	**190.19**	204.65
	Loans & advances to Related Parties		
	Unsecured considered good	**23.51**	–
	Other Loans & Advances (Unsecured Considered Good)		
	Loans/Advances to Staff	**139.55**	48.47
	Prepaid Expenses	**381.33**	242.92
	Balances with Customs, Excise & Sales Tax Authorities etc	**1,244.82**	1,091.95
		2,064.99	1,614.48

		31 December 2015	31 December 2014
21	**OTHER CURRENT ASSETS**		
	Unsecured, considered good unless stated otherwise		
	Un-amortised Premium on Foreign Exchange Forward Contracts	**43.73**	68.72
	FMS/DEPB Licences available	**3.38**	100.36
	Others		
	Claims Recoverable	**1,446.38**	712.48
	Export Rebate Receivables	**1,752.62**	648.43
	Interest Accrued on Investments	**16.86**	0.54
	Asset Held for Sale (valued at lower of cost and net realisable value)	**12.62**	–
		3,275.59	1,530.53

		31 December 2015	31 December 2014
22	**REVENUE FROM OPERATIONS**		
	Revenue from operations		
	Sale of Products		
	Finished Goods	**215,394.96**	130,061.60
	Sale of Services	**1,465.65**	–
	Less : Excise Duty on Sales	**15,885.65**	8,627.94
		200,974.96	121,433.66
	Other operating Revenue		
	Scrap Sales	**2,738.79**	1,073.67
	Compensation Recd for loss of Profits	**24.53**	26.05
	Revenue from Operations (net)	**203,738.28**	122,533.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
23	**OTHER INCOME**		
	Interest Income on		
	Bank Deposits	**9.90**	5.68
	Others	**250.96**	14.85
	Dividend Income on Current Investments	**886.50**	650.93
	Other Non–Operating Income		
	Rent	**4.81**	4.81
	Profit on Sale of Fixed Assets (Net)	**–**	60.19
	Foreign Exchange Gain (Net)	**–**	20.33
	Provision for Doubtful Debts Written Back	**–**	20.64
	Other Non Operating Income	**271.72**	148.22
		1,423.89	925.65

		31 December 2015	31 December 2014
24	**COST OF RAW MATERIALS AND COMPONENTS CONSUMED**		
	Inventory at the beginning of the year	**5,420.57**	5,572.05
	Add : Purchases	**141,409.37**	87,555.62
		146,829.94	93,127.67
	Less : Inventory at the end of the year	**8,245.44**	5,420.57
	Cost of Raw Material and Components Consumed	**138,584.50**	87,707.10

		31 December 2015		31 December 2014	
25	**CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS**				
	Inventories at the end of the year				
	Work in Process		**2,827.45**		1,844.28
	Finished Goods		**1,799.22**		785.19
			4,626.67		2,629.47
	Inventories at the beginning of the year				
	Work in Process		**1,844.28**		1,304.58
	Finished Goods		**785.19**		795.51
			2,629.47		2,100.09
	Changes in Inventories of Finished Goods and Work–in–Process		**(1,997.20)**		(529.38)
	Excise Duty on Changes in Inventories of Finished Goods				
	Excise Duty on Closing Finished Goods Stock	**152.68**		83.48	
	Less: Excise Duty on Opening Finished Goods Stock	**83.48**	**69.20**	88.53	(5.05)
	Net (Increase) / Decrease in Inventories		**(1,928.00)**		(534.43)

		31 December 2015	31 December 2014
26	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries,Wages and Bonus	**15,254.79**	7,791.68
	Contribution to Provident and Other Fund	**1,141.07**	464.05
	Staff Welfare Expenses	**1,307.93**	969.11
		17,703.79	9,224.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
27	**FINANCE COST**		
	Interest		
	– To Banks	**1,294.69**	281.58
	– To Others	**153.10**	22.30
	– On Debentures (Refer Note 4)	**2,503.03**	–
	Foreign Exchange Differrence on Borrowings as per Accounting Standard 16, Borrowing Costs	**84.62**	–
	Bank Charges	**1.87**	6.24
		4,037.31	310.12

		31 December 2014	31 December 2013
28	**DEPRECIATION AND AMORTISATION EXPENSES**		
	Depreciation of Tangible Assets	**8,500.71**	3,927.67
	Amortisation of Intangible Assets	**552.30**	458.11
		9,053.01	4,385.78

Depreciation of Rs. 185.05 lacs on account of assets whose useful life is already exhausted on January 1, 2015 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013. [Refer Note 3(b)]

		31 December 2015	31 December 2014
29	**OTHER EXPENSES**		
	Consumption of Stores and Consumables	**2,525.48**	891.22
	Power and Fuel	**7,094.15**	3,900.76
	Repairs to Building	**605.26**	176.41
	Repairs to Machinery	**2,279.04**	1,292.43
	Other Repairs	**541.08**	224.16
	Sub Contracting Expenses	**1,988.45**	1,174.90
	Insurance	**290.00**	217.82
	Rent	**628.38**	366.87
	Rates and Taxes **	**307.71**	145.73
	Travelling and Conveyance	**1,129.54**	574.33
	Legal and Professional Charges *	**1,096.24**	726.45
	Commission-Directors	**69.00**	78.00
	Communication Costs	**220.17**	136.47
	Payment to Auditor	**232.36**	69.64
	Donation	**0.61**	1.37
	Printing and Stationery	**140.88**	76.86
	Commission on Sales - Others	**369.83**	200.94
	Freight and Forwarding Expenses	**2,569.94**	1,997.25
	Corporate Social Responsibility Expenses	**15.01**	–
	Fixed Assets Provision Written Off	**3.45**	3.68
	Bank Charges	**247.38**	75.07
	Provision for Sales Tax	**82.32**	59.40
	Provision for Doubtful Debts	**62.56**	–
	Baddebts written off	**12.69**	–
	Foreign Exchange Loss (Net)	**379.38**	–
	Loss on Sale of Fixed Assets	**26.99**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	31 December 2015	31 December 2014
Net Loss on Sale of Current Investments	**2.65**	0.10
Miscellaneous Expenses	**3,228.46**	1,841.26
	26,149.01	14,231.12

* Includes ₹291.97 lacs being professional fees incurred on acquisition of Subsidiary - Positive Packaging Industries Limited

** Includes ₹25 lacs being expenses incurred in connection with issue of Non-Convertible Debentures

		31 December 2015	31 December 2014
30	**EARNINGS PER SHARE (EPS)**		
	Profit after Tax Excluding Extraordinary Items	**7,693.17**	6,032.78
	Profit after Tax Including Extraordinary Items	**7,693.17**	6,660.31
	Weighted Average Number of Equity Shares	**72,711,934**	66,367,507
	Basic and Diluted Earnings per Equity Share Excluding Extraordinary Items (in ₹)	**10.58**	9.09
	Basic and Diluted Earnings per Equity Share Including Extraordinary Items (in ₹)	**10.58**	10.04
	Nominal Value of Share (in ₹)	**2.00**	2.00

			31 December 2015	31 December 2014
31	**CONTINGENT LIABILITIES**			
	a Excise Duty			
	Matters in Appeal	– Duty	**625.85**	5,016.95
		– Penalties	**418.87**	419.52
	Show Cause Notices	– Duty	**44.73**	4,014.54
	b Service Tax			
	Show Cause Notices	– Service Tax	**72.71**	64.40
		– Penalties	**–**	3.26
	Matters in Appeal	– Service Tax	**32.67**	24.10
		– Penalties	**12.92**	14.45
	Matters in Appeal	– Custom Duty	**10.18**	
	c Income Tax Demands in Appeal		**521.21**	67.32
	d Sales Tax Demands in Appeal		**515.06**	178.96
	e Claims against the Company not acknowledged as debts		**65.18**	65.18

Note for (a) to (e): Future cash outflows / uncertainties, if any, in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/ authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
32	**CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (NET OF ADVANCES).**	**303.95**	583.46

			31 December 2015	31 December 2014
		Currency	Foreign Currency in lacs	Foreign Currency in lacs
33	**DISCLOSURE OF DERIVATIVE INSTRUMENTS**			
	i Derivative Instruments Outstanding			
	Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods.	**USD**	**12.00**	18.00
	ii Foreign Exchange Exposures			
	Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods.	**USD**	**197.21**	60.36
		EUR	**5.18**	0.75
		GBP	**5.07**	–
		AED	**8.66**	9.97
		AUD	**5.30**	–
		CAD	**0.13**	–
	iii Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	**USD**	**200.40**	55.40
		EUR	**2.69**	3.55
		JPY	**24.61**	–
		GBP	**0.23**	0.09
		CHF	**–**	0.18
	iv Cash & Bank balance in Foreign currency	**USD**	**1.30**	–
		EURO	**0.02**	–
		GBP	**0.44**	–
		GHS	**0.01**	–
		AED	**0.00**	–
		AUD	**0.01**	–
	v Derivatives taken to Cover Forecast Exposures			
	Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	**USD**	**18.00**	36.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	Currency	31 December 2015 Foreign Currency in lacs	31 December 2014 Foreign Currency in lacs
vi Closing exchange rate at Balance Sheet date (In INR)	USD	66.15	63.19
	EUR	72.02	76.72
	JPY	0.55	0.53
	GBP	98.13	98.50
	CHF	66.47	63.80
	AED	18.01	17.21
	AUD	48.35	51.74
	CAD	47.65	54.55
	GHS	17.36	20.57
vii Mark to market valuation loss on account of forward exchange contracts entered into to cover the forecast transactions pursuant to the ICAI announcement of 29th March 2008 on Accounting for Derivatives.		0.13	27.68

34 SEGMENT REPORTING

The Group's sole business segment is consumer packaging and all activities of the Group are incidental to this sole business segment. Given this fact and that the Group services its domestic and export markets from India only, the financial statements reflect the information required by AS-17 Segment Reporting for the sole business segment of consumer packaging.

Secondary segments for the Group are geographic, namely domestic and exports.

Revenue from geographic segments is based on the domicile of customers.

(₹ in lacs)

	31 December 2015	31 December 2014
Net Sales Domestic Customers	**149,997.38**	98,782.35
Net Sales Export Customers	**50,977.58**	22,651.31
Total Net Sales	**200,974.96**	121,433.66
The entire business assets other than trade receivables are situated in India.		
Trade receivables outstanding in respect of domestic segment as at the year end	**27,200.38**	19,482.75
Trade receivables outstanding in respect of export segment as at the year end	**14,686.31**	5,094.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015	31 December 2014
35	**RELATED PARTY TRANSACTIONS**		
a)	Related party where control exists:		
	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 New Zealand Ltd., New Zealand.	
		Huhtamaki Australia Ltd., Australia	
		Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	
		Huhtamki South Africa Pty Ltd., South Africa	
		Huhtamaki (Thailand) Ltd., Thailand	
		Huhtamaki Finance B V, Netherlands	
		Positive Packaging Industries South Africa (Pty) Ltd (w.e.f. 31 Jan 2015)	
		Huhtalux S.a.r.l.	
		Positive Packaging United (M.E.) FZCO (w.e.f. 31 Jan 2015)	
		Primetech M.E.FZE (w.e.f. 31 Jan 2015)	
		Huhtamaki Flexible Packaging Middle East LLC. (w.e.f. 31 Jan 2015)	
c)	Key Managerial Personnel	Mr. Suresh Gupta	Chairman
		Mr. A. Venkatrangan	Managing Director
d)	Details of transactions with related parties that have taken place during the year:		
	1) Ultimate Parent Company		
	a) Software and Expense Reimbursements Charge	**43.32**	71.98
	b) Remuneration paid by Huhtamaki Oyj to Mr.Suresh Gupta as EVP - Flexibles Packaging Global, Huhtamaki Oyj.	**–**	24.24
	c) Expense Reimbursements - Recovery	**31.18**	12.05
	d) Due to Ultimate Parent Company	**0.99**	0.73
	2) Holding Company		
	Dividend Paid		
	- Huhtavefa B.V., Netherlands	**1,400.11**	1,119.42
	Issue of Share Capital including Share Premium		
	- Huhtavefa B.V., Netherlands	**–**	13,441.17
	Loan Repaid		
	- Huhtavefa B.V., Netherlands	**2,103.09**	–
	Finance Cost		
	- Huhtavefa B.V., Netherlands	**75.75**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	31 December 2015	31 December 2014
3) Fellow Subsidiaries		
Purchase of Goods		
– Huhtamaki (Thailand) Ltd, Thailand	**4.45**	0.40
Sale of Goods		
– Huhtamaki New Zealand Ltd., New Zealand. (Net of Sales Returns)	**–**	227.13
– Huhtamaki (Thailand) Ltd, Thailand	**2.13**	–
– Huhtamaki Australia Ltd., Australia	**376.14**	381.35
– Huhtamaki South Africa Ltd., South Africa	**–**	96.98
Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**0.94**	–
Positive Packaging Industries South Africa (Pty) Limited	**5,566.04**	–
Positive Packaging United (M.E.) FZCO	**1,165.22**	–
Primetech M.E.FZE	**43.73**	–
– Huhtamaki Flexible Packaging Middle East LLC.	**141.02**	–
Issue of Debentures		
– Huhtalux S.a.r.l.	**38,500.00**	–
Interest on Debentures		
– Huhtalux S.a.r.l.	**2,503.03**	–
Commission Expenses on Sales		
– Huhtamaki South Africa Pty Ltd., South Africa	**36.31**	89.70
– Positive Packaging Industries South Africa (Pty) Limited	**108.75**	–
Expense Reimbursements - Charge		
– Huhtamki South Africa Pty Ltd., South Africa	**6.64**	–
Huhtamaki Finance B. V., Netherlands - Remuneration paid by fellow subsidiary to Mr.Suresh Gupta as Senior Advisor for Huhtamaki Group	**194.33**	96.04
Expense Reimbursements - Recovery		
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**0.06**	0.15
Huhtamaki Finance B. V., Netherlands	**29.16**	79.15
– Primetech M.E. FZE	**1.04**	–
Balances due to		
– Huhtavefa B.V., Netherlands (Long term Borrowing)	**1,157.69**	–
– Huhtamaki South Africa Pty Ltd., South Africa	**1.78**	8.50
– Huhtamaki New Zealand Ltd., New Zealand.	**–**	7.18
– Huhtalux S.A.R.L. (Debentures and interest thereon not due)	**39,680.35**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		31 December 2015		31 December 2014	
	Balances due from				
–	Huhtamaki Australia Ltd., Australia		**45.75**		73.15
–	Huhtamaki Finance B V, Netherlands		**24.50**		3.53
	Positive Packaging Industries South Africa (Pty) Limited		**1,823.31**		–
	Positive Packaging United (M.E.) FZCO		**120.61**		–
	Primetech M.E.FZE		**9.89**		–
–	Huhtamaki Flexible Packaging Middle East LLC.		**88.45**		–
–	Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany		**1.54**		–
4)	**Payments to Key Managerial Personnel and their Relatives**				
	Remuneration Paid to Key Managerial Personnel*				
	Mr. Suresh Gupta, Chairman	**195.22**		182.71	
	Mr. A.Venkatrangan, Managing Director	**243.82**	**439.04**	208.45	391.16
	Dividend Paid to Key Managerial Personnel				
	Mr.A.Venkatrangan		**0.14**		0.14

* As the future liabilities for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not acertainable and therefore not included above.

		31 December 2015	31 December 2014
36	**DISCLOSURE PURSUANT TO ACCOUNTING STANDARD – 15 (REVISED) 'EMPLOYEE BENEFITS'**		
	The Company has classified various employee benefit as under		
	i) Defined Contribution Plans		
	Amount recognised as an expense and included in "Personnel costs" for Provident Fund & ESIC contributions in the Profit and Loss account.	**807.45**	360.46
	ii) Defined Benefit Plans		
	The Company has classified the various benefit plans provided to employees as under:		

I Gratuity Plan

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.

II Leave Plan

Eligible employees can carry forward and encash leave on superannuation, death, and resignation subject to maximum limits as per Company policy.

The following table summarises the components of the net benefit expense recognised in the profit & loss account and the funded status and amount recognised in the Balance sheet for the respective plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

		Gratuity – Funded		Leave Encashment – Non Funded	
		2015	2014	**2015**	2014
I.	**Change in Benefit Obligation**				
	Opening Defined Benefit Obligation	1,464.39	1,271.32	429.61	359.65
	Interest cost	167.07	120.78	74.37	34.17
	Current Service Cost	176.51	89.27	136.07	51.42
	Past Service Cost	59.73	–	–	–
	Benefit Paid	(131.91)	(50.53)	(119.67)	(28.51)
	Obligation taken over on acquisition of Subsidiary (Refer Note 40)	664.55	–	566.10	–
	Actuarial (Gain)/ Loss on Obligations	7.64	33.56	(24.32)	12.88
	Closing Defined Benefit Obligation	**2,407.98**	1,464.39	**1,062.17**	429.61
II.	**Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	1,341.46	1,228.39	–	–
	Fair Value of Plan Assets taken over on acquisition of subsidiary (Refer Note 40)	**390.21**	–		
	Expected Return on Plan Assets	137.22	116.70	–	–
	Contributions	300.18	–	–	–
	Benefit Paid	(148.41)	(43.33)	–	–
	Actuarial Gain/(Loss) on Plan Assets	(20.67)	39.70	–	–
	Fair Value of Plan Assets at the end of the year	**1,999.99**	1,341.46	**–**	–
III.	**Actual Return on Plan Assets**				
	Actual Return on Plan Assets	116.56	156.39	–	–
	Expected Return on Plan Assets	**137.22**	116.70	–	–
	Actuarial Gain/ (Loss) on Plan Assets	**(20.66)**	39.69	–	–
	Actuarial Gain/ (Loss) on Obligation	(7.64)	(33.56)	(33.92)	(12.88)
IV.	**Amount Recognised in the Balance Sheet**				
	Defined Benefit Obligation	2407.98	1464.39	1062.17	429.61
	Fair Value of Plan Assets	1,999.99	1,341.46	–	–
	Funded Status	(407.99)	(122.94)	(1,062.17)	(429.61)
	Unrecognised Actuarial Gain/(Loss)	–	–	–	–
	Net Asset / (Liability) Recognised in the Balance Sheet	(407.99)	(122.94)	(1,062.17)	(429.61)
V.	**Expenses Recognised in the Profit & Loss Account**				
	Current Service Cost	176.51	89.27	136.07	51.42
	Past Service Cost	59.73	–	–	
	Interest Cost	167.07	120.78	74.37	34.17
	Expected Return on Plan Assets	(137.22)	(116.70)	–	–
	Net Actuarial (Gain)/Loss to Be Recognised	28.30	(6.14)	33.92	12.88
	Expenses Recognised in statement of Profit & Loss	294.39	87.21	244.36	98.47
The Company expects to contribute ₹ 313.29 lacs to Gratuity in next year (31st December 2014 : ₹ 157.05 lacs)					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

The principal assumptions used in determining benefit obligations for the Company's plans are shown below.		
	31-Dec-15	31-Dec-14
Discount Rate	8.12%	8.12%
Rate of Return on Plan Assets	8.25%	8.12%
Salary Escalation	6.25%	6.25%
	years	%
Employee Turnover	0–2	12%
	3–4	5%
	5–9	2.5%
	10 & Above	1%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation,seniority, promotion and other relevant factors, such as supply and demand in the employment.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.				
Particulars	Gratuity		Gratuity	
	31 December 2015		31 December 2014	
	Amount in lac	%	Amount in lac	%
Investment Value in Unit Linked Plans	653.27	33%	531.32	40%
Investment Value in Non Unit Linked Plans	749.08	37%	695.81	51%
Investment Value in Special Deposit Scheme of Bank Of Baroda	114.33	5%	114.33	9%
Insurer Managed Funds	483.30	23%	-	0%
Total	1,999.99	100%	1,341.46	100%

Amounts for the current and previous periods are as follows.

Particulars	Gratuity			
	2015	2014	2012	2011
Defined Benefit Obligation	2,407.98	1,464.39	1,271.32	1,316.18
Plan Assets	1,999.99	1,341.46	1,228.39	1,274.36
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	(407.99)	(122.94)	(42.93)	(41.82)
Experience Adjustment on Plan Assets	(20.67)	39.69	–	(77.19)
Experience Adjustment on Plan Liabilities	50.95	(31.97)	14.71	30.93
Particulars	**Leave Encashment**			
	2015	2014	2012	2011
Defined Benefit Obligation	432.93	429.61	359.65	356.89
Plan Assets	–	–	–	–
Experience Adjustment	(24.10)	(0.71)	–	–
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	432.93	429.61	359.65	356.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

(₹ in lacs)

	31 December 2015	31 December 2014
37 LEASES		
The Company has taken certain office premises and residential facilities under operating Lease arrangements.		
There are no restrictions imposed by lease arrangements. There are no subleases.		
Future lease commitments in respect of non-cancellable operating leases are as follows :		
Within one year	**225.12**	211.66
After one year but not more than five years	**467.80**	652.32
More than five years	**145.16**	185.76
	838.08	1,049.74

	31 December 2015	31 December 2014
38 RESEARCH AND DEVELOPMENT EXPENSES		
The details of expenses incurred on in-house research and development activities during the year ended 31 December 2015 as certified by the management are as follows :		
Total Revenue Expenditure *	**84.01**	91.00
Total Capital Expenditure **	**2.17**	2.85
Total Research & Development Expenses	**86.18**	93.85

* Revenue Expenditure of ₹ 84.01 lacs has been grouped under various expense heads of the Financial Statements.

** Additions to Fixed Assets in Note no. 12 includes ₹ 2.17 lacs towards Capital Expenditure incurred for Company's in house R & D facilities.

39 EXCEPTIONAL ITEM

Extra-Ordinary Item in the previous year, represents Insurance claim for fire at Silvassa Plant during the year 2013 of ₹ 627.53 lacs (net of tax of ₹ 323.13 lacs).

40 On 8 July 2014, the Company and the Shareholders of Positive Packaging Industries Limited, India ('PPIL'), had entered into a definitive agreement, pursuant to which the Company on 30th January 2015, has acquired 100% of PPIL. This has been completed, after all necessary approvals and for a total enterprise value of Rupees 78,819 lacs inclusive of debt of ₹27,917 lacs, subject to closing adjustments. Out of the total consideration of 50,902 lacs the Company has retained ₹6,330 lacs as holdback amount.

The Company has funded the above acqusition through the following:-

- Issue of 10,024,744 Equity shares of ₹ 2 each (face value) to Huhtavefa B.V. ('Holding Company') on Preferential basis in August 2014 at a price of Rupees 134.08 per share.
- Issue of 7% Non-convertible Debentures of Rupees 38,500 lacs on 27th January 2015 on private placement basis to Huhtalux S A R L. ('Huhtamaki Group entity')

41 Amalgamations

a. The Board of Directors approved the amalgamation of Positive Packaging Industries Limited, (100% subsidiary), with the Company in their meeting held on 14 September 2015. The scheme has received approval from the stock exchanges on which the Company is listed and the Company is in the process of filing the scheme with High Court of Mumbai. In terms of the Scheme the appointed date is 30 January 2015. Since the Positive Packaging Industries Limited is a 100% subsidiary there is no share swap ratio.

b. The Board of Directors approved the amalgamation of Webtech Labels Private Limited, (51% subsidiary), with the Company in their meeting held on 14 September 2015. The scheme has received approval from the stock exchanges on which the Company is listed and the Company is in the process of filing the scheme with High Court

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

of Mumbai. In terms of the Scheme the appointed date is 1st April 2015 and the share swap ratio will be 281 equity shares of face value of ₹ 2 each fully paid up of the Company for every 1 equity share of face value of ₹ 10 each fully paid up of Webtech Labels Private Limited.

Pending the approval of High Court, no effect of the above proposed amalgamations has been recognized in the financial statements for the year ended 31 December 2015.

42 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013:

(₹ in lac)

Particulars	**Net Assets**		**Share in Profit or (Loss)**	
	As a % of Consolidated net assets	**Amount**	**As a % of Consolidated Profit or loss**	**Amount**
Parent - Huhtamaki PPL Limited	91.34	58,685.88	62.38	4,910.94
Subsidiaries - Indian				
1. Webtech Labels Private Limited	3.91	2,510.00	2.38	187.00
2. Positive Packaging Industries Limited	53.62	34,453.48	30.96	2,437.54
Minority Interest in all Subsidiaries	3.71	2,383.80	2.28	179.69
Consolidation, Eliminations and Adjustments.		(33,781.64)		157.69
Total		**64,251.52**		**7,872.86**

43 The Company has acquired 100% of Positive Packaging Industries Limited on 30 January 2015, hence figures for the current year are not comparable to that of previous year.

44 Previous year figures have been regrouped or reclassified wherever necessary, to conform to this year classifications.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No. 324982E

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
16 February 2016

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A.Venkatrangan
Managing Director
DIN: 05294659

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D. V. Iyer
Company Secretary
Membership No. 13004

S. K. Palekar
Director

Mumbai
16 February 2016

Notes

REGISTERED & CORPORATE OFFICE
12A, 06, B Wing, 13th Floor,
Parinee Crescenzo G, 38/39 G Block
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Tel : +91 22 61740400
Fax: +91 22 61740401

CENTRAL HEADQUARTERS
L.B.S. Marg Majiwade,
Thane (West) 400601
Tel : +91 22 21735551/21735591
Fax: +91 22 21735599/ 21735650

R & D - Thane
L.B.S. Marg Majiwade,
Thane (West) 400601
Tel : +91 22 21735551/21735591
Fax: +91 22 21735599/ 21735650

CUSTOMER SUPPORT OFFICES
Bengaluru
#91, West Park Road, 17th Cross,
Malleswaram Bangalore – 560055
Karnataka
Tel : +91 80 23568979/23342873
Fax: +91 80 2296522

Kolkata
5th Floor, Laha Paint House,
7 Chittaranjan Avenue
Kolkata - 700072, West Bengal
Tel: +91 33 2237 2812/2234 8241
Fax : +91 33 2225 5654

New Delhi
504/506, Ansal Chamber II,
6 Bhikaji Cama Palace,
New Delhi - 110066
Tel: +91 11 2619 4795/5641
Fax : +91 11 26194389

MANUFACTURING LOCATIONS
Thane
L.B.S. Marg Majiwade,
Thane (West) 400601
Tel : +91 22 21735551/21735591
Fax: +91 22 21735599/ 21735650

Silvassa
Survey No. 34, Hissa 1/3,
At post Umerkoi via Silvassa,
UT of Dadra & Nagra Haveli -396320
Tel : +91 8458 279628/616
Fax: +91 8458 279464

Hyderabad
139 & 148, Sri Venkateshwara Co-op. Indl. Estate,
Bollarum - 502325, Medak District,
Telangana
Tel : +91 8458 279628/616
Fax: +91 8458 279464

Rudrapur
Plot No. 70-73, Sector – 4, IIE Pantnagar,
Rudrapur, Dist. U.S. Nagar, Rudrapur - 263 153,
Uttarakhand. India.
Tel : +91 05944 250183/84/85
Fax: +91 05944 250186

Gava Unit
Khasra No 43/1/1,
Village - Rampura Tehsil Kichha,
Gava Rice Mill Compound,
Dist. Udham Singh Nagar, Rudrapur - 263153.,
Uttarakhand, India
Tel: +91 05944 250183/84
Fax: +91 05944250186

SUBSIDIARIES
WEBTECH LABELS PRIVATE LTD
MANUFACTURING LOCATIONS

Mahape Factory
A-68 TTC Industrial Estate,
Processing Zone, Mahape
Navi Mumbai - 400709
Maharashtra, India.
Tel: +91 - 22 - 2778 0303
Fax:+91 - 22 - 2778 0301

Parvanoo Factory
Khasra No. 90/1, Village Amboli,
Old Kasauli Road, Sec-4, Parwanoo 173220.
Dist - Solan, Himachal Pradesh.
Tel: +91 - 0179 - 2234038 / 039

Hyderabad Factory:
Plot No 172, Survey No 172,
Bollarum, Village - 502325,
Jinnaram Mandal, Medak District,
Telangana.
Tel: +91 - 7382006444

POSITIVE PACKAGING INDUSTRIES LIMITED,
MANUFACTURING LOCATIONS

Khopoli Factory
Village Ransai, KM. 16, Khopoli - Pen Road,
Khopoli - 410 203, Maharashtra, India.
Tel : +91 - 2192 - 391300
Fax: +91 - 2192 - 391310

Ambernath Factory
21/1, Chikhloli MIDC,
Kalyan - Badlapur Road,
Ambernath (W), Dist. Thane - 421 505,
Maharashtra, India.
Tel : +91 - 251 - 2685300
Fax: +91 - 251 - 2683300

Ambernath Factory:
B/84, Additional Ambernath MIDC,
Anandnagar,
Ambernath (E), Dist. Thane - 421 506,
Maharashtra, India.
Tel.: +91 - 251 - 3081200 / 2621246
Fax: +91 - 251 - 2621978

Bengaluru
Plot Nos. 21, 22 & 23,
Bommasandra - Jigani Link Road Industrial Area,
Taluka Anekal, Bengaluru - 562 106, Karnataka, India.
Tel.: +91 - 80 - 3056 5000
Fax: +91 - 80 - 3056 5100

Taloja Factory:
Plot No. V-26,
MIDC, Taloja Industrial Area, Taluka Panvel,
Dist. Raigad - 410 208, Maharashtra, India.
Tel.: +91 - 22 - 39211600
Fax: +91 - 22 - 39211610

THANE

SILVASSA

HYDERABAD

RUDRAPUR

KHOPOLI

MAHAPE

तव गुणान्प त्यज

DO NOT LEAVE YOUR VALUES