Huhtamaki-PPL

18th May, 2017

The Department of Corporate Services
BSE Limited
P J Towers, Dalal Street,
MUMBAI – 400 001
Fax No.: (022) 2272 3121/3719/2037
corp.relations@bseindia.com
Ref: Security Code No.: 509820

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

Sub: Dispatch of Annual General Meeting Notice and Annual Report 2016 of the Company.

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has dispatched the Notice of 67th Annual General Meeting along with the Annual Report for the year ended 31st December, 2016 to all its Shareholders.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For Huhtamaki PPL Ltd.,

Huhtamaki PPL LTD.

D V Iyer
Company Secretary & Head – Legal

Encl: a/a

Huhtamaki-PPL



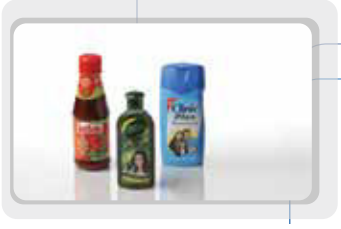
67th Annual Report 2016

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
Independent Director	Mr. Arunkumar Gandhi
Independent Director	Mr. R K Dhir
Independent Director	Mr. S K Palekar
Independent Director	Mr. Nripjit Singh Chawla
Independent Director	Ms. Sukanya Kripalu
Non-Executive Director	Mr. Jukka Moisio
Non-Executive Director	Mr. Olli Koponen
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, B-Wing, 13th Floor,
Parinee Crescenzo, Plot No C-38/C-39,
G-Block, Behind MCA,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400051
Tel No: +91 22 6174 0400
Fax No: +91 22 6174 0401
Website: www.ppl.huhtamaki.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@ppl.huhtamaki.com

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BOARD OF DIRECTORS

MR. SURESH GUPTA, CHAIRMAN

Mr. Suresh Gupta did his Masters in Management (MMS) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has diverse management experience of over 42 years, including 29 years in the Company. Mr. Suresh Gupta is the Chairman of the Company from 10th March, 2010.

MR. ARUNKUMAR GANDHI, INDEPENDENT DIRECTOR

Mr. Arunkumar Gandhi is a Fellow Member of the Institute of Chartered Accountants of England & Wales, Institute of Chartered Accountants of India (ICAI) and also an Associate Member of the Chartered Institute of Taxation, London. He has been an Independent Director of the Company since March 2002. Mr. Gandhi worked with N. M. Raiji & Co., Chartered Accountants, as a partner from 1969 and in 1993 became a Senior Partner upto July 2003. As partner, Mr. Gandhi audited several public sector and private sector entities and is an expert on share valuation and corporate restructuring. Over the last 21 years, Mr. Gandhi served on the Boards of various Indian and foreign companies.

MR. RAMESH KUMAR DHIR, INDEPENDENT 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 44 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, INDEPENDENT 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 40 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, INDEPENDENT DIRECTOR

Mr. Nripjit Singh Chawla did his MBA from Indian Institute of Management, Calcutta. He has wide corporate management experience of over 47 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 has served as a member of the teaching faculty in some of the premium Business Schools and Management Institutes. He has been an Independent Director of the Company since March 2013.

MS. SUKANYA KRIPALU, INDEPENDENT DIRECTOR

Ms. Sukanya Kripalu has done her graduation in Mathematics from St. Xavier's College and has completed her MBA from Indian Institute of Management, Calcutta. She has 27 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, NON-EXECUTIVE DIRECTOR

Mr. Jukka Moisio holds Masters degree in Science and (Econ) and 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 Directors of the Company w.e.f. 23rd April, 2008.

MR. OLLI KOPONEN, NON-EXECUTIVE DIRECTOR

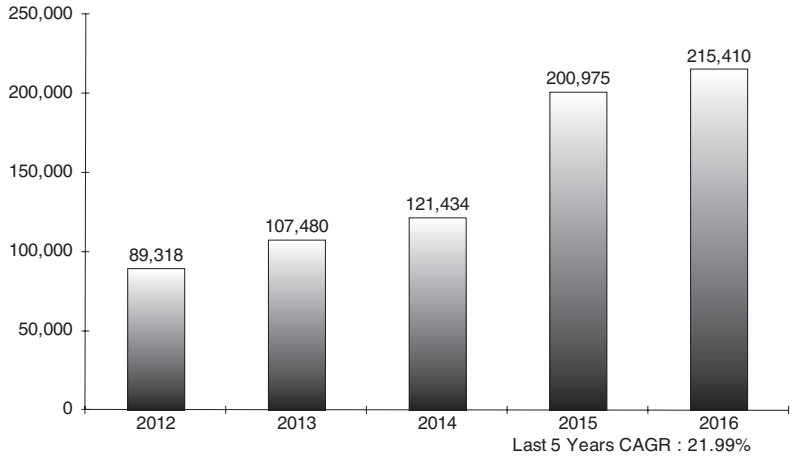
Mr. Olli Koponen holds a Masters Degree in Engineering Automation and Information Technology. He has worked previously with Systecon Oy before joining Huhtamaki Oyj in the year 1990. He is presently holding position as Executive Vice President, Flexible Packaging. Based on the nomination received from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

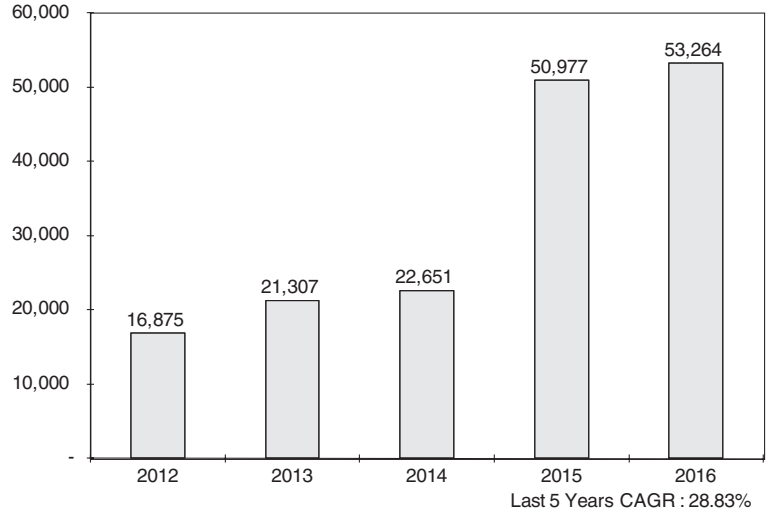
Mr. A Venkatrangan is a Commerce Graduate and MBA in Finance and Marketing, having a total experience of over 36 years. He has worked in Corporate Planning, Costing, MIS, Budget Control, Operations, Internal Audit and Commercial functions at various levels with Murugappa and Essar Group. He joined the 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.

Financial Performance Indicators

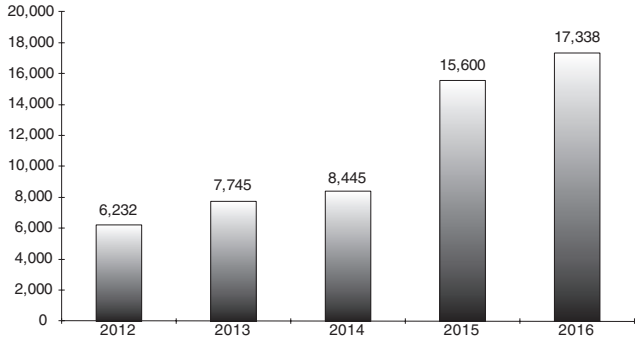
TURNOVER (₹ in Lacs)



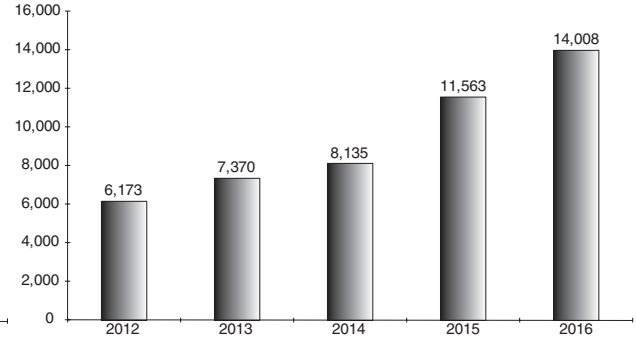
EXPORT TURNOVER (₹ in Lacs)



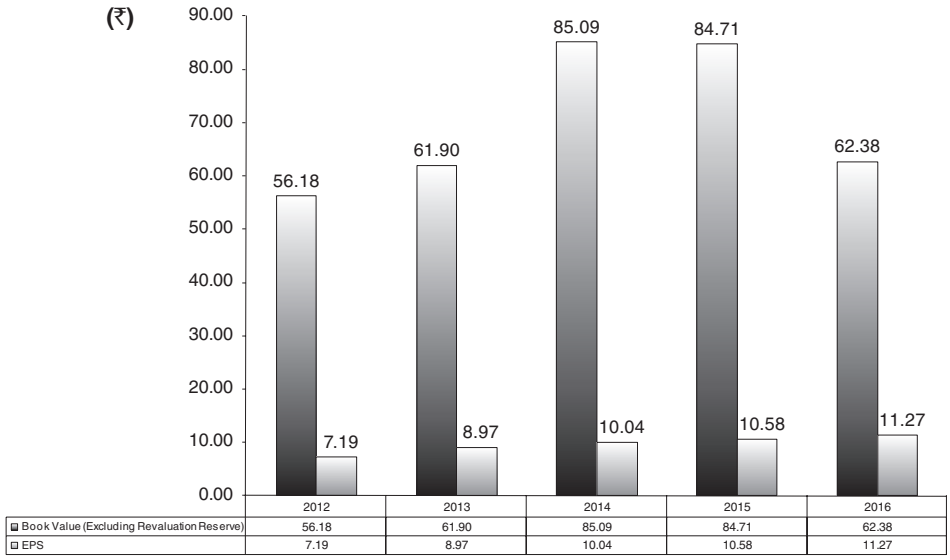
EARNING BEFORE INT & TAX (EBIT) (₹ in Lacs)



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

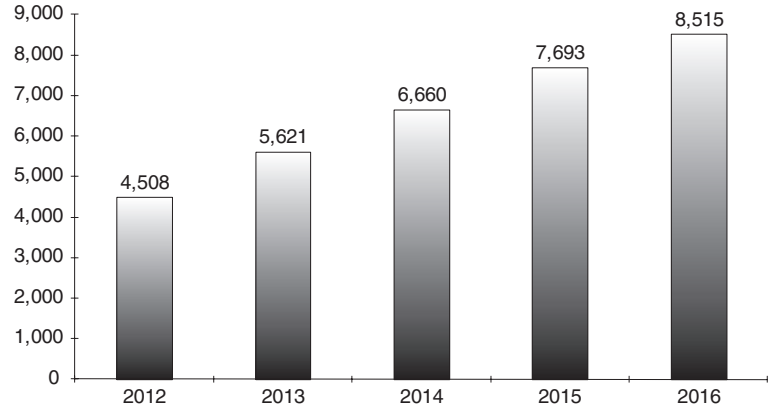


EPS AND BOOK VALUE PER SHARE

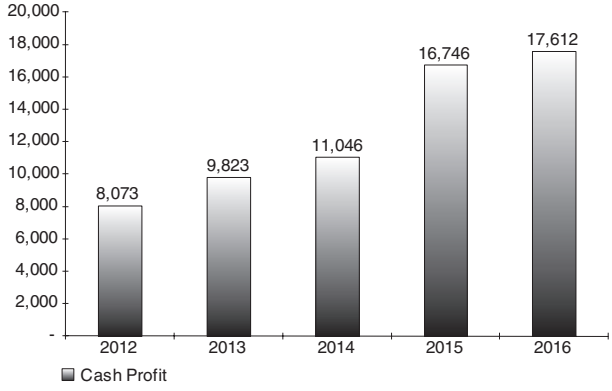


	2012	2013	2014	2015	2016
Book Value (Excluding Revaluation Reserve)	56.18	61.90	85.09	84.71	62.38
EPS	7.19	8.97	10.04	10.58	11.27

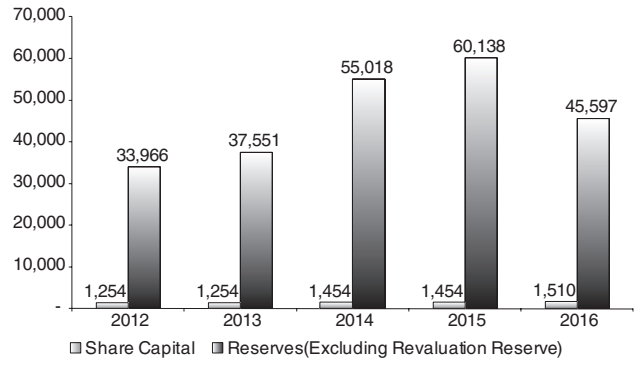
PROFIT AFTER TAX, EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ Lac)



CASH PROFIT (₹ in Lacs)



NET WORTH GROWTH (₹ in Lacs)



Financial Highlights

(₹ in lacs)

Particulars	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING RESULTS										
Net Sales	**215,410**	200,975	121,434	107,480	89,318	79,730	70,401	57,769	61,209	53,206
Other Income	**4,091**	4,187	2,025	1,560	1,567	1,426	832	911	1,173	1,074
EBDIT	**26,435**	24,653	12,830	11,947	9,797	9,455	7,927	8,186	6,090	6,768
Depreciation & Amortisation	**9,097**	9,053	4,386	4,202	3,565	3,204	3,240	3,115	2,862	2,886
EBIT	**17,338**	15,600	8,445	7,745	6,232	6,251	4,687	5,071	3,228	3,882
Profit before Tax Exceptional & Extraordinary Items	**14,008**	11,563	8,135	7,370	6,173	6,247	4,627	4,958	2,977	3,697
Exceptional & Extraordinary Items - Net of Tax	**(255)**	-	628	705	-	294	1,533	-	-	(318)
Provision for Tax	**5,238**	3,690	1,911	2,293	1,661	1,281	1,348	1,220	848	541
Profit for the year (after minority interest)	**8,515**	7,693	6,660	5,621	4,508	5,260	4,812	3,738	2,129	2,837
EBDIT to Sales %	**12.27%**	12.27%	10.57%	11.12%	10.97%	11.86%	11.26%	14.17%	9.95%	12.72%
EBIT to Sales %	**8.05%**	7.76%	6.95%	7.21%	6.98%	7.84%	6.66%	8.78%	5.27%	7.30%
PBT to Sales %	**6.38%**	5.75%	7.22%	7.51%	6.91%	8.20%	8.75%	8.58%	4.86%	6.35%
Earning Per Share	**11.27**	10.58	10.04	8.97	7.19	8.39	7.68	5.96	3.40	4.53
Cash Earning Per Share	**23.32**	23.03	16.64	15.67	12.88	13.50	12.84	10.93	7.96	9.13
Equity Dividend %	**150.00**	140.00	140.00	140.00	130.00	120.00	110.00	***150.00	90.00	90.00
FINANCIAL POSITION										
Equity Share Capital	**1,454**	1,454	1,454	1,254	1,254	1,254	1,254	1,254	1,254	1,254
Share Suspense	**56**	-	-	-	-	-	-	-	-	-
Reserves & Surplus	**45,874**	60,414	55,294	37,827	34,242	31,629	28,112	24,901	23,363	22,573
Shareholders Funds	**47,384**	61,868	56,748	39,081	35,496	32,883	29,366	26,155	24,617	23,827
Minority Interest	**-**	2,383	2,203	2,013	1,852	-	-	-	-	-
Loan Funds	**43,628**	52,864	4,194	4,620	5,186	2,159	2,253	2,393	4,981	6,715
Deferred Tax (Asset) / Liability (Net)	**(314)**	424	549	99	68	252	526	677	690	852
Goodwill on Consolidation	**-**	22,716	1,957	1,957	1,957	-	-	-	-	-
Net Fixed Assets (Incl.Capital work in Progress)	**45,874**	53,135	26,166	22,323	22,788	18,230	17,869	20,335	21,055	21,451
Investments	**19,502**	20,663	18,634	5,479	6,038	6,338	3,945	3,103	1,698	1,381
Current Assets	**76,939**	68,393	41,256	36,491	29,608	27,257	25095	20940	20192	20561
Current Liabilities	**51,617**	47,367	24,319	20,437	17,788	16,531	14763	15153	12657	11999
Net Assets (Current & Non Current)	**25,322**	21,025	16,937	16,054	11,820	10,726	10,332	5,787	7,535	8,562
Capital Employed	**90,698**	117,539	63,693	45,813	42,602	35,294	32,145	29,225	30,288	31,394

Results from 2007 to 2011 are Standalone results

Results from 2012 to 2015 are consolidated results. Consolidated results include Webtech Labels Private Limited from 2012 and Positive Packaging Indusries Limited from 2015.

Results for 2016 are Standalone merged results on account of merger of Positive Packaging Industries Limited and Webtech Labels Private Limited with the Company.

*** Includes One Time Dividend @ 50%

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 67th Annual Report along with the Audited Statements of Accounts for the year ended 31st December, 2016.

FINANCIAL HIGHLIGHTS:

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

(₹ in lacs)

Particulars	2016*	2015* (Consolidated)	2015* (Standalone)
Net Sales	**215,410**	200,975	114,059
Profit before Tax & Exceptional Item	**14,008**	11,563	6,848
Profit before Tax	**13,752**	11,563	6,848
Less: Provision for Current Tax	**5,974**	3,674	1,988
Provision for Deferred Tax	**(737)**	16	(51)
Less: Share of Minority Intrest	**-**	180	-
Profit after Tax	**8,515**	7,693	4,911
Add: balance of profit for earlier years	**23,800**	24,127	23,756
Add: Profit and Loss balance transferred pursuant to Amalgamation	**7,124**	-	-
Profit available for appropriation	**39,439**	31,820	28,667
Transfer to General Reserve	**887**	492	492
Transfer to Debenture Redemption Reserve	**1,925**	1,925	1,925
Proposed Dividend on Equity Shares & Dividend Tax thereon	**2,784**	2,450	2,450
Balance Carried forward	**33,843**	26,953	23,800

**Previous year figures are not comparable with current year, since current year figures include full year figures of erstwhile Positive Packaging Industries Limited ("Positive") and Webtech Labels Private Limited ("Webtech") consequent to their merger with Huhtamaki PPL Ltd (HPPL). In view of that, we have included the 2015 Consolidated numbers, for ease of comparison.*

DIVIDEND:

Your Directors are pleased to recommend a dividend of ₹ 3/- (Rupees three only) per equity share (@150%) having face value of ₹2/- each, for the year ended 31st December, 2016. The said dividend, including dividend of ₹ 57 lakh (which includes ₹ 17 lakh as Dividend Distribution Tax) declared or paid by erstwhile Webtech Labels Private Limited, will absorb an amount of ₹ 2,784 lakh, including the dividend distribution tax and cess thereon.

FIXED DEPOSITS:

The Company did not invite or accept deposits covered under Chapter V 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 till maturity of the NCDs, as per the requirements of the applicable laws. Further, an amount of ₹ 887 lakh has been transferred to the General Reserve.

MERGER :

Pursuant to the approval of the National Company Law Tribunal, Mumbai Bench, erstwhile subsidiaries of the Company viz., Positive Packaging Industries Limited and Webtech Labels Private Limited, merged into the Company effective 1st April, 2017. Further, pursuant to the said merger, 28,10,000 equity shares of the Company were allotted to the shareholders of Webtech Labels in the ratio of 281 equity shares of ₹ 2/- each of the Company, for every 1 equity share of ₹ 10/- each of Webtech Labels Private Limited, held by them.

After the merger of erstwhile Positive and Webtech, your company has emerged as one of the largest entities in the flexible packaging industry in Afro–Asian region. We have, over the past two years, integrated key functions of Marketing, NASP, Procurement and Supply Chain Management and achieved significant synergies. However, we had to function as separate legal entities, pending the merger. Completion of this legal merger will help us to align business processes, improve controls, simplify the reporting needs and further streamline our Corporate Governance standards.

DIRECTORS' REPORT (Contd.)

COMMISSIONING OF NEW MANUFACTURING UNITS:

In line with our philosophy of servicing our customers better, we have established two new manufacturing units in North East India – in Guwahati for Flexibles and in Sikkim for Pressure Sensitive Labels. Both these units have been established to service our customers who have their manufacturing plants in the North East. These units have gone into commercial production from March 2017.

CHANGES IN CAPITAL STRUCTURE

Pursuant to the allotment of shares, consequent to the merger of erstwhile Webtech Labels Private Limited with the Company in April 2017, the paid-up share capital of the Company has increased from ₹ 1454 lakh to ₹ to ₹ 1510 lakh.

SUBSIDIARY COMPANIES AND FINANCIAL STATEMENTS :

Since both the subsidiaries have been merged with the Company pursuant to Order of the National Company Law Tribunal, Mumbai Bench, your Company does not have any subsidiaries and hence Form AOC-1 is not applicable.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements, and related information of the Company are available on the website of the Company - www.ppl.huhtamaki.com. These documents will be made available to the Members for inspection at the Registered Office of the Company up to the date of the ensuing Annual General Meeting.

AUDITORS AND AUDITORS' REPORT:

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

The approval of members is being sought for ratification of appointment of SRBC as Statutory Auditors of the Company to examine and audit the accounts of the Company for the Financial Year 2017.

The Auditors' Report to the Members on the Accounts of the Company for the year ended 31st December, 2016 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 1.

BUSINESS RESPONSIBILITY REPORT :

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

The Business Responsibility Report of the Company for the year ended 31st December, 2016 in line with the green initiative is available on the website of the Company http://www.huhtamaki.com/web/flexible-packaging-india/policies and forms part of this Report and is kept at the registered office of the Company for inspection. A copy of the aforesaid report shall be made available to such shareholders who are desirous of and interested in perusing them, upon receipt of a written request from them.

CORPORATE GOVERNANCE REPORT:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

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

DIRECTORS & KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Olli Koponen, retires by rotation and being eligible, offers himself for re-appointment. Further, as stipulated under Regulation 36 of the Listing Regulations, 2015, his brief resume, is given in the section on Corporate Governance, which forms part of this Annual Report.

DIRECTORS' REPORT (Contd.)

Further, at the Extra Ordinary General Meeting (EGM) of the Company held on 30th March, 2017, the shareholders approved the re-appointment of Independent Directors, Mr Arun Gandhi, Mr. N S Chawla, Mr. S K Palekar and Ms. Sukanya Kripalu for a tenure of 3 years and that of Mr. Ramesh Dhir for a tenure of 1 year. Further, the shareholders at the said EGM also approved the re-appointment of Mr. Suresh Gupta, Executive Chairman for a period of 2 years.

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

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

The 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 2 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 :

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

DECLARATION BY INDEPENDENT DIRECTORS:

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

MEETINGS OF THE BOARD:

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

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 financial statements for the year ended 31st December, 2016, the applicable accounting standards have been followed along with no material departures;

b. appropriate accounting policies have been selected and applied consistently and based on 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, 2016 and of the profit of the Company for the year ended on that date;

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

d. the annual financial statements 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. the 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 2017. Members approval is being sought for ratification of their remuneration as Cost Auditors of the Company for the Financial Year 2017.

SECRETARIAL AUDITOR :

The Board has appointed M/s. S.N. Ananthasubramanian & Co., Practicing Company Secretaries, to conduct Secretarial Audit for the Financial year 2016. The Secretarial Audit Report in prescribed format is annexed as Annexure 3 to this Report.

DIRECTORS' REPORT (Contd.)

PARTICULARS OF EMPLOYEES :

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as Annexure 4.

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 www.ppl.huhtamaki.com.

PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES :

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS :

The Company has not granted any loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, for the financial year ended 31st December, 2016.

CORPORATE SOCIAL RESPONSIBILITY :

Your Company is committed to Corporate Social Responsibility (CSR) and strongly believes that the business objectives of the Company must be in congruence with the legitimate development needs of the society in which it operates. The Company has implemented various CSR projects in the areas like:

- Community & Societal Development;
- Promotion of education & skill development; and
- Promoting healthcare, including preventive healthcare.

This is in accordance with Schedule VII of the Act, and a detailed report on CSR activities is given in Annexure 5, forming part of this Report.

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

EXTRACT OF ANNUAL RETURN :

Extract of Annual Return of the Company in prescribed format is annexed herewith as Annexure 6 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 are 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.

DIRECTORS' REPORT (Contd.)

WHISTLEBLOWER POLICY :

The Company has in place a Whistleblower Policy with a view to provide a mechanism for its directors/employees to approach the Chairman of the Audit Committee, in case of any grievances or concern. The Whistleblower Policy can be accessed on the Company's website http://www.huhtamaki.com/web/flexible-packaging-india/policies.pdf

DIVIDEND DISTRIBUTION POLICY:

SEBI Listing Regulations requires that the top 500 listed companies based on market capitalization to formulate Dividend Distribution Policy. In compliance of the said requirement, the Company has formulated its Dividend Distribution Policy, the details of which is given in Annexure 7 to this Report.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:

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

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

Your Company has zero tolerance for sexual harassment at workplace and as per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, has constituted an Internal Complaints Committees (ICC). During the year, one case was reported to the ICC which was duly addressed, resolved and disposed of, in accordance with the Company's Policy and 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 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;
- Except for the merger of its subsidiaries with the Company, 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;

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 all its shareholders for the trust and confidence reposed in the Company. The Board further wishes to record its sincere appreciation for the significant contributions made by employees at all levels for their commitment, dedication and contribution towards the operations of the Company. Further, the Board would also like to congratulate all employees for achieving an important milestone of successful completion of the Integration exercise.

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

Suresh Gupta,
Chairman
(DIN No.:00235354)

Place : Mumbai
Date: 20th April, 2017

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 1

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 organized, structured and centrally controlled energy management system for machine, utility and infrastructure. Regular focus and efforts are made to improve machine efficiency and accuracy by modernization or replacement of Plant & Machinery of high end Technology.

Some of the key initiatives for conserving energy during 2016 were :

- Lighting is controlled by automated timers and focus on use of natural light.
- Low power consumption and high luminance LED base lights are used for office, factory and street lights.
- Ancillary equipments are also controlled by adding precise control other than safety equipments.
- Replacement of old with new efficient utility equipment with variable frequency control.
- Water consumption is controlled and saved by measuring and recycling using modern equipments.
- Focus on training and awareness to use equipments and machinery to improve production, to minimize risk and energy consumption.

B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Your company has always strived to develop new designs for packaging that meets customer and market needs. The Research & Development Centre (R&D) 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, absorbs relevant new 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 continually 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 is actively working on 'green technologies' like reduction of solvent usage, recovery of spent solvents. The company is actively working on to bring new products through flexible packaging into the market. Company considers human safety at work and protection to environment is of supreme importance and as an organisation we have been practicing the same in spirit all our locations have achieved necessary certifications.

The company has been recognized for its innovative efforts by several packaging organisations and is awarded with 11 awards for the year including two Worldstar awards.

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

a.	Capital	₹ 2 lacs
b.	Recurring	₹ 104 lacs
	Total	₹ 106 lacs

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

C. RESEARCH AND DEVELOPMENT:

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

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

D. FOREIGN EXCHANGE EARNINGS & OUTGO

a. Foreign exchange earnings from the exports of the Company's products & services amounted to ₹ 52,637 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 ₹ 46,531 lacs.

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

Suresh Gupta,
Chairman
(DIN No.:00235354)

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 2

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 – 3

Form No. MR – 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st DECEMBER, 2016
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

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

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

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended **31st December, 2016** 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 **31st December, 2016** according to the provisions of:

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

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

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

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

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

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

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

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

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

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

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

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable as there was no reportable event during the year under review.**

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

   a. The Petroleum Act,1934;

   b. The Legal Metrology Act, 2009, Rules and Regulations there under;

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

ANNEXURE TO DIRECTORS' REPORT (contd.)

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

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

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

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

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

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

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent atleast seven days in advance and wherever the meetings were called at a shorter 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;
- All the decisions of the Board and Committees thereof were carried out with requisite majority.

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

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

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

- At the Annual General Meeting held on 10th May, 2016, the members approved the Huhtamaki PPL Limited Employee Phantom Stock Scheme 2015 ('PS Scheme"), pursuant to Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 and applicable provisions of the Companies Act, 2013.
- The Company has changed the Registrars and Share Transfer Agents from Sharepro Services (India) Private Limited to TSR Darashaw Limited and obtained approval of shareholders at the Annual General Meeting held on 10th May, 2016 by way of Special Resolution to keep the Register of members, Register and index of debenture holders and such Registers as may be required to be maintained under Section 88 of the Companies Act, 2013 together with copies of certificates and documents at the office of Registrar and Transfer Agents of the Company.
- The Company has at a court convened meeting of Equity shareholders held on 21st June, 2016, obtained consent for:-
  i. the proposed amalgamation and arrangement of Webtech Labels Private Limited with the Company; and
  ii. reduction of the Securities Premium of the Company.
- The Company has at a court convened meeting of equity shareholders held on 21st June, 2016 have obtained consent for:-
  i. The proposed amalgamation between the Company and Positive Packaging Industries Limited.
  ii. Reduction of share capital of the Company pursuant to Scheme of Arrangement between the Company and Positive Packaging Industries Limited.

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

S. N. ANANTHASUBRAMANIAN
Partner
C.P. No: 1774

Place: Thane
Date: 20th April, 2017

ANNEXURE TO DIRECTORS' REPORT (contd.)

To,

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

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.

Auditor's Responsibility

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

Disclaimer

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

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

S. N. ANANTHASUBRAMANIAN
Partner
C.P. No: 1774

Place: Thane
Date: 20th April, 2017

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 4

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 2016, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016 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 2016	Ratio of remuneration of each Director to median
1	Mr. Suresh Gupta, Executive Chairman	261.48	33.94%	79.3:1
2	Mr. A Venkatrangan, Managing Director	326.48	33.90%	98.9:1
3	Mr. Arunkumar Gandhi, Independent Director	41.15	NA	12.5:1
4	Mr. Ramesh Kumar Dhir, Independent Director	16.20	NA	4.9:1
5	Mr. S K Palekar Independent Director	24.65	NA	7.5:1
6	Mr. Nripjit Singh Chawla Independent Director	18.90	NA	5.7:1
7	Ms. Sukanya Kripalu Independent Director	20.40	NA	6.1:1
8	Mr. Parag Vyavahare, Chief Financial Officer	102.18	15.90%	31.0:1
9	Mr. Dakshinamurthy Iyer, Company Secretary	37.91	NA*	11.5:1

* Was employed only for part of the year in 2015 and hence not comparable.

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 there is no cost charged to the Company. The charge taken by Huhtamaki Oyj in its accounts for the year ended 31st December 2016 for these shares is ₹97,30,234/-*
- *Remuneration paid to Independent Directors consists only sitting fees and Commission for FY 2016 in accordance with Section 197 (ii) of the Companies Act, 2013.*

II. The percentage increase in median remuneration of employees of the Company during the financial year was 9.64%

III. The number of permanent employees on the rolls of Company as on December 31, 2016 were 3263.

IV. The average percentage increase made in the salaries of employees other than the managerial personnel was 9.7%, while the increase in the remuneration of managerial personnel was 30.9%. The aggregate limits of remuneration of managerial personnel was reviewed and revised, keeping in view the need for leveraging experience and expertise as well as rewarding talent and the prevailing trend in the industry.

V. 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 – 5

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2016

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.huhtamaki.com/web/flexible-packaging-india/policies.pdf.

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

   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 the Companies Act, 2013, the average net profit of the Company for last three years is ₹ 7,443 Lacs. Accordingly, the Company was required to spend an amount of ₹ 149 Lacs towards CSR activities.

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

   The Company was required to spend an amount of ₹ 149 Lacs towards CSR activities for the Financial year 2016.

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

   a. Total amount spent for financial year - ₹ 58 Lacs*

   b. Total amount unspent if any – ₹ 91 Lacs

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

   *The amount includes ₹ 9 Lacs spent by Positive Packaging Industries Limited (erstwhile wholly owned subsidiary of the Company), which has merged with the Company w.e.f. 1st April, 2017 and whose expenditure has been included in the revised accounts enclosed with the Directors Report. The details of spending by the said Positive Packaging Industries Limited, has been mentioned below :

Amount spent by the Company -

(₹ in lacs)

Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs 1) Local Area or other 2) Specify the states or district where project or Program were undertaken	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.	Rural Electrification	Rural Development	Hyderabad (Telangana)	12	10	10	Direct
2	Installation of Water Purifier/ Coolers, education material, Playground equipment., solar panels with UPS, Computers in Schools and Painting in School,	Promotion of education	Thane (Maharashtra) Silvassa (U T of Dadra & Nagar Haveli, Silvassa) Rudrapur (Uttarakhand)	33	33	33	Direct

ANNEXURE TO DIRECTORS' REPORT (contd.)

(₹ in lacs)

Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs 1) Local Area or other 2) Specify the states or district where project or Program were undertaken	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
3	Children education & skill development, Scholarship to students, scholarship for economically weaker student	Promotion of education	Thane (Maharashtra) Rudrapur (Uttarakhand)	4	4	4	Direct
4	Providing beds in hospitals, Medical Kit with General Medicine along with other materials	Promoting Health care including preventive healthcare	Rudrapur (Uttarakhand)	2	2	2	Direct

Amount spent by Positive Packaging Industries Limited (erstwhile Wholly Owned Subsidiary of the Company)-

(₹ in lacs)

Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs 1) Local Area or other 2) Specify the states or district where project or Program were undertaken	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.	Distribution of school uniforms, Felicitation of 10th & 12th Std students,	Promotion of education	Khopoli (Maharashtra)	1	1	1	Direct
2	Donation of garbage tipper for waste collection in the villages	Rural Development	Khopoli (Maharashtra)	6	6	6	Direct
3	Installation of ceiling fan in School, Playing equipment	Promotion of education	Taloja (Maharashtra)	2	2	2	Direct

ANNEXURE TO DIRECTORS' REPORT (contd.)

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

During the year under review, the Company created a robust plan & monitoring mechanism to ensure that its CSR initiatives are sustainable and truly beneficial to the community in the long run. The Company initiated a number of CSR projects in its various plants, with some projects in the areas of healthcare, education and community/societal development, having duration of more than one year. For this reason, during the year, the Company's spend on the CSR activities has been less than the prescribed limits. The Company regularly spends significant amounts of money on various activities aimed at serving the communities around the factories. Many of the operating sites of the Company are located in developing areas. The Company has helped the acquired units to upgrade their levels of safety, hygiene and environmental protection to the high standards. We also spend time, effort and resources in developing appropriate packaging solutions that ensure the safety of products that we pack and also being as environmentally friendly as is feasible in terms of current technologies permit. That our Company should be a socially responsible corporate citizen has been the approach followed by the Company for several years now. The Company will keep up this momentum, despite spends on such social responsibility activities not qualifying as CSR expenses under the Companies Act, 2013.

Moving forward the Company endeavors to increase its CSR spend by scaling up its CSR activities, coupled with new initiatives/projects in the next financial year and is confident of achieving its CSR objectives in the forthcoming years.

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 – 6

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st December, 2016
(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules 2015)

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, B-Wing, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39, "G" Block, Behind MCA, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Contact : 022 - 6174 0400/ 26531310 Fax: 022 - 61740401/26531310 E-mail : rohan.naik@ppl.huhtamaki.com Website: www.ppl.huhtamaki.com
vi.	Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	Yes BSE Ltd./ National Stock Exchange of India Limited
vii.	Name, Address & Contact details of Registrar & Transfer Agents (RTA):-	TSR Darashaw Ltd, 6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr. E Moses Road, Mahalaxmi, Mumbai-400011, Maharashtra Tel: + 91 22 - 66568484 Fax : + 91 22 - 66568494 Website: www.tsrdarashaw.com Email : csg-unit@tsrdarashaw.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. No.	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. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
1	Huhtavefa B.V.	NA	Holding

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-2015]				No. of Shares held at the end of the year[As on 31-December-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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	50,003,997	Nil	50,003,997	68.77	50,003,997	Nil	50,003,997	68.77	Nil
Total shareholding of Promoter (A)	**50,003,997**	**Nil**	**50,003,997**	**68.77**	**50,003,997**	**Nil**	**50,003,997**	**68.77**	**Nil**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	4,350,461	2,125	4,352,586	5.99	4,314,590	2,125	4,316,715	5.94	0.05
b. Banks / FI	12,422	5,330	17,752	0.02	5,475	5,330	10,805	0.01	0.01
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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g. FIIs	3,60,974	6,250	367,224	0.51	606,497	6,250	612,747	0.84	0.33
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):-	**4,723,857**	**13,705**	**4,737,562**	**6.52**	**4,926,562**	**13,705**	**4,940,267**	**6.79**	**0.27**
2. Non-Institutions									
a. Bodies Corporate									
i. Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals	13,225,094	1,002,368	14,227,462	19.57	13,750,486	989,248	14,739,734	20.27	0.30
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	10,721,116	829,468	11,550,584	15.89	9,920,639	816,348	10,736,987	14.77	1.12
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,503,978	172,900	2,676,878	3.68	3,829,847	172,900	4,002,747	5.50	1.82
c. Others	3,701,503	41,410	3,742,913	5.15	3,001,626	26,310	3,027,936	4.17	0.98
Non Resident Indians	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE TO DIRECTORS' REPORT (contd.)

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-December-2015]				No. of Shares held at the end of the year[As on 31-December-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Clearing Members	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	**16,926,597**	**1,043,778**	**17,970,375**	**24.71**	**16,752,112**	**1,015,558**	**17,767,670**	**24.44**	**0.27**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**21,650,454**	**1,057,483**	**22,707,937**	**31.23**	**21,678,674**	**1,029,263**	**22,707,937**	**31.23**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**72,711,934**	**100**	**72,711,934**	**100**	**72,711,934**	**100**	**72,711,934**	**100**	**13.79**

ii. Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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.	Huhtavefa B V	50,003,997	68.77	Nil	50,003,997	68.77	Nil	Nil

iii. Change in Promoters' Shareholding (please specify, if there is no change) - No Change

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

Sr. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**HDFC Trustee Company Ltd**				
	At the beginning of the year 01-01-2016	3,880,725	5.34	3,880,725	5.34
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**3,880,725**	**5.34**	**3,880,725**	**5.34**
2	**Shree Capital Services Limited**				
	At the beginning of the year 01-01-2016	948,947	1.31	948,947	1.31
	Bought during the year	52,800	0.07	1,001,747	1.38
	Sold during the year	52,800	0.07	948,947	1.31
	At the end of the year 31-12-2016	**948,947**	**1.31**	**948,947**	**1.31**
3	**Deepak Bhagnani**				
	At the beginning of the year 01-01-2016	855,401	1.18	855,401	1.18
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**855,401**	**1.18**	**855,401**	**1.18**
4	**Dolly Khanna**				
	At the beginning of the year 01-01-2016	687,890	0.95	687,890	0.95
	Bought during the year	10,925	0.02	698,815	0.96
	Sold during the year	62,079	0.09	636,736	0.88
	At the end of the year 31-12-2016	**636,736**	**0.88**	**636,736**	**0.88**

ANNEXURE TO DIRECTORS' REPORT (contd.)

Sr. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	**Deepak Bhagnani**				
	At the beginning of the year 01-01-2016	511,588	0.70	511,588	0.70
	Bought during the year	2,3578	0.03	535,166	0.74
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**535,166**	**0.74**	**535,166**	**0.74**
6	**UTI – MNC Fund**				
	At the beginning of the year 01-01-2016	355,571	0.49	355,571	0.49
	Bought during the year	829	0.00	356,400	0.49
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**356,400**	**0.49**	**356,400**	**0.49**
7	**Punit Khanna**				
	At the beginning of the year 01-01-2016	236,733	0.33	236,733	0.33
	Bought during the year	6,041	0.01	242,774	0.33
	Sold during the year	2,774	0.00	240,000	0.33
	At the end of the year 31-12-2016	**240,000**	**0.33**	**240,000**	**0.33**
8	**Tasha Enterprises LLP**				
	At the beginning of the year 01-01-2016	237,923	0.33	237,923	0.33
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**237,923**	**0.33**	**237,923**	**0.33**
9	**Anjul**				
	At the beginning of the year 01-01-2016	2,015	0.00	2,015	0.00
	Bought during the year	204,960	0.28	206,975	0.28
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**206,975**	**0.28**	**206,975**	**0.28**
10	**Sangeeta Nirmal Bang**				
	At the beginning of the year 01-01-2016	0	0.00	0	0.00
	Bought during the year	200,000	0.28	200,000	0.28
	Sold during the year	0	0.00	0	0.00
	At the end of the year 31-12-2016	**200,000**	**0.28**	**200,000**	**0.28**

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	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
1	At the beginning of the year	5000	0.006	Nil	Nil
2	Date wise Increase / Decrease in Promoters Share holding 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	5000	0.006	Nil	Nil

ANNEXURE TO DIRECTORS' REPORT (contd.)

vi. 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	967,823,300	4,158,957,499	-	5,126,780,799
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,349,376	1,21,073,639	-	1,24,423,015
Total (i+ii+iii)	**971,172,676**	**4,280,031,138**	**-**	**5,251,203,814**
Change in Indebtedness during the financial year	-		-	
* Addition	915,530	117,712,096	-	118,627,626
* Reduction	618,802,131	271,147,296	-	889,949,427
Net Change	(617,886,601)	(153,435,200)	-	(771,321,801)
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	352,145,556	4,008,883,842		4,361,029,398
ii) Interest due but not paid	-		-	
iii) Interest accrued but not due	1,140,519	117,712,096	-	118,852,615
Total (i+ii+iii)	**353,286,075**	**4,126,595,938**		**4,479,882,013**

vii. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Suresh Gupta (Whole Time Director)	A Venkatrangan (Managing Director)	
1	Gross salary	24,679,080	31,950,672	56,629,752
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	22,830,118	30,899,413	53,729,531
	(b) Value of perquisites u/s 17(2) Income - tax Act, 1961 (including accruals)	1,848,962	1,051,259	29,00,221
	(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)	1,468,752	696,870	21,65,692
	Total (A)	**26,147,832**	**32,647,542**	**58,795,374**
	Ceiling as per the Act (being 10% of net profits of the Company calculated as per section 198 of the Companies Act, 2013)	**72,167,200**	**72,167,200**	**144,334,400**

ANNEXURE TO DIRECTORS' REPORT (contd.)

B. Remuneration to other directors :

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Arun Kumar Gandhi	Ramesh Dhir	S.K. Palekar	Nripjit Singh Chawla	Sukanya Kripalu	
	Fee for attending Board/ Committee meetings	815,000	520,000	765,000	390,000	340,000	2,830,000
	Commission	3,300,000	1,100,000	1,700,000	1,500,000	1,700,000	9,300,000
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**4,115,000**	**1,620,000**	**2,465,000**	**1,890,000**	**2,040,000**	**12,130,000**
2	Other Non-Executive Directors	Jukka Moisio	Olli Koponen	-	-	-	-
	Fee for attending board committee meetings	Nil	Nil	-	-	-	-
	Commission	Nil	Nil	-	-	-	-
	Others, please specify	Nil	Nil	-	-	-	-
	Total (2)	**Nil**	**Nil**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**4,115,000**	**1,620,000**	**2,465,000**	**1,890,000**	**2,040,000**	**12,130,000**
	Total Managerial Remuneration (Commission)						**9,300,000**
	Ceiling as per the Act (Commission) (being 1% of net profits of the Company calculated as per section 198 of the Companies Act, 2013)						**14,433,440**
	Overall Ceiling as per the Act (being 11% of net profits of the Company calculated as per section 198 of the Companies Act, 2013)						**158,767,840**

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	NA	3,609,128	9,944,896	13,554,024
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	3,301,200	9,521,623	12,822,823
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	307,928	423,273	731,201
	(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	NA	-	-	-
5	Others, please specify (PF)	NA	181,440	272,680	454,120
	Total	**NA**	**3,790,568**	**10,217,576**	**14,008,144**

viii. 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

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 7

DIVIDEND DISTRIBUTION POLICY

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

1. SCOPE AND PURPOSE OF THE POLICY

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

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

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

The philosophy of the Company is to maximise the stakeholders' wealth in the Company and the Board will consider the following factors while recommending dividend to its shareholders:

a) Internal Factors/ Financial Parameters:

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

b) External Factors:

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

c) Utilisation of Retained Earnings :

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

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

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

e) Provisions regarding various classes of shares -

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

3. GENERAL -

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

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

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

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 Regulation 34 read along with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st December, 2016.

BOARD OF DIRECTORS

The Board of Directors of the Company (hereinafter referred as the Board) comprises of a combination of Executive and Non-Executive Directors. The Board of Directors, as on 31st December, 2016 comprised 9 (Nine) Directors of whom 2 (Two) are Executive and 7 (Seven) are Non-Executive Directors, 5 (Five) of which are Independent Directors. 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 (Listing Regulations). The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgement in any manner. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

The policy formulation, evaluation of performance and the control function vest with the Board, while the Board Committees oversee operational issues. The Board meets at least once in a quarter to consider amongst other 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 Board Meetings and 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 2016/Tenure	No. of Board Meetings attended	Attendance at last AGM
1	Mr. Suresh Gupta, Chairman	Executive	9	9	Yes
2	Mr. A Venkatrangan, Managing Director	Executive	9	9	Yes
3	Mr. Jukka Moisio	Non-Executive	9	1	No
4	Mr. Arunkumar Gandhi*	Non-Executive, Independent	9	8	Yes
5	Mr. Ramesh K. Dhir^	Non-Executive, Independent	9	9	Yes
6	Mr. S K Palekar*	Non-Executive, Independent	9	9	Yes
7	Mr. Nripjit Singh Chawla*	Non-Executive, Independent	9	8	Yes
8	Ms. Sukanya Kripalu $	Non-Executive, Independent	9	8	Yes
9	Mr. Olli Koponen	Non- Executive	9	8	Yes

At the Extra-Ordinary General Meeting of the Company held on 30th March, 2017, the following Directors were re-appointed as Non-Executive Independent Directors of the Company –

- *Mr. Arunkumar Gandhi, Mr. S K Palekar and Mr. Nripjit Singh Chawla for a period of three years w.e.f. 31st March, 2017;
- $ Ms. Sukanya Kripalu for a period of three years w.e.f. 7th May, 2017; and
- ^Mr. Ramesh K. Dhir for a period of one year w.e.f. 31st March, 2017;

CORPORATE GOVERNANCE (Contd.)

During the year 2016, Nine Board Meetings were held on 16th February, 2016, 17th February, 2016, 22nd March, 2016, 10th May, 2016, 21st June, 2016, 9th August, 2016, 22nd September, 2016, 9th November, 2016 and 8th December, 2016 with time gap not exceeding 4 months between two such meetings. The Annual General Meeting was held on 10th May, 2016.

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

Name of the Director	As on 31st December, 2016			
	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. 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
Ms. Sukanya Kripalu	4	3	Nil	3
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 Listing Regulations.

Information provided to the Board:

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

Review of legal compliance reports:

During the year, the Board periodically reviewed reports placed by the management with respect to compliance of various laws applicable to the Company. The Internal Auditors also review compliance status and report 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., Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and 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/or financial management expertise.

CORPORATE GOVERNANCE (Contd.)

During the Year 2016, Six Audit Committee meetings were held on 16th February 2016, 22nd March, 2016, 10th May, 2016, 9th August, 2016, 9th November, 2016 and 8th December, 2016. The time gap between two consecutive meetings of the Audit Committee was not more than four months.

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

Name of the Director	Qualifications	Meetings attended / held during FY 2016
Mr. S K Palekar – Chairman	M.Sc. (Physics) and M.M.S (Marketing)	6/6
Mr. Arunkumar Gandhi	FCA (India) and FCA (England & Wales)	5/6
Mr. Suresh Gupta	Masters in Mgt. Studies (MMS)	6/6

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

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

  a. matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  b. changes, if any, in accounting policies and practices and reasons for the same;
  c. major accounting entries involving estimates based on the exercise of judgment by management;
  d. significant adjustments made in the financial statements arising out of audit findings;
  e. compliance with listing and other legal requirements relating to financial statements;
  f. disclosure of any related party transactions;
  g. modified opinion(s) in the draft Audit Report;

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

CORPORATE GOVERNANCE (Contd.)

- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held in 2016 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 Directors. During the Year 2016, four Stakeholders Relationship Committee meetings were held on 16th February, 2016, 10th May, 2016, 9th August, 2016 and 9th November, 2016.

The current composition of the Committee is given hereunder:

Name of the Director	Meetings attended / held during FY 2016
Mr. Ramesh K. Dhir - Chairman	4/4
Mr. S K Palekar - Member	4/4

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 2016:

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

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

c. Corporate Social Responsibility Committee :

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

Name	Meetings attended / held during FY 2016
Mr. Suresh Gupta - Chairman	2/2
Mr. S K Palekar - Member	2/2
Mr. A Venkatrangan - Member	2/2

The Meeting of Corporate Social Responsibility Committee were held on 9th August, 2016 and 9th November, 2016.

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

CORPORATE GOVERNANCE (Contd.)

d. Nomination and Remuneration Committee :

The Nomination and Remuneration Committee comprises of three Independent Directors. The composition of the Committee and their attendance at the meeting(s) for the Financial year 2016 is given hereunder:

Name of the Director	Meetings attended / held during FY 2016
Mr. Arunkumar Gandhi, Chairman	5/6
Mr. Nripjit Singh Chawla, Member	5/6
Mr. Ramesh K. Dhir, Member	6/6

During the year six meetings of Nomination and Remuneration Committee were held on 16th February, 2016, 22nd March, 2016, 21st June, 2016, 9th August, 2016, 2nd September, 2016 and 9th November, 2016.

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

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

Remuneration to Executive Directors

The remuneration paid to Mr. Suresh Gupta, Chairman and Mr. A Venkatrangan, Managing Director for the year 2016 is as under:

(Amt. in ₹)

Name of the Directors	Salary	HRA	Perquisites	Commission	Total
Mr. Suresh Gupta	17,477,914	5,352,204	3,317,714	-	26,147,832
Mr. A Venkatrangan	25,403,958	2,903,625	4,339,959	-	32,647,542

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 and also provision of ₹2,591,830/- made under "Phantom Stock Scheme" for Mr. A Venkatrangan, Managing Director.
2. Salary includes incentive of ₹ 4,204,603/- paid to Mr. Suresh Gupta and ₹ 7,987,508/- to Mr. A Venkatrangan as Management Incentive & Special Incentive, based on the Company Performance and achievement of specific targets, respectively.

CORPORATE GOVERNANCE (Contd.)

3. The above does not include gratuity and leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available.

4. The Managing Director of the Company is entitled to shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles him to receive shares at nil cost. The scheme detailed above are assessed, managed and administered by the ultimate holding company and there is no cost of the shares charged to the Company. The charge taken by Huhtamaki Oyj in its accounts for the year ended 31st December, 2016 for these shares is ₹ 6,989,079/- (previous year ₹ 4,218,352/-).

5. The above remuneration of Mr. Suresh Gupta, Chairman of the Company does not include ₹ 13,886,499/- paid by Huhtamaki Finance BV, in his role 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, 9th November, 2016*	27th July, 2012, 7th May, 2013 7th October, 2014, 10th June, 2015
Term of Contract	Two Years w.e.f. 1st January, 2017	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.

Remuneration to Non Executive Directors

Non–Executive Independent 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 Non-Executive Independent Directors during the year 2016 are as follows:

(Amount in ₹)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr. Arunkumar Gandhi	315,000	340,000	655,000
Mr. Ramesh K. Dhir	315,000	205,000	520,000
Mr. S K Palekar	315,000	280,000	595,000
Mr. Nripjit Singh Chawla	280,000	110,000	390,000
Ms. Sukanya Kripalu	280,000	10,000	290,000
Total	**1,505,000**	**945,000**	**2,450,000**

Details of Sitting Fees paid to the Non-Executive Independent Directors of Positive Packaging Industries Limited (erstwhile subsidiary of the Company) since merged with the Company, during the year FY 2016 :

(Amount in ₹)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr. Arunkumar Gandhi	70,000	90,000	160,000
Mr. S K Palekar	70,000	100,000	170,000
Ms. Sukanya Kripalu	50,000	-	50,000
Total	**190,000**	**190,000**	**380,000**

CORPORATE GOVERNANCE (Contd.)

The Commission paid to the Non–Executive Independent Directors of the Company for the year 2016 is as follows:

Names of the Director	Amount in ₹
Mr. Arunkumar Gandhi	3,300,000*
Mr. S K Palekar	1,700,000*
Mr. Ramesh K. Dhir	1,100,000
Mr. Nripjit Singh Chawla	1,500,000
Ms. Sukanya Kripalu	1,700,000*
Total	**9,300,000***

*The amount includes the Commission paid by erstwhile Positive Packaging Industries Limited (since merged with the Company) to Mr. Arunkumar Gandhi, Mr. S.K. Palekar, Ms. Sukanya Kripalu, who were Independent Directors on erstwhile Board of Positive Packaging Industries Limited.

Commission payable to each of the Independent Directors as authorized by the Members at the 62nd Annual General Meeting held on 4th May, 2012, is determined and approved by the Board based on the number of meeting 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 Non-Executive 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 4th January, 2016, 8th February, 2016, 16th February, 2016, 30th May, 2016, 10th October, 2016 and 28th November, 2016.

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.

Share Transfer System

Documents for transfer of shares in physical form can be lodged with TSR Darashaw Limited the R&T Agents of the Company w.e.f 1st June, 2016. The Share Transfer Committee attends to share transfer formalities at least once in fortnight.

e. Independent Directors

Meeting of Independent Directors

One meeting of Independent Directors as required under Regulation 25 of the Listing Regulations was held on 22nd September, 2016 at the Registered Office of the Company which was attended by all the Independent Directors of the Company.

Familiarisation programme for Independent Directors

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

The details of the Company's Familiarisation Programme is available on the Company's website - web link: http://www.huhtamaki.com/web/flexible-packaging-india/policies.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 39 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interest.

CORPORATE GOVERNANCE (Contd.)

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 Listing Regulations and the same was taken on record by the Board at its meeting held on 20th April, 2017. A copy of this certificate is provided as Annexure A to this report.

Code of Conduct

As required under, Regulation 17 of the Listing Regulations, the Company has laid down Code of Conduct for Directors and Senior Management Personnel of the Company. The same has been posted on the Company's website http://www.huhtamaki.com/web/flexible-packaging-india/policies. The Company has received affirmation of compliance from Directors & Senior Managerial Personnel of the Company for the financial year ended 31st December, 2016. 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.

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

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

   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 was appointed as an Additional Director on the Board of the Company w.e.f. 17th December, 2015 and was re-appointed as Director in Annual General Meeting of the Company held on 10th May, 2016.

Means of Communication

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

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

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

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

Disclosures of materially significant related party transactions

Transactions with related parties, as per requirements of Accounting Standard 18 are disclosed in notes to accounts annexed to the financial statement of Annual Report of the Company for the year 2016. The Company has adopted policy on Related Party Transactions. The same is posted on website of the Company at http://www.huhtamaki.com/web/flexible-packaging-india/policies.

Insider Trading Regulations

The Company has notified and adopted the HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer is responsible for the purpose of these Regulations. The said HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company http://www.huhtamaki.com/web/flexible-packaging-india/policies.

Details of capital market related non-compliance, if any

There has been no non-compliance by the Company of any legal requirements during the last three years; nor has there been any penalty, stricture 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 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 the Whistle Blower Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers. The same has been posted on the Company's website http://www.huhtamaki.com/web/flexible-packaging-india/policies. The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/ unethical behavior. 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.huhtamaki.com/web/flexible-packaging-india/policies.

Dividend Distribution Policy

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

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

- The Company have a Executive Chairman;
- The Company does not send Half-yearly financial performance to each household of shareholders, as it is displayed on Company's website;
- The Audit qualifications if any are displayed in the financial reports of the Company. There are no audit qualifications for the year under review;
- The Company has appointed M/s Aneja & Associates, Chartered Accountants 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;
- The Company has separated 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
2013	07.05.2014	4.00 p.m.	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 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	Nil
2015	10.05.2016	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	• Approval of 'Huhtamaki PPL Limited Employee Phantom Stock Scheme 2015'. • Approval of variation in remuneration of Mr. A Venkatrangan, Managing Director. • Approval for shifting of place of keeping of Register of Members, Index of Members and certain other registers and documents.

CORPORATE GOVERNANCE (Contd.)

B. EGM / COURT CONVENED MEETING: The details of Court Convened Meetings of the Company are as follows :

Year	Date	Time	Location	Special Resolutions passed
2016	21.06.2016	2.30 p.m.	Manik Sabhagriha, Vishwakarma, M.D. Lotlikar Vidya Sankul, Opp Lilavati Hospital, Bandra Reclamation, Mumbai - 400 050	• Approval of the Scheme of Arrangement between the Company and Positive Packaging Industries Limited; • Approval of Reduction of Share Capital, pursuant to the said Scheme of Arrangement.
2016	21.06.2016	4.00 p.m.	Manik Sabhagriha, Vishwakarma, M.D. Lotlikar Vidya Sankul, Opp Lilavati Hospital, Bandra Reclamation, Mumbai - 400 050	• Approval of the Scheme of Arrangement between the Company and Webtech Labels Pvt Ltd.; • Approval of Reduction of Securities Premium Account, pursuant to the said Scheme of Arrangement.

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

GENERAL SHAREHOLDER INFORMATION

Details of ensuing Annual General Meeting

Day & Date	Time	Venue
12th June, 2017	4.00 p.m.	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 ended/ending	Date of Board Meetings
March, 2017	12th May, 2017 (Friday)
June, 2017	11th August, 2017 (Friday)
September, 2017	7th November, 2017 (Tuesday)
December, 2017	Second week of February, 2018

Book Closure Date

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Friday, 2nd June, 2017 to Monday, 12th June, 2017 (both days inclusive).

Dividend Payment Date

Dividend at the rate of ₹ 3/- per share has been recommended by the Board and is subject to the approval from the shareholders at the ensuing AGM, the same will be paid on or before 18th June, 2017:

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 1st June, 2017; 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 1st June, 2017.

CORPORATE GOVERNANCE (Contd.)

Dividend History of the Company

Year	AGM Date	Dividend Rate ₹ (%)
2013	07.05.2014	₹ 2.80 (140%)
2014	07.05.2015	₹ 2.80 (140%)
2015	10.05.2016	₹ 2.80 (140%)

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, 2017 have been paid to BSE and NSE.

Company Identification Number (CIN)

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

STOCK DATA

The table herein below gives the monthly high and low prices and volume of the Company's shares traded at the BSE and NSE during the period January 2016 to December 2016:

Month & Year	BSE			NSE		
	High (₹/share)	Low (₹/share)	Volume (No. of Shares)	High (₹/share)	Low (₹/share)	Volume (No. of Shares)
Jan-16	249.00	206.30	63,098	253.20	205.20	4,09,990
Feb-16	224.20	176.90	54,594	224.95	176.00	2,62,790
Mar-16	229.90	200.00	79,836	230.95	199.80	1,97,086
Apr-16	236.00	210.60	70,979	236.50	208.65	4,80,110
May-16	315.10	216.00	4,30,607	310.00	216.00	19,40,038
Jun-16	300.20	255.00	2,48,108	301.90	249.00	8,99,456
Jul-16	326.50	290.00	1,77,637	326.45	290.10	5,82,302
Aug-16	327.00	275.00	1,08,043	323.65	275.00	5,30,491
Sep-16	284.00	255.10	65,334	288.50	253.00	3,29,576
Oct-16	295.80	255.00	1,24,414	294.00	255.05	8,62,450
Nov-16	296.00	228.35	61,360	292.95	226.35	3,11,783
Dec-16	263.90	230.00	39,775	264.20	231.60	1,55,823

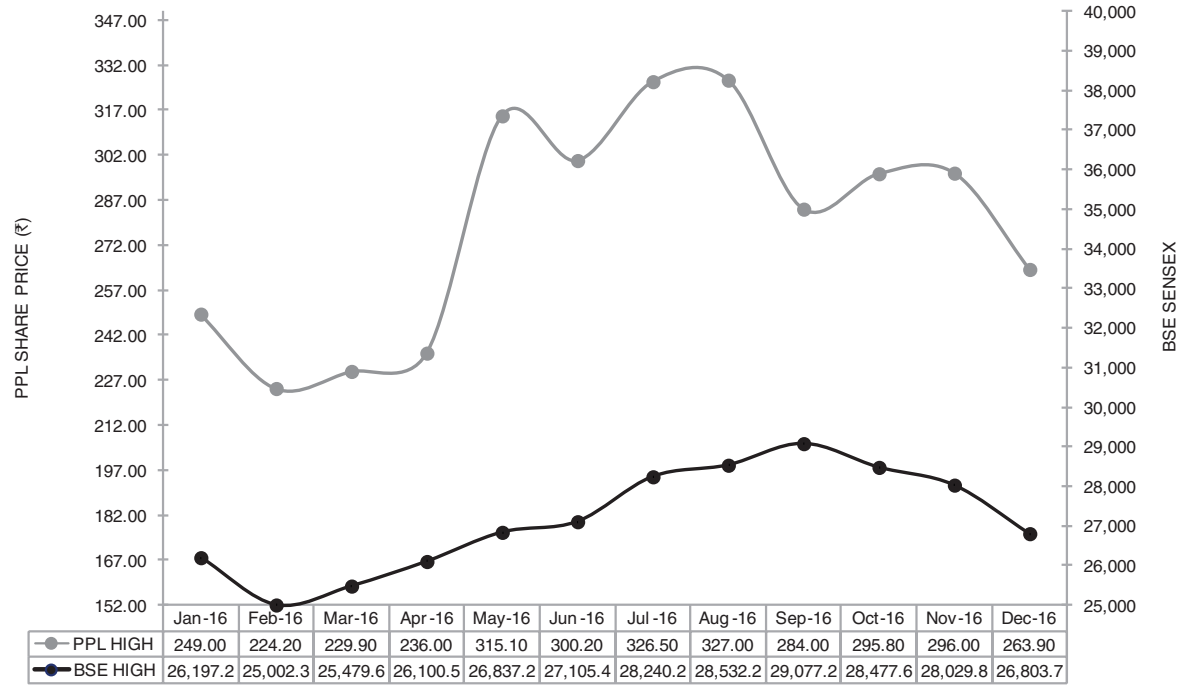
Note:

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

CORPORATE GOVERNANCE (Contd.)

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

COMPANY SHARE PRICE AND BSE SENSEX - HIGH



	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
PPL HIGH	249.00	224.20	229.90	236.00	315.10	300.20	326.50	327.00	284.00	295.80	296.00	263.90
BSE HIGH	26,197.2	25,002.3	25,479.6	26,100.5	26,837.2	27,105.4	28,240.2	28,532.2	29,077.2	28,477.6	28,029.8	26,803.7

DISTRIBUTION OF SHAREHOLDINGS

Following is the distribution pattern of shareholding of the Company as on 31st December, 2016:

Distribution of shareholding by ownership:

Sr. No.	Category	No. of Shareholders	No. of Shares	% of Total Holding
1.	Indian Promoters	0	0	0.00
2.	Foreign Promoters – Huhtavefa B.V.	1	50,003,997	68.77
3.	Foreign Institutional Investors	27	612,747	0.84
4.	NRI's & OCB's	325	584,102	0.80
5.	Bodies Corporate / BC-NBFC	430	3,027,810	4.16
6.	Banks/ Financial Institutions	4	10,805	0.01
7.	Insurance Companies	0	0	0.00
8.	Mutual Funds	7	4,316,715	5.94
9.	Resident Individuals	14,487	14,155,632	19.47
10	Trust	1	126	0.00
Total		**15,282**	**72,711,934**	**100.00**

CORPORATE GOVERNANCE (Contd.)

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	11,740	76.82	1,642,695	2.26
501 – 1000	1,501	9.82	1,224,996	1.68
1001 – 2000	885	5.79	1,337,959	1.84
2001 – 3000	365	2.39	922,305	1.27
3001 – 4000	171	1.12	610,508	0.84
4001 – 5000	144	0.94	675,872	0.93
5001 - 10000	251	1.64	1,893,435	2.60
10001 and above	225	1.47	64,404,164	88.57
Total	**15,282**	**100.00**	**72,711,934**	**100.00**

List of Top Ten Shareholders (other than Promoters) of the Company as on 31st December, 2016:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1	HDFC Trustee Company Ltd	3,880,725	5.34
2	Shree Capital Services Limited	948,947	1.31
3	Deepak Bhagnani	855,401	1.18
4	Dolly Khanna	636,736	0.88
5	Deepak Bhagnani	535,166	0.74
6	UTI-MNC Fund	356,400	0.49
7	Punit Khanna	240,000	0.33
8	Tasha Enterprises, LLP	237,923	0.33
9	Anjul	206,975	0.28
10	Sangeeta Nirmal Bang	200,000	0.28
Total		**8,098,273**	**11.16**

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, 2016.

DEMATERIALISATION OF SHARES

As on 31st December, 2016, 98.58% of the Company's shares including all the shares held by the Promoters and/or Promoter Group Shareholders were held in electronic form and the Company's shares can only be traded in compulsory demat segment in the stock exchanges where it is listed.

The table herein below gives the break up of shares in physical and demat form as at 31st December, 2016:

Mode of Holding	Number of Shareholders	Number of shares	Percentage
Physical	1,363	1,029,263	1.42
Dematerialised	13,919	71,682,671	98.58
Total	**15,282**	**72,711,934**	**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.

CORPORATE GOVERNANCE (Contd.)

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, which 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.

TRANSFER OF 'UNDERLYING SHARES' INTO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) (IN CASES WHERE UNCLAIMED DIVIDENDS HAVE BEEN TRANSFERRED TO IEPF FOR A CONSECUTIVE PERIOD OF SEVEN YEARS)

In terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter.

DEALING WITH SECURITIES WHICH HAVE REMAINED UNCLAIMED

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

ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

All correspondence may please be addressed to the Registrar and Transfer Agent, TSR Darashaw 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 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@ppl.huhtamaki.com.

Registered Office:

Huhtamaki PPL Ltd.
Unit No.12A-06, B-Wing, 13th Floor
Parinee Crescenzo, Plot No. C-38 & C-39,
G Block, Behind MCA, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051
Tel: +91 22 6174 0400, Fax: +91 22 6174 0401,
Website: www.huhtamaki.com
Email: investor.communication@ppl.huhtamaki.com

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

TSR Darashaw Ltd,
6-10, Haji Moosa Patrawala Ind. Estate,
20 Dr. E Moses Road, Mahalaxmi,
Mumbai - 400011
Tel: + 91 22 - 66568484
Fax : + 91 22 - 66568494
Website: www.tsrdarashaw.com,
Email : csg-unit@tsrdarashaw.com

COMPLIANCE OFFICER

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

LOCATIONS

Registered & Corporate Office:	Unit No.12A-06, B-Wing 13th Floor, Parinee Crescenzo, Plot No. 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:	The location/details of the Company's Plants are given in the Corporate Information section of the Annual Report and are also available on the Company's website.

CORPORATE GOVERNANCE (Contd.)

Annexure A

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

20th April, 2017

To
The Board of Directors
Huhtamaki PPL Ltd.

We hereby certify that in the preparation of the accounts for the year ended December 31, 2016,

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, the Company has not entered into any transactions 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 propose to take to rectify these deficiencies;

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

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

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

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

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 Obligation & Disclosure Requirements) Regulation, 2015 with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2016.

For Huhtamaki PPL Ltd.

A Venkatrangan
Managing Director
(DIN: 05294659)

Mumbai
20th April, 2017

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 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and 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 Securities and Exchange Board of India (Listing Obligations and 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/E300003

per Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: 20th April, 2017

MANAGEMENT DISCUSSION AND ANALYSIS Y 2016

"HPPL is a business with purpose .....

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. We believe in continuous improvement and innovation.

For over 80 years, we have been the leaders in providing customised packaging solutions for a vast variety of products, continuously bringing in new technologies and solutions; expanding the application of packaging solutions to a vast range of items of daily consumption, optimising the usage of packaging materials and manufacturing processes leading to better value for our customers and for their end users i.e. the consumers. On account of the very nature of our business, HPPL believes that strong ethics is fundamental to our business. After all our packaging solutions bring thousands of consumer products safely and hygienically to the end consumers. Packaging is the first handshake a consumer actually has with a product. Our Packaging helps that handshake to create trust in the consumer for the product and the brand. It brings vast volumes of products safely and hygienically to the consumer. Our business processes were build on a solid foundation of high ethical standards. And we believe it is vital to continuously remind ourselves, and our stakeholders, about our business philosophy.

"The confluence of three of the most respected packaging companies in India . . . creating a larger, stronger HPPL….."

On 30th January 2015, 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-Africa region (excluding Japan).

On 1st April, 2017, we crossed another milestone in our history. We completed the legal merger of Positive with HPPL. On this date, Webtech Labels Private Ltd., India's top quality producer of Pressure Sensitive Labels, a company we have partnered since 2012, also merged with HPPL. Thus creating an even larger, stronger HPPL.

Our teams have worked tirelessly through the year to complete the merger process seamlessly, steering the company through the typical complexities of bringing together business processes, IT systems, customer and supplier interfaces across 14 manufacturing sites, without any disruption in normal manufacturing operations and customer service. We will now take on the next task of creating a common ERP platform across all our manufacturing sites in 2017–2018.

And even as we were going about this significant task, we took on the challenge of building two more greenfield operations in North East India, in line with our objective to build a manufacturing base for even stronger growth in future. You will find an introduction to these two new plants – in Guwahati and Sikkim – later in this note.

" 2016 – a VUCA year....."

Across the Globe, we experienced VUCA – a Volatile, Uncertain, Complex and Ambiguous environment.

The Global economy remains constrained by slow growth in GDP and in global trade. The World Economy grew by just 2.2% against an expectation of 2.7%, the slowest since 2009. Many commodity exporting countries were struggling as the sustained low price levels of crude and commodities through most of 2016 led to a series of difficulties in terms of base GDP growth, falling purchasing power in the hands of the consumers, forex availability and wildly fluctuating exchange rates.

In addition adverse geo-political developments, have made the medium term prospects more complex and uncertain. Witness the increased incidence of terrorism, the migrant crisis in Europe and other developed countries; Brexit; change in leadership and shift in policies with respect to protectionism, changes in the worlds' largest economy increasing protectionism in the US.

Coming to domestic events, on 8th November, as HPPL was celebrating 20 years of success of its Silvassa plant, the Government announced demonitisation. This created chaos amongst consumers, since cash, which was still the main mode of exchange for over 80% of India's population, almost disappeared overnight and remained scarce for a while thereafter. The event had a direct and severe adverse impact on our customers, both in traditional distribution and organised retail. Consequently, HPPL sales were impacted, with customers postponing despatches or canceling orders. (The negative impact of demonitisation on supply chains was also felt in Q1 2017).

The Government has declared its intention of implementing GST with effect from July 1, 2017. This will be a breakthrough moment for India, with a potential to push up GDP growth. Our customers are likely to have higher growth opportunities and, consequently, HPPL can benefit from this growth momentum. However, implementation of GST (which, in many ways, is like rolling out a common ERP platform for the whole country at one go) is expected to have its own challenges and there will be a period when difficulties in trading conditions may be expected.

"2016 was a year of ups and downs . . . performing in uncertain times . . ."

Our consolidated net sales in the year 2016 moved up to ₹ 2,154 crores from ₹ 2,010 crores in 2015, a growth of 7%. Consolidated EPS moved up to ₹ 11.27 per share from ₹ 10.58 in the previous year. This was achieved against a backdrop of sluggish market growth. Sales volume growth in the fast moving consumer goods industry (FMCG) was in low single digits and marketers continued to focus on cost and price points, due to pressures arising from, among other reasons, the movement of crude from USD 37 per barrel in Jan 2016 to USD 50 per barrel in Dec 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

We continued on our established path of customer service, innovation and market expansion. To add to our focus on customer development, we have created an independent New Customer Territory Development (NCTD) team which moves into new geographies and connects with smaller customers and start-ups.

"Creativity involves breaking out of established patterns in order to look at things in a different way."

Edward de Bono

Growth and new product development was driven by our Innovation Program (NASP). NASP is institutionalized within HPPL, with various team members at various levels taking it up as a personal mission, making it an important component of the culture of HPPL.

Our NASP program helps our customers in many ways, of which two are particularly noteworthy. Our new products, which are based on upgraded technology processes, serve our customers' need for adding value to their products and offer additional benefits to their consumers. We also continuously work on solutions which offer cost advantages without compromising performance.

Hence, NASP creates business growth, but equally important, it also protects or even improves existing business share from a customer by creating improved packaging solutions, or improving cost competitiveness.

In the year 2016, we added 198 new brands to our portfolio of products that we package. We successfully commercialized over 200 NASP projects, bringing in new business for HPPL. Our products were recognized by distinguished industry bodies, and were awarded 2 World Stars, 5 Asia Stars, 3 IFCA Stars and an ET Polymers Award.

We moved ahead on our "small is beautiful" strategy. We are fortunate in having amongst our customers, entrepreneurial and innovative small FMCG companies that have witnessed faster growth. We will continue to actively develop strong relationships with such customers and grow with them.

"The future belongs to those who prepare for it today . . ."

1) New factory at Guwahati:

   The east and north-east of India are showing good economic growth and many FMCG and durable products players – Bajaj, Dabur, ITC, Emami, Godrej, HUL, Pidilite, amongst many others – have set up manufacturing plants there. Government is also offering fiscal benefits to encourage industry and job creation.

   Our Guwahati plant is spread across 145,000 square feet area in an industrial hub near the main city. We completed the initial phase of this project in record time and started operations in March 2017. This plant is set up to be a fully integrated plant manufacturing flexible packaging materials with gravure cylinder and allied support infrastructure. This plant will help us to complete our pan-India presence for supporting our customers with flexible packaging materials.

2) New factory in Sikkim:

   Webtech, an HPPL subsidiary (which merged with HPPL on 1st April 2017), is India's leading pressure sensitive (PS) label producer of specialised, high end pharma labels. Most of our pharma customers have set up manufacturing facilities in Sikkim because of the beneficial environment created by the State Government.

   We have set up a PS label manufacturing plant in Sikkim to support our existing customers and also focus on market expansion. This plant was also built in record time and started operations in March 2017.

OPERATIONS REVIEW

On 22nd February, 2017, the Mumbai Bench of National Company Law Tribunal ('NCLT') approved the Scheme of Arrangement of Positive Packaging Industries Limited and Webtech Labels Private Limited with Huhtamaki PPL Ltd., and their respective shareholders and creditors. Consequently, in the discussions below, any reference to the amounts in respect of 2016 represent the merged figures for all three entities. This is compared with the consolidated result of year 2015.

Sales Revenues

Gross sales for the year 2016 stood at ₹ 235,692 lakhs against ₹ 219,624 lakhs for the year 2015. Net Sales grew by 7.2 % to ₹ 215,410 lakhs in 2015 from ₹ 200,975 lakhs the previous year.

Other Income

In 2016, Other Income was ₹ 1,723 lakhs against ₹ 1,424 lakhs for 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Dividend income grew from ₹ 887 lakhs in 2015 to ₹ 1,005 lakhs in 2016.

Interest income amounted to ₹ 182 lakhs in 2016 against ₹ 261 lakhs in 2015 and other miscellaneous income increased to ₹ 535 lakhs from ₹ 279 lakhs for 2015.

Value Addition

During 2016, value addition (VA) improved in absolute terms to ₹ 68,700 lakhs representing 31.9 % of net sales, from ₹ 64,318 lakhs - 32.0 % of net sales in 2015.

Expenditure

Total expenses, excluding raw material costs, depreciation and financial expenses, amounted to ₹46,355 lakhs or 21.5 % of net sales in 2016 against ₹ 43,855 lakhs or 21.8 % of net sales in the previous year.

Power and fuel expenses remained at 3.5 % of net sales despite an absolute increase from ₹ 7,094 lakhs in Y 2015 to ₹ 7,483 lakhs in Y 2016.

Personnel expenses increased from ₹ 17,704 lakhs in 2015 to ₹ 19,251 lakhs in 2016.

Depreciation remained almost flat - ₹ 9,098 lakhs in Y 2016 against ₹ 9,053 lakhs for 2015. As a percentage of net sales, it dropped to 4.2% from 4.5% in the previous year.

Finance cost for 2016 was ₹ 3,331 lakhs against ₹ 4,035 lakhs for the previous year. It largely comprises interest of ₹ 2,695 lakh on 7% Unsecured debentures issued to Huhtalux s.a.r.l. for acquisition of Positive Packaging.

PBT, Tax, PAT, Cash Profit

Profit before tax was ₹ 14,008 lakhs in 2016 compared to ₹ 11,563 lakhs in 2015.

Tax expenses rose to ₹ 5,238 lakhs from ₹ 3,690 lakhs for 2015 as the exemptions enjoyed by Rudrapur and Parwanoo ceased during the course of 2016.

Net Profit after tax for the year 2016 was ₹ 8,515 lakhs compared to ₹ 7,873 lakhs for 2015.

Cash Profit, i.e. Profit after tax but before depreciation was ₹ 17,612 lakhs against ₹ 16,926 lakhs for the previous year.

Earnings Per Share

Earnings per share for Y 2016 stood at ₹ 11.27 per share against ₹ 10.58 per share for the previous year.

Dividend

The dividend on equity shares is at 150% (₹ 3.00 per share). This will absorb ₹ 2,784 lakhs (₹ 2,450 lakhs for 2015) including an amount of ₹ 478 lakhs (₹414 lakhs for 2015) towards dividend distribution tax.

Share Capital

Paid up Equity Capital of the company at the end of 2016 remained at ₹ 1,454 lakhs - same as at the end of 2015.

Reserves & Surplus

At the end of the 2016 , Reserves and Surplus were at ₹ 45,874 lakhs against ₹ 60,414 lakhs at the end of 2015.

Book value per share stands at ₹ 62.38 against ₹ 87.99 for the previous year.

The decrease in Reserves and Surplus is on account of Goodwill being adjusted against Reserves as per schemes of amalgamation. Further, on 6th April 2017, in terms of the amalgamation between Huhtamaki PPL Ltd and Webtech Labels Pvt. Ltd., 28,10,000 Equity shares of ₹2 each of the company have been allotted to shareholders of Webtech Labels Pvt. Ltd., for 10,000 shares held by them in the share capital of Webtech Labels Pvt. Ltd., in the ratio of 281:1, which have been considered in calculation of book value per share.

Borrowings

Long term borrowings at the end of 2016 stood at ₹ 40,821 lakhs against ₹ 43,521 lakhs at the end of 2015 comprised of, mainly, ₹ 38,500 lakhs 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, 2016 was at 0.86:1.

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Capital Expenditure and Fixed Assets

Addition to Gross Block (tangible assets) of ₹ 71,996 lakhs during 2016 includes ₹ 70,961 lakhs added pursuant to the merger of Positive Packaging and Webtech with HPPL. Capital work in progress as at 31st Dec 2016 was ₹ 199 lakhs compared to ₹ 379 lakhs as at 31st Dec 2015.

Inventory

Inventories at the end of 2016 stood at ₹ 18,250 lakhs against ₹ 15,607 lakhs at end-2015. Accordingly, holding period increased from 28 days to 31 days.

Debtors

At the end of 2016 , Sundry Debtors stood at ₹ 46,279 lakhs against ₹41,887 lakhs at the end of 2015. Debtors at the end of 2016, represent 78 days of sale against 76 days in 2015.

Current Liabilities

Sundry Creditors at the end of 2016 amounted to ₹ 32,579 lakhs against ₹ 28,674 lakhs at the end of Y 2015. Trade creditors represent 55 days of sale (52 days for the previous year). Other liabilities at ₹ 15,277 lakhs (₹ 12,789 lakhs for 2015) mainly comprise ₹ 6,330 lakhs of retention money payable to the erstwhile shareholders of Positive Packaging Industies Ltd. for purchase of shares from them and ₹ 1,188 lakhs of Interest on debentures (accrued but not due).

Loans & Advances

Loans and Advances of ₹ 6,423 lakhs (₹ 6,071 lakhs in 2015) 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 ₹ 16,643 lakhs against ₹ 31,620 lakhs in 2015.

Return on Capital Employed

With EBIT of ₹ 17,339 lakhs and capital employed of ₹ 91,012 lakhs, the ROCE is 19.05 %.

Return on Net Worth

With Profit after Tax at ₹ 8,515 lakhs and Net Worth of ₹ 47,384 lakhs, the RONW is 17.97 %.

INTERNAL CONTROLS

We zealously protect our reputation of being an ethical company built over decades of operations. Ethical behavior at all levels of operations and adherence to applicable laws together with a robust system of Internal Financial Control enables the management to focus on growth and excellence. Controls at various operating locations and offices are reviewed by the Internal Audit team regularly.

Qualified professionals comprise the Internal Audit team. The Internal Audit plan is approved by the Audit Committee at the beginning of the financial year. The team reports significant findings to the company's Audit Committee.

Frequent interactions with the statutory auditors ensure that control objectives are duly aligned to the company's vision. Scope of work and coverage are periodically reviewed and revised depending on specific issues that have been identified.

RISK MANAGEMENT

HPPL is a growing 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 (Committee of Sponsoring Organisations) Internal Control – Integrated framework . However, necessary customization is done to suit HPPL's unique business needs.

Key risks in the overall context include product pricing, growth and market share, raw material availability and cost, energy availability and cost, employee attrition, foreign 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 all facets of risk.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Our People….

"Great things in business are never done by one person. They're done by a team of people."

Steve Jobs

It is appropriate to repeat our clear people philosophy. "It is people who face and overcome challenges. Their approach, knowledge, commitment and actions are what finally deliver. 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 and we need to continuously ensure that it is also our practice."

In 2016, we focused even more on enhancing our people capabilities by stepping up our training and development efforts, growing internal talent and recruiting top talent from the external market, where required.

We ushered in several transformation programs, launched the annual Training Calendar, undertook a review of our people policies, embarked on an employee wellness programme, focused on strengthening our succession plan process and undertook job rotation. We also participated in people programs initiated by the Huhtamaki Group, like employee engagement feedback and actions..

Special focus continued on Safety, Hygiene and 5S initiatives.

An HR Council was constituted to give a cross functional direction to our people policies. An essential part of our focus is our commitment to diversity. A Women@Work programme was launched under which a select group of women employees have been constituted to review and recommend on relevant work practices.

As conveyed earlier, the people of HPPL, Positive and Webtech have been working as one team since the date of acquisition. We took several initiatives to bring about the feeling of "togetherness" through cross-functional teams working on various projects, planning and executing integration activities, participation in quarterly rewards and recognition programs and sharing of good people practices.

The challenges of the legal merger, integration processes, building two green field factories in record time, and the complexities and hard work in taking advantage of opportunities available, have all stretched our people. They have coped with all these pressures as true fighters and have become stronger to face new challenges.

"The future depends on what you do today."

Mahatma Gandhi

The larger, stronger HPPL of today combines the ethics in governance and values which have stood the test of time, with the latest technologies, a committed group of people, a culture of innovation, a strong customer base and financial stability. In a dynamic and ever-challenging environment, this combination gives us a strong base for future success and growth.

We closed 2016 with a solid market position. We expect to become stronger going forward and are cautiously optimistic in the medium to long term.

We look towards the future with quiet confidence. And clearly with the recognition of the hard work to be done.

INDEPENDENT AUDITORS' REPORT

To the Members of Huhtamaki PPL Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Huhtamaki PPL Limited ("the Company"), which comprise the Balance Sheet as at 31st December, 2016, 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, in which are incorporated the financial information of erstwhile Positive Packaging Industries Limited and Webtech Labels Private Limited (hereinafter referred to as "erstwhile Positive" and "erstwhile Webtech") for the year ended on that date, consequent to obtaining necessary regulatory approvals for their amalgamation into the Company, with effect from 1st April, 2017, with the appointed date of 30th January, 2015 and 1st April, 2015, respectively. This report is issued in supersession of our earlier report dated 21st February, 2017 to the extent of matters stated in emphasis of matter paragraph below.

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 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 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. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st December, 2016, its profit, and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 50 to the financial statements. The financial statements of the Company for the year ended 31st December, 2016 were earlier approved by the Board of Directors at its meeting held on 21st February, 2017. Those financial statements have been revised by the Company so as to give effect to the Schemes of Arrangement for amalgamation under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013, of erstwhile Positive (a wholly owned subsidiary) and erstwhile Webtech (a 51% owned subsidiary), into the Company, consequent to obtaining necessary regulatory approvals for their amalgamation, with effect from 1st April, 2017, with the appointed date of 30th January, 2015 and 1st April, 2015, respectively. As a result, the aforesaid financial statements are revised by the Company to give effect to the said Scheme of Arrangement for amalgamation. Accordingly, we are issuing this Revised Report, on the

Revised Financial Statements for the financial year ended 31st December, 2016 in supersession of the original report dated 21st February, 2017, which hereby stands withdrawn.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

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

   (d) In our opinion, the aforesaid 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 31st December, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

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

   (g) 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 32 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; and

      iv. The Company has provided requisite disclosures in Note 52 to these financial statements as to the holding of Specified Bank Notes on 8th November, 2016 and 30th December, 2016 as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by management.

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

per Vijay Maniar
Partner
Membership Number: 36738

Place: Mumbai
Date: 20th April, 2017

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE.

Re: Huhtamaki PPL Limited ('the Company')

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

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

(c) According to the information and explanations given by the management, the title deeds of immovable properties, other than self-constructed buildings, included in fixed assets are held in the name of the Company, except in case of immovable properties with a gross block value of ₹ 3,093.38 Lacs (net block ₹ 303.30 Lacs) as at 31st December, 2016 acquired on account of amalgamation, for which the Company is in the process of registering the title deeds in its name.

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

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

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

(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 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been delay in one instance towards payment of service tax.

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

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

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount ₹ In Lacs
Income Tax Act. 1961	Income Tax	2001-2002	ITAT	23
		2007-2009	High Court	67
		2007-2014	CIT (Appeals)	857
State and Central Sales Tax Act	VAT/CST	2003-2005	Deputy Commissioner	27
		2007-2008, 2010-2011	Joint Commissioner (Appeals)	42
		2011-2013	Deputy Commissioner (Appeals)	96
		2005-2008	Sales tax Appellate Tribunal	34
Finance Act 1994 - Service Tax	Service Tax	2007-2016	Commissioner (Appeals)	130
		2008-2014	Joint Secretary	2
		2008-2014	Customs, Excise and Service Tax Appellate Tribunal	8

ANNEXURE TO THE AUDITORS' REPORT (contd.)

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount ₹ In Lacs
Central Excise Act, 1944	Excise Duty	1989-2014	Customs, Excise and Service Tax Appellate Tribunal	945
		1997-2015	Commissioner (Appeals)	41
		1998-1999	Commissioner	5
		2008-2010	Joint Secretary	4
		2001-2006	High Court	2
		1998-1999, 2004-2005, 2009-2010	Deputy Commissioner	3
Customs Act, 1962	Customs Duty	2012-2013	Customs, Excise and Service Tax Appellate Tribunal	3
		2005-2011	Commissioner (Appeals)	26

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

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

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

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

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

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

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

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

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Vijay Maniar
Partner
Membership Number: 36738

Place: Mumbai
Date: 20th April, 2017

ANNEXURE TO THE AUDITORS' REPORT (contd.)

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE REVISED FINANCIAL STATEMENTS OF HUHTAMAKI PPL LIMITED

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

We have audited the internal financial controls over financial reporting of Huhtamaki PPL Limited ("the Company") as of 31st December, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

ANNEXURE TO THE AUDITORS' REPORT (contd.)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Vijay Maniar
Partner
Membership Number: 36738

Place: Mumbai
Date: 20th April, 2017

BALANCE SHEET

As at 31st December 2016

(₹ in lacs)

	Notes	31st December 2016	31st December 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**1,454.33**	1,454.33
Share Suspense Account	49	**56.20**	-
Reserves and Surplus	3	**45,873.72**	57,231.55
		47,384.25	58,685.88
Non-Current Liabilities			
Long - Term borrowings	4	**40,820.66**	39,980.23
Deferred Tax Liability (Net)	5	**-**	236.64
Other Long Term Liabilities	6	**19.91**	3,540.05
Long Term Provisions	7	**849.19**	73.97
		41,689.76	43,830.89
Current Liabilities			
Short Term Borrowings	8	**17.54**	-
Trade Payables	9		
Due to Micro and Small Enterprises		**488.42**	135.45
Due to Others		**32,090.66**	15,129.81
Other Current Liabilities	10	**15,276.73**	7,187.27
Short Term Provisions	11	**5,681.74**	3,790.82
		53,555.09	26,243.35
TOTAL		**142,629.10**	128,760.12
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12(a)	**44,407.50**	18,140.92
Intangible Assets	12(b)	**1,267.79**	482.88
Capital Work in Progress		**198.74**	335.71
Non-Current Investments	13	**0.03**	54,806.50
Deferred Tax Asset (Net)	5	**313.75**	-
Long Term Loans & Advances	14	**4,240.70**	1,565.63
Other Non Current Assets	15	**4.68**	0.73
		50,433.19	75,332.37
Current Assets			
Current Investments	16	**19,501.66**	20,662.62
Inventories	17	**18,250.05**	8,338.34
Trade Receivables	18	**46,279.09**	21,748.44
Cash and Bank Balances	19	**3,109.72**	1,103.05
Short Term Loans & Advances	20	**2,182.32**	660.04
Other Current Assets	21	**2,873.07**	915.26
		92,195.91	53,427.75
TOTAL		**142,629.10**	128,760.12
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/E300003

per Vijay Maniar
Partner
Membership No. 36738

Mumbai
20 April 2017

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A Venkatrangan
Managing Director
DIN: 05294659

S K Palekar
Independent Director

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
20 April 2017

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2016

(₹ in lacs)

	Notes	31st December 2016	31st December 2015
INCOME			
Revenue from Operations (Gross)	22	**235,692.28**	123,238.16
Less : Excise Duty		**17,913.73**	8,141.17
Revenue from Operations (Net)		**217,778.55**	115,096.99
Other Income	23	**1,722.86**	1,272.64
Total Revenue		**219,501.41**	116,369.63
EXPENSES			
Cost of Raw Materials and Components Consumed	24	**147,284.74**	80,094.41
Changes in Inventories of Finished Goods and Work-in-Process	25	**(574.47)**	(103.78)
Employee Benefit Expenses	26	**19,250.64**	9,754.83
Finance Cost	27	**3,330.61**	2,517.40
Depreciation and Amortisation Expenses	28	**9,097.66**	3,934.75
Other Expenses	29	**27,104.74**	13,324.08
Total Expenses		**205,493.92**	109,521.69
Profit before Exceptional Items and Tax		**14,007.49**	6,847.94
Exceptional Items (Refer Note 51)		**255.00**	-
Profit before Tax		**13,752.49**	6,847.94
Tax Expenses			
Current Tax		**5,864.94**	2,148.65
(Excess)/Short Provision for earlier years written back/provided		**110.00**	(160.34)
Deferred Tax		**(737.41)**	(51.31)
Profit for the period		**8,514.96**	4,910.94
Earnings per Equity Share including Exceptional Item (Nominal value - ₹ 2 (Previous Year - ₹ 2))	30		
Basic and Diluted		**11.27**	6.75
Earnings per Equity Share excluding Exceptional Item (Nominal value-₹2 (Previous Year-₹2))			
Basic and Diluted		**11.61**	6.75
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/E300003

per Vijay Maniar
Partner
Membership No.36738

Mumbai
20 April 2017

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A Venkatrangan
Managing Director
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Independent Director

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Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
20 April 2017

CASH FLOW STATEMENT

For the year ended 31st December 2016

(₹ in lacs)

		31st December 2016	31st December 2015
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and exceptional items	**14,007.49**	6,847.94
	Adjustments for:		
	Depreciation and Amortisation	**9,097.66**	3,934.75
	Unrealised Foreign Exchange Loss/(Gain) (Net)	**(17.64)**	79.70
	Interest Income	**(182.10)**	(207.17)
	Dividend Income	**(1,005.28)**	(886.50)
	Finance Cost	**3,330.61**	2,517.40
	Provision for Doubtful Debts made / (Written back)	**21.07**	53.78
	Bad debts written off	**2.19**	7.81
	(Profit)/Loss on Sale of Current Investments	**(9.52)**	2.65
	Fixed Assets Written Off	**9.31**	3.45
	Provision for Sales Tax made/(Written back)	**(79.20)**	3.65
	Provision for Diminution in value of Current Investments	**9.58**	-
	(Profit)/Loss on Sale of Fixed Assets (Net)	**19.82**	(12.34)
	Operating Profit before Changes in Working Capital	**25,204.00**	12,345.12
	Adjustments for (Increase)/Decrease in:		
	Trade Receivables	**(4,791.79)**	(54.77)
	Inventories	**(2,636.94)**	1,070.25
	Loans and Advances	**55.01**	1,088.44
	Other Assets	**457.27**	635.20
	Adjustments for Increase / (Decrease) in:		
	Trade Payables	**4,335.66**	(265.22)
	Other Current Liabilities	**447.08**	759.47
	Provisions	**(143.57)**	(101.40)
	Cash Generated from Operations	**22,926.72**	15,477.09
	Direct Taxes Paid (Net of Refunds Received)	**(6,028.61)**	(1,903.39)
	Cash Flow before Exceptional Items	**16,898.11**	13,573.70
	Exceptional Item (Refer Note 51)	**255.00**	-
	Net Cash from Operating Activities	**16,643.11**	13,573.70
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	**(2,393.84)**	(2,674.05)
	Proceeds from Sale of Fixed Assets	**59.85**	17.70
	Purchase of Current Investments	**(27,259.50)**	(45,187.03)
	Sale of Current Investments	**28,420.40**	43,155.55
	Acquisition of Subsidiary	**-**	(44,597.37)
	Dividend Received	**1,005.28**	886.50
	Interest Received	**151.49**	207.11
	Net Cash from/(used in) Investing Activities	**(16.32)**	(48,191.59)

CASH FLOW STATEMENT

For the year ended 31st December 2016

(₹ in lacs)

		31st December 2016	31st December 2015
C.	**Cash Flow from Financing Activities**		
	Issue of Debentures	**-**	38,500.00
	Repayment of Sales Tax deferral loan	**(249.29)**	(191.55)
	Repayment of Short term borrowings	**(5,155.12)**	-
	Repayment of Long term borrowings	**(3,848.23)**	-
	Interest Paid	**(3,353.25)**	(1,310.46)
	Dividends Paid (Including Dividend Tax thereon)	**(2,446.28)**	(2,439.46)
	Net Cash (used in)/from Financing Activities	**(15,052.17)**	34,558.53
	Net Increase/ (decrease) in Cash and Cash Equivalents	**1,574.62**	(59.36)
	Cash and Cash Equivalents at the Beginning of the Year	**1,099.05**	1,158.41
	Pursuant to Amalgamation (Refer Note 49)	**433.55**	-
	Cash and Cash Equivalents at the Close of the Year	**3,107.22**	1,099.05
	Cash and Cash Equivalents Comprise:		
	Cash on Hand	**13.13**	11.41
	Cheques on Hand	**49.44**	1.24
	Balances in Current Accounts with Scheduled Banks	**990.53**	569.31
	Balances in Deposit Accounts with Scheduled Banks	**1,982.91**	450.00
	Balances in Unpaid Dividend Bank Accounts *	**71.21**	67.09
		3,107.22	1,099.05

* 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

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

per Vijay Maniar
Partner
Membership No.36738

Mumbai
20 April 2017

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A Venkatrangan
Managing Director
DIN: 05294659

S K Palekar
Independent Director

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
20 April 2017

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

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 as per the useful life 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 as per the useful life prescribed in Schedule II to the Companies Act, 2013 except those specified below.

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

Assets	Method of Depreciation	Rate
Plant & Machinery	Straight Line Method	10.34%
Computers excluding Laptops	Straight Line Method	25.00%
Motor Vehicles	Straight Line Method	19.00%
Cellphones and Photocopiers	Straight Line Method	31.67%
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 month of addition/till the month of deletion.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

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

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.

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.

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.
- Operations of foreign branch 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.

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. Retirement 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

b. Defined Benefit Plans:

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

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

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

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.

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

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 fair 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 2016

13. Leases

Operating Leases – Where the Company is lessee/lessor.

Lease payments / receipts under operating leases are recognised as an expense / income 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. Stock Appreciation Rights (SAR)

The Cost of Cash-settled Stock Appreciation Rights (SARs) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic value is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each Balance Sheet date up to and including the settlement date with changes in intrinsic value recognised in Profit and Loss Account.

The SARs that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

18. 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 2016

(₹ in lacs)

No.		31 December 2016		31 December 2015	
2	**SHARE CAPITAL**				
	AUTHORISED CAPITAL				
	404,000,000 (Previous Year 150,000,000)				
	Equity shares of ₹ 2/- each	**8,080.00**		3,000.00	
	29,00,000 (Previous Year 700,000)				
	Preference Shares of ₹ 100/- each	**2,900.00**		700.00	
	300,000 (Previous Year 300,000) Unclassified				
	Shares of ₹ 100/- each	**300.00**		300.00	
			11,280.00		4,000.00
			11,280.00		4,000.00

Increase in Authorised Share Capital is as per the Scheme of Amalgamation between Huhtamaki PPL Limited and Positive Packaging Industries Limited, for which necessary forms have been filed by the Company with Registrar of Companies.

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 2016		**31 December 2015**	
	Nos.	**₹ in lac**	Nos.	₹ in lac
At the beginning of the period	**72,711,934**	**1,454.24**	72,711,934	1,454.24
Add: Issued during the year	**-**	**-**	-	-
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 2016, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 3.00 (31 December 2015 : ₹ 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 shareholders.

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 2016		**31 December 2015**	
	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

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

	31 December 2016		**31 December 2015**	
Equity shares of ₹2/- each fully paid up	**Nos.**	**% holding in the class**	Nos.	% holding in the class
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%**	3,880,725	5.34%

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016		31 December 2015	
3	**RESERVES AND SURPLUS**				
	Capital Redemption Reserve				
	Balance as per last Balance Sheet	**700.00**		700.00	
	Add: Pursuant to Amalgamation (Refer Note 49)	**897.22**		-	
	Less: Pursuant to Amalgamation (Refer Note 49)	**(1,597.22)**	**-**	-	700.00
	Securities Premium Account				
	Balance as per last Balance Sheet	**21,155.98**		21,155.98	
	Add: Pursuant to Amalgamation (Refer Note 49)	**22,125.22**		-	
	Less: Pursuant to Amalgamation (Refer Note 49)	**(43,281.20)**	**-**	-	21,155.98
	Debenture Redemption Reserve				
	Balance as per last Balance sheet	**1,925.00**		-	
	Add: Transfer from Profit & Loss (Refer Note (a) below)	**1,925.00**	**3,850.00**	1,925.00	1,925.00
	Revaluation Reserve		**275.77**		275.77
	Capital Reserve				
	Balance as per last Balance Sheet	**30.00**		30.00	
	Add: Pursuant to Amalgamation (Refer Note 49)	**30.00**	**60.00**	-	30.00
	General Reserve				
	Balance as per last Balance sheet	**9,345.12**		8,975.27	
	Add: Pursuant to Amalgamation (Refer Note 49)	**3,000.00**		-	
	Less : Adjusted for Depreciation (Refer Note (b) below)	**-**		(122.15)	
	Less: Pursuant to Amalgamation (Refer Note 49)	**(5,387.67)**		-	
	Add: Amount transferred from Surplus balance in the Statement of Profit and Loss	**887.00**	**7,844.45**	492.00	9,345.12
	Surplus in the statement of Profit & Loss				
	Balance as per last financial statement	**23,799.68**		23,756.14	
	Profit for the year	**8,514.96**		4,910.94	
	Add: Pursuant to Amalgamation (Refer Note 49)	**4,683.68**		-	
	Add: Profit of Transferor Companies from appointed date till 31 December 2015	**2,440.69**		-	
	Less : Appropriations				
	Proposed Final Equity Dividend (Amount per/share ₹ 3.00 (31st Dec 2015: ₹ 2.80))	**(2,305.66)**		(2,035.93)	
	Tax on Proposed Equity Dividend	**(477.85)**		(414.47)	
	Transferred to General Reserve	**(887.00)**		(492.00)	
	Transferred to Debenture Redemption Reserve	**(1,925.00)**		(1,925.00)	
	Net Surplus in the statement of Profit & Loss		**33,843.50**		23,799.68
	Total Reserves and Surplus		**45,873.72**		57,231.55

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

(b) During the previous year w.e.f. 1 January 2015, the Company had 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 2016

(₹ in lacs)

		31 December 2016	31 December 2015
4	**LONG-TERM BORROWINGS**		
	3,850 (Previous Year: 3,850) 7% Unsecured Non-Convertible Debentures of ₹10 lacs each (Refer Note a)	**38,500.00**	38,500.00
	Deferred Sales Tax Loan - Telangana (Unsecured) (Refer Note b)	**1,192.02**	1,480.23
	Deferred Sales Tax Loan - Maharashtra (Unsecured) (Refer Note c)	**71.20**	-
	External commercial borrowings from Standard Chartered Bank (Secured) (Refer Note d)	**906.85**	-
	Indian Rupee Loans from Banks (secured) (Refer Note e)	**150.59**	-
		40,820.66	39,980.23

a. During the previous year, the Company had issued 3,850 Non Convertible Debentures of ₹10 lacs 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 deferral loan from the Government of Telangana for its Hyderabad (Bollarum) factory, in accordance with their sales tax deferral scheme. The above amount is repayable after 14 years from the date of availment of the loan. The loan is repayable annually on 1st April with 1st instalment was due on 1st April 2011 and last one being due on 1st April 2021.

c. The Company has availed interest free sales tax deferral loan from Government of Maharashtra for one of its factories in Maharashtra. The Loan is repayable after 10 years from the date of availment of loan in 5 equal installment. These loans are repayable annually in April with 1st installment being due in April 2008 and April 2011 and last one being due in April 2017 and April 2020.

d. 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.

e. Indian Rupee loan from bank of ₹150.59 lacs carries interest @ 11.40% 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 loan. The loan is secured by hypothecation of Machineries of erstwhile Webtech Labels Private Limited (now part of Huhtamaki PPL Limited).

		31 December 2016	31 December 2016
5	**DEFERRED TAX (ASSET) / LIABILITY (NET)**		
	Deferred Tax Liability arising on account of timing differences in :		
	-WDV of Fixed Assets	**567.30**	639.08
		567.30	639.08
	Deferred Tax Asset arising on account of timing differences in :		
	- Provision for doubtful debts	**68.59**	45.17
	- Provision for retirement benefits	**416.88**	182.22
	- Effect of expenditure debited to Profit & Loss account but allowed for Tax purposes in following years	**395.58**	175.05
		881.05	402.44
Deferred Tax (Asset) / Liability (Net)		**(313.75)**	236.64

		31 December 2016	31 December 2016
6	**OTHER LONG TERM LIABILITIES**		
	Retention Money Payable (Refer Note below)	**-**	3,540.05
	Security Deposit Received	**19.91**	-
		19.91	3,540.05

The same represents money payable to erstwhile shareholders of Positive Packaging Industries Limited for purchase of shares from them.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2016
7	**LONG TERM PROVISIONS**		
	Provision for Employee Benefits	**823.27**	73.97
	Provision for Stock Appreciation Rights (Refer Note 45)	**25.92**	-
		849.19	73.97

		31 December 2016	31 December 2016
8	**SHORT TERM BORROWINGS**		
	Cash Credit from Banks (secured)	**17.54**	-
		17.54	-

Cash Credit from Banks carries interest @ 12% p.a. and is secured against hypothecation of stocks and book debts of erstwhile Webtech Labels Private Limited and erstwhile Positive Packaging Industries Limited (now part of Huhtamaki PPL Limited)

		31 December 2016	31 December 2016
9	**TRADE PAYABLES**		
	Due to Micro and Small Enterprises	**488.42**	135.45
	Dues to Other than Micro and Small Enterprises	**32,090.66**	15,129.81
		32,579.08	15,265.26

		31 December 2016	31 December 2016
10	**OTHER CURRENT LIABILITIES**		
	Unclaimed dividend *	**71.21**	67.09
	Advance from Customers	**338.92**	83.78
	Employee Benefits Payable	**3,111.37**	1,943.30
	Employee Statutory Liabilities Payable	**164.09**	76.71
	Taxes payable	**705.92**	345.32
	TDS Payable	**284.92**	180.34
	Creditors for Capital Goods	**234.71**	244.50
	Current Maturity of Long Term Borrowings (Refer note 4)	**2,789.64**	249.29
	Interest accrued and due	**33.07**	26.59
	Interest accrued but not due	**1,188.53**	1,180.35
	Retention Money Payable (Refer Note (a) below)	**6,330.05**	2,790.00
	Others	**24.30**	-
		15,276.73	7,187.27

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

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

		31 December 2016	31 December 2016
11	**SHORT TERM PROVISIONS**		
	Provision for Income Tax (Net of Advance Tax)	**1,638.24**	446.05
	Provision for Employee Benefits	**801.56**	457.29
	Provision for Mark to Market losses on Derivative Contracts	**0.42**	0.13
	Provision for Losses on Derivative Contracts (as per AS11-Revised)	**4.89**	39.53
	Provision for Litigations (Refer Note below)	**453.12**	397.42
	Proposed Equity dividend	**2,305.66**	2,035.93
	Provision for Tax on Proposed Equity Dividend	**477.85**	414.47
		5,681.74	3,790.82
	Provision for Litigations		
	At the beginning of the year	**397.42**	352.87
	Add : Pursuant to Scheme of Amalgamation (Refer note 49)	**191.21**	-
	Add : Created during the year	**30.71**	104.50
	Less : Unused amount reversed / utilised during the year	**(166.22)**	(59.95)
	At the end of the year	**453.12**	397.42

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	Leasehold Improvement	Building	Machinery	Computers	Vehicles	Furniture & Fixtures	Office Equipments	Total
Gross Block										
Balance as at 01-01-2015	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**
Additions	-	-	-	243.18	1,220.15	299.76	8.35	167.33	62.88	2,001.65
Pursuant to Amalgamation (Refer Note 49)	167.34	2,926.04	222.66	12,648.30	52,727.02	600.36	206.49	971.07	492.05	70,961.33
Deletions	-	-	-	19.03	690.08	74.93	100.79	66.10	15.69	966.62
Balance as at 31-12-2016	**690.00**	**3,185.49**	**222.66**	**20,110.33**	**99,709.03**	**1,818.68**	**321.51**	**2,068.37**	**925.54**	**129,051.61**
Accumulated Depreciation										
Balance as at 01-01-2015	-	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**
Additions	-	128.24	1.80	1,183.90	6,701.03	212.14	49.67	148.51	128.88	8,554.17
Pursuant to Amalgamation (Refer Note 49)	-	177.94	220.42	4,839.59	30,129.89	496.72	123.87	624.31	230.71	36,843.45
Deletions	-	-	-	16.68	631.24	72.91	77.51	59.35	15.15	872.84
Balance as at 31-12-2016	**-**	**335.88**	**222.22**	**10,416.64**	**68,913.90**	**1,363.19**	**208.84**	**1,362.17**	**616.27**	**83,439.11**
Impairment										
Balance as at 01-01-2015	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Reversal during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31-12-2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	-	-	-	-	-	-	-	-	-
Pursuant to Amalgamation (Refer Note 49)	-	-	-	334.16	852.72	3.09		11.62	3.73	1,205.32
Reversal during the year	-	-	-	-	-	-	-	-	0.32	0.32
Balance as at 31-12-2016	-	-	-	334.16	852.72	3.09	-	11.62	3.41	1,205.00
Net Block										
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**
Balance as at 31-12-2016	**690.00**	**2,849.61**	**0.44**	**9,359.53**	**29,942.41**	**452.40**	**112.67**	**694.58**	**305.86**	**44,407.50**

Notes	As at 31 December 2016 Original Cost	As at 31 December 2016 Written Down Value	As at 31 December 2015 Original Cost	As at 31 December 2015 Written Down Value
i Buildings include				
a. Buildings on leasehold land	5,063.43		1,976.53	
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, the ownership of which rests with State Electricity Board	181.43	50.82	13.60	0.83

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 had 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)].

v Immovable properties with a gross block value of ₹ 3,093.38 Lacs (net block ₹ 303.30 Lacs) as at 31 December 2016 are held in the name of erstwhile Positive Packaging Industries Ltd on account of amalgamation for which the Company is in the process of registering the title deeds in its name.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

No.12 (b) - Fixed Assets

Intangible Assets

(₹ in lacs)

	Non Compete Fees	Computer Software	Club Membership	Goodwill	Total
Gross Block					
Balance as at 01-01-2015	**-**	**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**
Additions	-	108.29	-	-	108.29
Pursuant to Amalgamation (Refer Note 49)	414.00	571.37	-	2,212.12	3,197.49
Deletions	-	3.20	-	-	3.20
Balance as at 31-12-2016	414.00	2,657.36	55.15	2,212.12	5,338.63
Accumulated Depreciation					
Balance as at 01-01-2015	**-**	**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**
Additions	82.80	313.20	5.53	141.96	543.49
Pursuant to Amalgamation (Refer Note 49)	262.93	470.97		957.38	1,691.28
Deletions	-	3.22	-		3.22
Balance as at 31-03-2016	**345.73**	**2,304.98**	**34.67**	**1,099.34**	**3,784.72**
Impairment					
Balance as at 01-01-2015	-	-	-	-	-
Charge for the year	-	-	-	-	-
Reversal during the year	-	-	-	-	-
Balance as at 31-12-2015	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	-	-	-	-
Pursuant to Amalgamation (Refer Note 49)	-	0.16	-	285.96	286.12
Reversal during the year	-	-	-	-	-
Balance as at 31-12-2016	**-**	**0.16**	**-**	**285.96**	**286.12**
Net Block					
Balance as at 31-12-2015	**-**	**456.87**	**26.01**	**-**	**482.88**
Balance as at 31-12-2016	**68.27**	**352.22**	**20.48**	**826.82**	**1,267.79**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
13	**NON-CURRENT INVESTMENTS**		
	Trade Investments (valued at cost unless stated otherwise)		
	Unquoted Equity Shares		
	Investment in Subsidiaries		
	Nil Equity Shares (Previous Year: 10,408) of ₹10/-each fully paid of Webtech Labels Private Limited (Refer Note 49)	-	3,879.13
	Nil Equity shares (Previous Year: 44,833,562) of ₹ 10 each fully paid of Positive Packaging Industries Limited (Refer Note 49)	-	50,927.37
	Other Investments		
	100 Equity shares (31 December 2015 - Nil Equity Shares) of ₹ 25 each fully paid up in Shamrao Vithal Co-operative Bank Ltd	**0.03**	-
		0.03	54,806.50

		31 December 2016	31 December 2015
14	**LONG TERM LOANS AND ADVANCES**		
	Capital Advances		
	Unsecured,Considered good	**523.46**	126.38
	Security Deposit		
	Unsecured,Considered good	**872.58**	391.57
	Advances recoverable in Cash or in Kind		
	Unsecured,Considered good	**35.92**	20.82
	Other Loans & Advances (Unsecured considered good)		
	Advance Income Tax (Net of Provision)	**380.46**	223.29
	Advance Fringe Benefit Tax (Net of Provision)	**21.51**	21.01
	MAT Credit Receivable	**1,122.00**	157.21
	Loans/Advances to Staff	**13.72**	16.39
	Prepaid Expenses	**27.26**	1.49
	Balances with Customs, Excise & Sales Tax Authorities etc	**1,243.79**	607.47
		4,240.70	1,565.63

		31 December 2016	31 December 2015
15	**OTHER NON-CURRENT ASSETS**		
	Unsecured,considered good unless stated otherwise.		
	Margin Money deposit	**3.38**	-
	Non-Current bank balances being Deposits with original maturity of more than 12 months	**1.30**	0.73
		4.68	0.73

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

			31 December 2016		31 December 2015	
16	**CURRENT INVESTMENTS (valued at lower of cost & fair value, unless stated otherwise)**					
	UNITS OF MUTUAL FUND - QUOTED	**Face Value**	**Nos.**	**Amount**	**Nos.**	**Amount**
	Birla Sun Life Floating Rate Fund-STP-DDR	100	**2,382,452**	**2,382.93**	3,525,397	3,526.11
	Kotak Floater Short Term Fund -DDR	1,012	**146,729**	**1,484.34**	361,706	3,659.10
	DHL Pramerica Insta Cash Plus Fund-DDR	100	**1,297,737**	**1,301.68**	-	-
	Kotak Low Duration Fund - Std - Weekly Dividend	1,016	**202,586**	**2,056.56**	-	-
	ICICI Prudential Ultra Short Term Fund - DDR	10	**11,116,512**	**1,139.80**	-	-
	ICICI Prudential Flexible Income Plan-DDR	106	**2,283,094**	**2,412.78**	-	-
	Franklin India Ultra Short Bond Fund Super IP-DDR	10	**35,099,483**	**3,536.69**	-	-
	HDFC Cash Management Fund Treasury Advantage - DDR	10	**15,706,619**	**1,586.47**	-	-
	Reliance Medium Term Fund-DDR	17	**21,060,090**	**3,600.41**	-	-
	Axis Liquid Fund -DDR	1,000	**-**	**-**	151,108	1,511.57
	Franklin India TMA - Super IP - DDR	1,001	**-**	**-**	370,122	3,703.87
	ICICI Prudential Money Market Fund-DDR	100	**-**	**-**	1,588,835	1,590.89
	UTI Money Market Fund -IP-DDR	1,003		**-**	282,016	2,829.71
	Reliance Liquid Fund TP -DDR	1,529		**-**	192,388	2,941.11
	DWS Insta Cash Plus Fund - DDR	100		**-**	897,531	900.26
	TOTAL			**19,501.66**		20,662.62
	Net Asset Value of Mutual Fund Units			**19,501.66**		20,662.62

		31 December 2016	31 December 2015
17	**INVENTORIES (Valued at lower of cost and net realizable value)**		
	Raw Materials and Components [includes in transit ₹988.82 Lacs (31 Dec 2015 ₹ 277.34 Lacs)]	**9,871.03**	3,917.32
	Work in Process	**3,269.14**	1,745.23
	Finished Goods	**2,010.19**	910.47
	Stores & Spares	**1,844.59**	841.74
	Loose Tools	**1,255.11**	923.58
	TOTAL	**18,250.05**	8,338.34

		31 December 2016	31 December 2015
18	**Trade Receivables**		
	Trade Receivables (Unsecured)		
	Outstanding for more than six months from the date they are due for payment		
	Considered Good	**292.80**	-
	Considered Doubtful	**198.19**	130.52
		490.99	130.52
	Less : Provision for Doubtful Receivables	**198.19**	130.52
		292.80	-
	Other Receivables		
	Considered Good	**45,986.29**	21,748.44
	Considered Doubtful	**-**	-
		45,986.29	21,748.44
	Less : Provision for Doubtful Receivables	**-**	-
	TOTAL	**46,279.09**	21,748.44

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
19	**Cash and Bank Balances**		
	Balances with Banks		
	On Current Accounts	**990.53**	569.31
	On Unpaid Dividend Accounts	**71.21**	67.09
	Deposits with original maturity of less than three months	**1,982.91**	450.00
	Other Bank Balances	**2.50**	4.00
	Cheques on Hand/Remittances in Transit	**49.44**	1.24
	Cash on Hand	**13.13**	11.41
		3,109.72	1,103.05

		31 December 2016	31 December 2015
20	**SHORT TERM LOANS AND ADVANCES**		
	Security Deposit		
	Unsecured,Considered Good	**87.77**	32.99
	Advances Recoverable in Cash or in Kind		
	Unsecured Considered Good	**312.34**	13.14
	Loans & Advances to Related Parties		
	Unsecured Considered Good	**-**	42.43
	Other Loans & Advances (Unsecured Considered Good)		
	Loans/Advances to Staff	**172.82**	34.67
	Prepaid Expenses	**417.53**	223.32
	Balances with Customs, Excise & Sales Tax Authorities, etc.	**1,191.86**	313.49
		2,182.32	660.04

		31 December 2016	31 December 2015
21	**OTHER CURRENT ASSETS**		
	Unsecured,Considered Good unless Stated Otherwise		
	Un-amortised Premium on Forward Contracts	**27.91**	43.73
	Merchandise Export Incentive Scheme Licences available	**108.41**	3.38
	Others		
	Claims recoverable	**1,157.97**	429.98
	Export Rebate Receivables	**1,504.34**	437.64
	Interest Accrued on Investments	**47.47**	0.53
	Others	**22.17**	-
	Asset Held for Sale (valued at lower of cost and net realisable value)	**4.80**	-
		2,873.07	915.26

		31 December 2016	31 December 2015
22	**REVENUE FROM OPERATIONS**		
	Sale of Products		
	Finished goods	**231,510.38**	122,199.95
	Less : Excise Duty on Sales	**17,913.73**	8,141.17
	Sale of Services	**1,813.64**	-
		215,410.29	114,058.78
	Other Operating Revenue		
	- Scrap Sales	**2,331.56**	1,013.68
	- Compensation Received for Loss of Profits	**36.70**	24.53
	Revenue from Operations (net)	**217,778.55**	115,096.99
	Details of Products Sold		
	Finished Goods Sold		
	a. Laminates and Converted,Coated / Uncoated Paper and Films	**208,079.07**	110,514.98
	b. Cartons	**2,108.72**	1,900.22
	c. Others	**3,408.86**	1,643.58
		213,596.65	114,058.78

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
23	**OTHER INCOME**		
	Interest Income on		
	Bank Deposits	**41.06**	5.69
	Others	**141.04**	201.48
	Dividend Income on Current Investments	**1,005.28**	886.50
	Other Non-Operating Income		
	Rent	**4.75**	4.81
	Profit on Sale of Fixed Assets (Net)	**-**	12.34
	Provision for Sales Tax Written Back	**79.20**	-
	Profit on Sale of Current Investments	**9.52**	-
	Other Non Operating Income	**442.01**	161.82
		1,722.86	1,272.64

		31 December 2016	31 December 2015
24	**COST OF RAW MATERIALS AND COMPONENTS CONSUMED**		
	Inventory at the beginning of the year	**3,917.32**	5,125.40
	Add : Pursuant to Scheme of Amalgamation (Refer note 49)	**4,334.42**	-
	Add : Purchases	**148,904.03**	78,886.33
		157,155.77	84,011.73
	Less : Inventory at the end of the year	**9,871.03**	3,917.32
	Cost of Raw Materials and Components Consumed	**147,284.74**	80,094.41
	Details of Raw Materials and Components Consumed		
	Paper	**10,375.12**	4,180.68
	Paper Board	**812.90**	733.68
	Films	**63,713.87**	40,558.25
	Inks, Adhesives and Solvents	**30,544.60**	17,920.73
	Polyethylene Granules	**34,610.44**	12,270.84
	Others	**7,227.81**	4,430.23
		147,284.74	80,094.41

				31 December 2016		31 December 2015
25	**CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS**					
	Inventories at the end of the year					
	Work in Process			**3,269.14**		1,745.23
	Finished Goods			**2,010.19**		910.47
				5,279.33		2,655.70
	Inventories at the beginning of the year					
	Work in Process			**1,745.23**		1,768.56
	Add: Pursuant to the Scheme of Amalgamation (Refer note 49)			**1,082.22**		-
	Finished Goods			**910.47**		785.19
	Add: Pursuant to the Scheme of Amalgamation (Refer note 49)			**888.75**		-
				4,626.67		2,553.75
	Changes in Inventories of Finished Goods and Work-in-Process			**(652.66)**		(101.95)
	Excise Duty on Changes in Inventories of Finished Goods					
	Excise Duty on Closing Finished Goods Stock	**230.87**		81.65		
	Less: Excise Duty on Opening Finished Goods Stock	**81.65**		83.48		
	Less: Pursuant to the Scheme of Amalgamation (Refer note 49)	**71.03**	**78.19**	-		(1.83)
			(574.47)			(103.78)
	Details of Inventory					
	Work in Process					
	a. Laminates and Converted,Coated / Uncoated Paper and Films			**3,194.01**		1,650.72
	b. Cartons			**45.99**		74.49
	c. Others			**29.14**		20.02
				3,269.14		1,745.23

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
26	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries,Wages and Bonus	**16,573.05**	8,420.44
	Contribution to Provident and Other Funds	**1,163.68**	453.43
	Stock Appreciation Right Scheme (Refer Note 45)	**25.92**	-
	Staff Welfare Expenses	**1,487.99**	880.96
		19,250.64	9,754.83

		31 December 2016	31 December 2015
27	**FINANCE COST**		
	Interest		
	- To Banks	**418.73**	-
	- To Others	**216.58**	14.37
	- On Debentures	**2,695.30**	2,503.03
		3,330.61	2,517.40

		31 December 2016	31 December 2015
28	**DEPRECIATION AND AMORTISATION EXPENSES**		
	Depreciation of Tangible Assets	**8,554.17**	3,681.59
	Amortisation of Intangible Assets	**543.49**	253.16
		9,097.66	3,934.75

In the previous year, 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))

		31 December 2016	31 December 2015
29	**OTHER EXPENSES**		
	Consumption of Stores and Consumables	**2,785.41**	802.31
	Power and Fuel	**7,483.30**	3,132.47
	Repairs to Building	**487.34**	303.76
	Repairs to Machinery	**2,028.45**	1,162.02
	Other Repairs	**593.12**	410.37
	Sub Contracting Expenses	**1,839.89**	918.10
	Insurance	**317.43**	177.26
	Rent	**724.66**	259.86
	Rates and Taxes	**292.29**	161.20
	Travelling and Conveyance	**1,277.10**	615.85
	Legal and Professional Charges *	**1,052.63**	596.77
	Commission-Directors	**93.00**	69.00
	Communication Costs	**253.75**	128.07
	Payment to Auditor (Refer Note 29.1)	**150.97**	159.99
	Donation	**50.17**	0.61
	Printing and Stationery	**164.11**	85.87
	Commission on Sales - Others	**339.02**	134.65
	Freight and Forwarding Expenses	**3,306.17**	1,960.91
	Corporate Social Responsibility Expenses	**57.44**	15.01
	Fixed Assets Written Off	**9.31**	3.45
	Bank Charges	**195.43**	67.81
	Provision for Sales Tax	**-**	3.65
	Provision for Doubtful Debts	**21.07**	53.78
	Bad debts written off	**2.19**	7.81
	Foreign Exchange Loss (Net)	**45.48**	43.26
	Provision for Diminution in value of Current Investments	**9.58**	-
	Loss on Sale of Fixed Assets	**19.82**	-
	Net Loss on Sale of Current Investments	**-**	2.65
	Miscellaneous Expenses	**3,505.61**	2,047.59
		27,104.74	13,324.08

* Includes ₹ 54.37 lacs, being professional fees incurred in connection with merger of Webtech Labels Private Limited and Positive Packaging Industries Limited with the Company. In the previous year Professional fees includes an amount of ₹291.97 lacs incurred in connection with acquisition of Positive Packaging Industries Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
29.1	**Payment to Auditors :**		
	Auditor's Remuneration		
	Audit Fees	**134.75**	54.38
	Other Services	**9.23**	102.42
	In other capacity		
	Certification Fees	**1.52**	0.75
	Reimbursement of Expenses	**5.47**	2.44
		150.97	159.99

		31 December 2016	31 December 2015
30	**EARNINGS PER SHARE (EPS)**		
	Profit after Tax including Exceptional Item	**8,514.96**	4,910.94
	Profit after Tax excluding Exceptional Item	**8,769.96**	4,910.94
	Weighted Average Number of Equity Shares (taking into account 28,10,000 shares with respect to Share Suspense Account) (Refer note 49)	**75,521,934**	72,711,934
	Basic and Diluted Earnings per Equity Share including Exceptional Item (in ₹)	**11.27**	6.75
	Basic and Diluted Earnings per Equity Share excluding Exceptional Item (in ₹)	**11.61**	6.75
	Nominal Value of Share (in ₹)	**2.00**	2.00

		31 December 2016	31 December 2015
31	**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	**2015**	2014
	b. Number of Non-resident Shareholder	**1**	1
	c. Equity Shares held by Non-resident Shareholder (on record date)	**50,003,997**	50,003,997
	d. Gross Amount of Dividend Remitted	**1,400.11**	1,400.11

			31 December 2016	31 December 2015
32	**CONTINGENT LIABILITIES**			
	a **Excise Duty**			
	Matters in Appeal	- Duty	**615.03**	518.11
		- Penalties	**441.57**	418.87
	Show Cause Notices	- Duty	**25.98**	44.73
	b **Service Tax**			
	Show Cause Notices	- Service Tax	**18.01**	72.71
	Matters in Appeal	- Service Tax	**81.32**	15.63
		- Penalties	**53.05**	12.92
	c **Matters in Appeal**	- Custom Duty	**21.23**	-
	d **Income Tax Demands in Appeal**		**1,293.77**	257.75
	e **Sales Tax Demands in Appeal**		**106.73**	91.34
	f **Claims against the company not acknowledged as debts**		**65.18**	65.18

Note for (a) to (f): 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 2016

(₹ in lacs)

		31 December 2016	31 December 2015
33	**CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (NET OF ADVANCES).**	**2,634.40**	192.64

		31 December 2016	31 December 2015
34	**DISCLOSURE OF THE AMOUNTS DUE TO MICRO AND SMALL ENTERPRISES**		
	(On the basis of the information and records available with the Management.)		
	The principal amount and the interest due there on remaining unpaid to any Micro/Small supplier		
	- Principal amount	**488.42**	135.45
	- Interest there on	**49.53**	29.72
	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.	**15.80**	9.17
	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.	**49.53**	29.72

		Currency	Foreign Currency in lacs	Foreign Currency in lacs
35	**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**	**10.00**	12.00
	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**	**222.49**	58.33
		EUR	**4.15**	0.54
		GBP	**4.29**	0.97
		AED	**27.20**	8.66
		AUD	**3.88**	-
		CAD	**7.14**	-
	iii Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	**USD**	**152.46**	42.88
		EUR	**1.70**	0.41
		JPY	**11.20**	24.61
		GBP	**0.18**	0.11
	(iv) Cash and Bank balance in foreign currency	**USD**	**0.28**	-
		EURO	**0.00**	-
		GHS	**0.02**	-
		Chinese Yuan	**0.00**	-
		JPY	**0.01**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		Currency	Foreign Currency in lacs	Foreign Currency in lacs
v	Derivatives taken to Cover Forecast Exposures			
	Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	**USD**	**26.00**	18.00
	Forward Exchange contracts taken for the forecast capital imports.	**EUR**	**2.77**	-
vi	**Closing exchange rate at Balance Sheet date (In INR)**	**USD**	**68.04**	66.15
		EUR	**71.09**	72.02
		JPY	**0.58**	0.55
		GBP	**83.35**	98.13
		CHF	**66.36**	66.47
		AED	**18.52**	18.01
		AUD	**49.01**	48.35
		CAD	**50.23**	47.65
		GHS	**16.39**	17.36
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.**	₹	**4.75**	0.13

		31 December 2016	31 December 2015
36	**VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**		
a.	Raw Materials	**44,185.97**	18,602.41
b.	Stores, Spares-Parts and Other Materials	**688.10**	181.99
c.	Capital Goods	**524.05**	662.01

37 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 Group are geographic, namely domestic and exports.

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

	31 December 2016	31 December 2015
Net Sales Domestic Customers	**162,145.56**	92,257.25
Net Sales Export Customers	**53,264.73**	21,801.53
Total Net Sales	**215,410.29**	114,058.78
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	**29,557.70**	16,805.47
Trade receivables outstanding in respect of export segment as at the year end	**16,721.39**	4,942.97

		31 December 2016	31 December 2015
38	**EARNINGS IN FOREIGN CURRENCY (on accrual basis)**		
a.	F.O.B. Value of Exports	**52,126.99**	20,829.08
b.	Others	**509.28**	475.03

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

39 RELATED PARTY TRANSACTIONS

a. Related party where control exists :

Ultimate Parent Company	Huhtamaki Oyj., Finland
Holding Company	Huhtavefa B.V., Netherlands
Subsidiary Company (Refer Note 49)	Webtech Labels Private Limited
	Positive Packaging Industries Limited (w.e.f.31 January 15)

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

Fellow Subsidiaries	Huhtamaki Australia Ltd., Australia
	Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany
	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.
	Positive Packaging United (ME) Fzco (w.e.f.31 January 15)
	Primetech M.E.FZE (w.e.f. 31 January 2015)
	Huhtamaki Flexible Packaging Middle East LLC. (w.e.f. 31 January 2015)
	Huhtamaki Flexible Packaging Kenya (w.e.f. 31 January 2015)
c. Key Managerial Personnel	Mr. Suresh Gupta Executive Chairman
	Mr. A Venkatrangan Managing Director

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

(₹ in lacs)

	31 December 2016	31 December 2015
1) Ultimate Parent Company		
a) Software and Expense Reimbursements Charge	**125.71**	43.32
b) Expense Reimbursements - Recovery	**6.91**	31.18
c) Due to Ultimate Parent Company	**59.49**	0.99
2) Holding Company		
Dividend Paid		
- Huhtavefa B.V., Netherlands	**1,400.11**	1,400.11
Finance Cost		
- Huhtavefa B.V.,Netherlands	**29.11**	-
Loan Repaid		
- Huhtavefa B.V., Netherlands	**1,169.92**	-
3) Subsidiary Company		
Expense Reimbursement Recovery		
- Webtech Labels Private Limited	**-**	34.35
- Positive Packaging Industries Limited	**-**	37.00
Purchase of Goods & Services		
- Webtech Labels Private Limited	**-**	1.93
- Positive Packaging Industries Limited	**-**	3,862.12
Expense Reimbursement Charges		
- Positive Packaging Industries Limited	**-**	7.23
Sale of Goods & Services		
- Positive Packaging Industries Limited	**-**	1,268.50
Lease Rent Expenses		
- Positive Packaging Industries Limited	**-**	19.04

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
4)	**Fellow Subsidiaries**		
	Purchase of Goods		
	- Huhtamaki (Thailand) Ltd, Thailand	**13.09**	4.45
	- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**0.23**	-
	Sale of Goods		
	- Huhtamaki Australia Ltd., Australia	**139.39**	376.14
	- Positive Packaging Industries South Africa Pty Ltd	**6,000.35**	63.09
	- Positive Packaging United (M.E.) FZCO	**218.13**	-
	- Primetech M.E. FZE	**20.68**	-
	- Huhtamaki Flexible Packaging Middle East LLC.	**168.59**	-
	- Huhtamaki (Vietnam) Limited	**0.47**	-
	Issue of Debentures		
	- Huhtalux S.a.r.l.	**-**	38,500.00
	Interest on Debentures		
	- Huhtalux S.a.r.l.	**2,695.30**	2,503.03
	Commission Expenses on Sales		
	- Huhtamaki South Africa Ltd., South Africa	**-**	36.31
	- Positive Packaging Industries South Africa (Pty) Limited	**63.70**	-
	- Huhtamaki Flexible Packaging Kenya	**9.23**	-
	Expense Reimbursements - Charge		
	- Huhtamaki South Africa Ltd., South Africa	**-**	6.64
	- Huhtamaki (Thailand) Ltd, Thailand	**0.19**	-
	Huhtamaki Finance B V, Netherlands - Remuneration paid by fellow subsidiary to Mr. Suresh Gupta as Senior Advisor for Huhtamaki Group	**138.86**	194.33
	Expense Reimbursements - Recovery		
	- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**-**	0.06
	- Huhtamaki Finance B V, Netherlands	**-**	29.16
	- Positive Packaging United (M.E.) FZCO	**12.78**	-
	Balances due to		
	- Huhtamaki South Africa Pty Ltd., South Africa	**-**	1.78
	- Huhtalux S.a.r.l. (Debentures and interest thereon not due)	**39,677.12**	39,680.35
	- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**0.23**	-
	- Webtech Labels Private Limited	**-**	0.95
	- Positive Packaging Industries Limited	**-**	865.99
	Balances due from		
	- Huhtamaki Australia Ltd., Australia	**8.98**	45.75
	- Huhtamaki Finance B V, Netherlands	**-**	24.50
	- Positive Packaging Industries South Africa Pty Ltd	**2,464.88**	41.58
	- Positive Packaging United (M.E.) FZCO	**36.79**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016		31 December 2015	
-	Primetech M.E. FZE		**6.37**		-
-	Webtech Labels Private Limited		**-**		8.11
-	Positive Packaging Industries Limited		**-**		119.55
5)	**Payments to Key Managerial Personnel and their Relatives**				
	Remuneration Paid to Key Managerial Personnel *				
	Mr. Suresh Gupta, Executive Chairman	**261.48**		195.22	
	Mr. A Venkatrangan, Managing Director (including Stock Appreciation Rights on accrual basis)	**326.48**		243.82	
			587.95		439.04
	Dividend Paid to Key Managerial Personnel				
	Mr. A Venkatrangan		**0.14**		0.14

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

	31 December 2016		31 December 2015	
	% of Consumption	Amount	% of Consumption	Amount
40 CONSUMPTION OF RAW MATERIALS, PACKING MATERIALS AND STORES AND SPARES CONSUMED				
Imported	**29.59%**	**44,399.82**	25.44%	20,577.43
Indigenous	**70.41%**	**105,670.32**	74.56%	60,319.29
	100.00%	**150,070.15**	100.00%	80,896.72

	31st December 2016	31st December 2015
41 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.	**880.64**	345.67
(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 Long Service Award		
Eligible employees get an exgratia payment on completion of 20 years of continuous service. The amount is paid on retirement or on resignation.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

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)

Particulars		Gratuity - Funded		Long Service Award - Non Funded	
		2016	**2015**	**2016**	**2015**
I.	**Change in Benefit Obligation**				
	Opening Defined Benefit Obligation	**1,521.45**	1,410.17	**70.48**	82.81
	Interest Cost	**198.26**	114.51	**5.81**	6.73
	Current Service Cost	**199.61**	88.35	**1.01**	4.17
	Benefit Paid	**(207.86)**	(96.05)	**(4.20)**	(2.08)
	Pursuant to Amalgamation (Refer Note 49)	**886.53**	-	**-**	-
	Actuarial (Gain)/ Loss on Obligations	**109.39**	4.47	**3.97**	(21.15)
	Closing Defined Benefit Obligation	**2,707.38**	1,521.45	**77.07**	70.48
II.	**Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	**1,516.70**	1,341.46	**-**	-
	Pursuant to Amalgamation (Refer Note 49)	**483.29**	-	**-**	-
	Expected Return on Plan Assets	**164.94**	108.93	**-**	-
	Contributions	**463.80**	177.90	**-**	-
	Benefit Paid	**(204.57)**	(96.05)	**-**	-
	Actuarial Gain/(Loss) on Plan Assets	**38.25**	(15.54)	**-**	-
	Fair Value of Plan Assets at the end of the year	**2,462.41**	1,516.70	**-**	-
III.	**Actual Return on Plan Assets**				
	Actual Return on Plan Assets	**203.19**	93.39	**-**	-
	Expected Return on Plan Assets	**164.94**	108.93	**-**	-
	Actuarial Gain/ (Loss) on Plan Assets	**38.25**	(15.54)	**-**	-
	Actuarial Gain/ (Loss) on Obligation	**(109.39)**	(4.47)	**(3.97)**	(21.15)
IV.	**Amount Recognised in the Balance Sheet**				
	Defined Benefit Obligation	**2,707.38**	1,521.45	**77.07**	70.48
	Fair Value of Plan Assets	**2,462.41**	1,516.70	**-**	-
	Funded Status	**(244.97)**	(4.75)	**(77.07)**	(70.48)
	Unrecognised Actuarial Gain/(Loss)	**-**	-	**-**	-
	Net Asset / (Liability) Recognised in the Balance Sheet	**(244.97)**	(4.75)	**(77.07)**	(70.48)
V.	**Expenses Recognised in the Statement of Profit and Loss**				
	Current Service Cost	**199.61**	88.35	**1.01**	4.17
	Interest Cost	**198.26**	5.58	**5.81**	6.72
	Expected Return on Plan Assets	**(164.94)**	-	**-**	-
	Net Actuarial (Gain)/Loss to Be Recognised	**71.14**	20.01	**3.97**	(21.15)
	Expense Recognised in Statement of Profit and Loss	**304.07**	113.94	**10.79**	(10.26)

The Company expects to contribute ₹ 278.42 lacs to Gratuity in next year (31st December 2015 : ₹ 99.09 lacs)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

The principal assumptions used in determining benefit obligations for the Company's plans are shown below.			
Particulars		**2016**	2015
Discount Rate		**7.29%**	8.12%
Rate of Return on Plan Assets		**7.29%**	8.25%
Salary Escalation		**5.50%**	6.25%
Employee Turnover	Years	**%**	%
	0-2	**12%**	12%
	3-4	**5%**	5%
	5-9	**2.5%**	2.5%
	10 & Above	**1%**	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 2016		**31 December 2015**	
	Amount in lacs	**%**	Amount in lacs	**%**
Investment Value in Unit Linked Plans	**787.74**	**32%**	653.27	43%
Investment Value in Non Unit Linked Plans	**806.39**	**33%**	749.08	49%
Investment Value in Special Deposit Scheme of Bank Of Baroda	**113.84**	**5%**	114.35	8%
Insurer Managed Funds	**754.44**	**31%**	-	0%
Total	**2,462.41**	**100%**	1,516.70	100%

Amounts for the current and previous periods are as follows.

Particulars	**Gratuity**				
	2016	**2015**	**2014**	**2013**	**2012**
Defined Benefit Obligation	**2,707.38**	1,521.45	1,410.17	1,228.39	1,274.36
Plan Assets	**2,462.41**	1,516.70	1,341.46	1,228.39	1,274.36
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	**(244.97)**	(4.75)	(68.71)	-	-
Experience Adjustment on Plan Assets	**38.25**	(15.54)	39.70	-	(77.19)
Experience Adjustment on Plan Liabilities	**64.66**	21.32	(31.57)	14.71	30.93
	Long Service Award				
Particulars	**2016**	**2015**	**2014**	**2013**	**2012**
Defined Benefit Obligation	**77.07**	70.48	82.81	79.74	85.65
Experience Adjustment	**(6.53)**	(16.93)	-	-	-
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	**77.07**	70.48	82.81	79.74	85.65

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

(₹ in lacs)

		31 December 2016	31 December 2015
42	**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 sublease.		
	Future lease commitments in respect of non-cancellable operating leases are as follows :		
	Within one year	**240.79**	225.12
	After one year but not more than five years	**270.05**	467.80
	More than 5 years	**102.12**	145.16
		612.96	838.08

		31 December 2016	31 December 2015
43	**EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)**		
	a. Travelling Expenses	**155.15**	75.56
	b. Commission on Sales	**235.04**	127.74
	c. Service Charges for Technical Services	**37.93**	25.82
	d. Professional Fees	**0.27**	9.61
	e. Overseas Branch Office Expenses	**224.63**	-
	f. Interest and Bank Charges	**268.65**	-
	g. Others	**211.50**	49.99

		31 December 2016	31 December 2015
44	**RESEARCH AND DEVELOPMENT EXPENSES**		
	The details of expenses incurred on in-house research and development activities during the year ended 31 December 2016 as certified by the management are as follows :		
	Total Revenue Expenditure *	**104.32**	84.01
	Total Capital Expenditure **	**1.72**	2.17
	Total Research & Development Expenses	**106.04**	86.18

* Revenue Expenditure of ₹104.32 lacs has been grouped under various expense heads of the Financial Statements.

** Additions to Fixed Assets in Note no.12 includes ₹ 1.72 lacs towards Capital Expenditure incurred for Company's in house R & D facilities.

45 During the year, at the General Meeting, the shareholders of the Company had unanimously passed Special Resolution on 10 May 2016 to grant stock appreciation rights (SARs) to the eligible employees of the Company. Pursuant to this resolution, Huhtamaki PPL Limited Employee Phantom Stock Scheme 2015 has been formulated and adopted. In terms of the above Scheme, 33,000 SARs have been granted to the Managing Director.

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

Details of activity under SARs is summarised below:

Particulars	**31 December 2016**
Outstanding at the beginning of the year	**Nil**
Granted during the year	**33,000**
Forfeited during the year	**Nil**
Exercised during the year	**Nil**
Expired during the year	**Nil**
Outstanding at the end of the year	**33,000**
Exercisable at the end of the year	**Nil**
Exercise Price	**Nil**
Remaining Contractual Life	**13.5 months**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

46 During the current year, in terms of the Share Purchase Agreement between the Company, Positive Packaging Industries Limited ('Positive') and erstwhile owners of Positive, the closing adjustment in connection with acquisition of Positive was agreed upon, resulting in an amount of ₹ 175 lacs being receivable by the Company from erstwhile owners of Positive. This amount and expenses of ₹ 63.77 lacs, which were directly related to Investment in Positive have been taken to General Reserve, on account of amalgamation of Positive with the Company.

47 The Company has incurred ₹ 57.44 lacs (Previous Year: ₹ 15.01 lacs) towards Corporate Social Responsibility activities. Further, no amount has been spent on construction/acquisition of an asset of the Company. The amount spent in Cash out of the above is ₹ 44.51 lacs (Previous Year: ₹ 15.01 lacs).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2016 is ₹ 148.87 lacs (Previous Year:₹ 144.89 lacs) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

48 The Company has set up a Flexible Packaging Manufacturing Unit in Guwahati, Assam and a Pressure Sensitive Label Manufacturing Unit in Sikkim, which have commenced commercial production in last week of March 2017, to better service its customers based in North East India.

49 Amalgamations

Pursuant to the Scheme of Arrangement under section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, Section 52 of the Companies Act, 2013 and any amendments thereto or re-enactments for amalgamation of erstwhile Positive Packaging Industries Limited ('Positive') and erstwhile Webtech Labels Private Limited ('Webtech') with the Company as sanctioned by the National Company Law Tribunal on 22nd February, 2017, all assets, liabilities and reserves of Positive and Webtech were transferred to and vested in the Company with effect from appointed date being 30th January, 2015 in case of Positive and 1st April, 2015 in case of Webtech. The Schemes became effective on 1st April, 2017 on filing the National Company Law Tribunal Order with the Registrar of Companies. Positive was engaged in the business of Consumer Packaging and Webtech was engaged in business of manufacturing of Pressure Sensitive Labels. The Schemes have accordingly been given effect to in these financial statements.

The amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard 14 - "Accounting for Amalgamations" (AS 14) issued by the Institute of Chartered Accountants of India and as notified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies Accounts Rules 2014. Accordingly and giving effect in compliance of the Scheme of Arrangement all the assets, liabilities and reserves of Positive and Webtech, now considered as part of the Company, were recorded in the books of the Company at their carrying amounts and in the same form as at appointed date as was appearing in the books of Positive and Webtech.

On 6th April, 2017, in terms of the Scheme of Arrangement 28,10,000 Equity shares of ₹ 2 each of the Company have been allotted to the shareholders of Webtech for 10,000 shares held by them in the share capital of Webtech in the ratio of 281:1, after cancellation of 10,408 shares of Webtech held by the Company. These shares have been considered for the purpose of calculation of earnings per share. Positive being a wholly owned subsidiary of the Company neither any shares were required to be issued nor any consideration was required to paid.

The difference of net assets value of transferor companies after adjusting reserves and Investment already made in Transferor Companies is transferred to the respective reserves as detailed here under:-

(₹ in lacs)

Particulars	**Positive**	**Webtech**	**Total**
Total Assets	71,657.69	9,022.79	80,680.48
Total Liabilities	41,167.33	4,291.64	45,458.97
Net Book Value (A)	**30,490.36**	**4,731.15**	**35,221.51**
Capital Redemption Reserve considered as Capital Redemption Reserve of the Company	897.22	-	897.22
Securities Premium considered as Securities Premium of the Company	18,358.87	3,766.35	22,125.22
General Reserve considered as General Reserve of the Company	3,000.00	-	3,000.00
Profit and Loss Account considered as Profit and Loss Account of the Company	3,750.92	932.76	4,683.68
Capital Reserve considered as Capital Reserve of the Company	-	30.00	30.00
Total (B)	**26,007.01**	**4,729.11**	**30,736.12**
Difference of Net Book Value and Reserves (C = A-B)	**4,483.35**	**2.04**	**4,485.39**
Cancellation of Company's Investment (D)	50,816.15	3,935.33	54,751.48
Difference transferred to reserves (C-D)	**(46,332.80)**	**(3,933.29)**	**(50,266.09)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2016

The above shortfall has been adjusted pursuant to the Scheme of Amalgamations as follows:-

Particulars	₹ in lacs
Capital Redemption Reserve	1,597.22
Securities Premium Account	43,281.20
General Reserve	5,387.67
Total	**50,266.09**

50 The accounts of the Company for the year ended 31st December, 2016 were earlier approved by the Board of Directors at its meeting held on 21st February, 2017 and reported upon by the statutory auditors vide their report dated 21st February 2017. The said accounts did not include the effect of the Schemes of Amalgamation of Positive and Webtech with the Company which were then pending for requisite approvals. The Company has since received the requisite approvals for merger of Positive and Webtech with the Company. As a result, the Schemes have became effective on 1st April 2017, with retrospective effect from the Appointed date (30 January 2015 in case of Positive and 1st April 2015 in case of Webtech). The Board of Directors have decided to revise the accounts of the Company for the year ended 31st December 2016 to incorporate the effect of the merger and accordingly these accounts have been prepared in supersession of the accounts previously adopted, as referred to above, for giving consequential effect to the Scheme of Amalgamation.

51 The Company has accrued Stamp duty payable on account of merger and transfer fees payable for transfer of Land from Positive to the Company in these accounts, as these expenses have arose on account of merger of Positive and Webtech with the Company. The Company has disclosed the same as Exceptional Item.

52 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016

Amount in ₹

Particulars	Specified Bank Notes	Other Denomination notes	Total
Closing Cash in hand as on 8 November 2016	1,128,000	533,936	1,661,936
Add: Permitted receipts	-	4,038,507	4,038,507
Less: Permitted Payments	-	3,499,178	3,499,178
Less: Amount deposited in Banks	1,128,000	-	1,128,000
Closing Cash in hand as on 30 December 2016	-	**1,073,265**	**1,073,265**

53 In view of the Amalgamations as referred to in Note 49, the figures for the current year are not comparable with the corresponding figures of the previous year and further since the Company does not have any subsidiaries, hence no Consolidated Financial Statements are required to be prepared.

54 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/E300003

per Vijay Maniar
Partner
Membership No.36738

Mumbai
20 April 2017

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

A Venkatrangan
Managing Director
DIN: 05294659

S K Palekar
Independent Director

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
Membership No. 13004

Mumbai
20 April 2017

Notes

Notes

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

CENTRAL HEADQUARTERS
L.B.S. Marg Majiwade,
Thane (West) 400601
Tel : + 91 22 21735551/21735591/61740100
Fax: + 91 22 21735599/ 21735650

CUSTOMER SUPPORT OFFICES
Bengaluru
#91, West Park Road, 17th Cross,
Malleswaram, Bangalore – 560055
Karnataka
Tel : +91 80 23568979/8980
Fax: + 91 80 2296522

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

Kolkata
5th Floor, Laha Paint House,
7 Chittaranjan Avenue
Kolkata - 700072, West Bengal
Tel: +91 33 2237 2812/2234 8281
Fax : +91 33 2225 5654

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

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

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

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

Gangtok
Parcha Khaitan No.298, Plot No. 2276,
West Pandam Block, Gangtok Sub-Division,
Majhitar, Rangpo, East Sikkim,
Gangtok - 737136,
Sikkim.
Tel: +91 9816064164

Guwahati
Village Abhaypur, Mouza Sila Sindurighopa,
North Guwahati, Distt Kamrup (R)
Assam - 781031
Tel: +91-05944 250183
Fax: +91 05944 250186

Silvassa
Survey No 34, Hissa 1/3, At Post Umarkoi,
via Silvassa, Dadra & Nagar Haveli (U.T.)
396 230 Silvassa
Tel: +91 - 260 - 2681005 , 2681009,
Fax: +91 - 260 - 2681003

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

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

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

Taloja
P.O. Box No. 55, Plot No. V 26,
MIDC, Taloja Industrial Area,
Taluka Panvel,
Dist. Raigad - 410 208,
Maharashtra.
Tel.: +91 - 22 – 39211600
Fax: +91 - 22 – 39211610

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

Khopoli
Village Ransai, KM. 16
Survey no 51, 52 & 53,
Pen Road, Khopoli - 410 203,
Maharashtra
Tel: +91 - 2192 - 391300
Fax: +91 - 2192 – 391310

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

Unit II :
Plot No 172, Survey No 172,
Bollarum, Village - 502325,
Jinnaram Mandal,
Medak District,
Telangana.
Tel: +91 - 738200222

Bengaluru
Plot Nos. 21, 22,23,152 & 153
Bommasandra - Jigani Link Road
Industrial Area,
Taluka Anekal,
Bengaluru - 562 106,
Karnataka, India.
Tel.: +91 - 80 - 3056 5000
Fax: +91 - 80 - 3056 5100

Bengaluru





Ambernath



Guwahati



Hyderabad

Khopoli





Parwanoo



Mahape



Rudrapur

Silvassa



Taloja



Thane



विद्याधनं सर्वधनप्रधानम्

The Wealth of Knowledge is most superior wealth of all.

Huhtamaki PPL Limited

CIN: L21011MH1950FLC145537
Regd. Office: Unit No. 12A-06, B-Wing, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39,
"G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051
Email: investor.communication@ppl.huhtamaki.com. , website: www.ppl.huhtamaki.com
Contact No. 022 6174 0400 Fax – 022 61740401

NOTICE OF THE SIXTY SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty Seventh Annual General Meeting of the Members of Huhtamaki PPL Limited will be held on Monday, 12th June, 2017, at 4.00 p.m, at RAMA & SUNDRI WATUMULL AUDITORIUM, K. C. College Building, Vidyasagar Principal K. M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 to transact the following businesses:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st December, 2016 together with the Reports of the Board of Directors and the Auditor's thereon.

2. To declare Dividend on equity shares.

3. To appoint a Director in place of Mr. Olli Koponen (DIN: 07370927), who retires by rotation and being eligible offers himself for re-appointment.

4. To approve and ratify the appointment of SRBC & Co LLP, Chartered Accountants (Firm Registration No. 324982E) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, of the Companies Act, 2013 ("the Act") if any, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s R. Nanabhoy & Co., Cost Accountants, appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st December, 2017, the remuneration of ₹ 6,00,000/- (Rupees Six Lakhs only), plus applicable service tax and out of pocket expenses that may be incurred in the course of their audit, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

6. To consider and if thought fit, to pass, the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 149(9), 197 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules thereunder (including any Statutory modification(s) or re-enactment thereof, for the time being in force, the consent of the Company be and is hereby accorded for the payment of a sum not exceeding one percent of the net profits of the Company in each financial year, computed in the manner prescribed under Section 198 of the Companies Act, 2013, to be paid and distributed amongst Directors of the Company, not being Managing/Whole-time Director(s)/Executive Director(s) of the Company, and such payments shall be made in respect of the profits of the Company for each financial year for a period of five financial years, commencing from 1st January, 2017, in such amounts and proportions and in such manner as the Board of Directors may, from time to time determine, for each year."

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

D V Iyer
Company Secretary

Place: Mumbai
Date: 20th April, 2017

REGISTERED OFFICE
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
Plot Nos. C-38 & C- 39.
"G" Block, Behind MCA, BKC,
Bandra (E), Mumbai 400051

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of proxy in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.

2. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto.

3. Corporate members intending to send their authorised representatives to attend and vote at the meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 2nd June, 2017 to Monday, 12th June, 2017 (both days inclusive) for determining the shareholders who are entitled to receive dividend on equity shares. In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as of Thursday, 1st June, 2017 as per details furnished by the Depositories for this purpose.

5. All correspondence relating to transfer of shares, change of address, dividend mandates etc. quoting their folio numbers should be sent to the Registrar & Transfer Agents (R&T Agents) only at their following address:

   TSR Darashaw Ltd.,
   Address : 6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr. E Moses Road, Mahalaxmi, Mumbai - 400 011, Maharashtra. Tel: + 91 22 - 66568484 Fax : + 91 22 6 66568494
   Website: www.tsrdarashaw.com, Email : csg-unit@tsrdarashaw.com

6. Pursuant to Section 125 of the Companies Act, 2013, the Company has transferred on due dates, the unclaimed final dividend for the financial year ended December 31, 2008 to the Investor Education and Protection Fund (IEPF) established by the Central Government and the amount of dividend for the financial year ended 31st December, 2009 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to IEPF.

   The Members who have so far not encashed their dividend warrant(s) for the Financial Year ended 31st December, 2009 or for any subsequent Financial Years are requested to send their claims to the Registered Office of the Company or the office of the RTA. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie in respect thereof with the Company.

   The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2012 dated 23rd July 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend. In terms of the circular, the Company has uploaded the details of unpaid and unclaimed dividend and the same can be viewed on www.ppl.huhtamaki.com.

7. Members who hold shares in physical form -

   a) are requested to inform R&T Agents of the Company, their email address, Income Tax Permanent Account Number (PAN), if any, allotted to them by the Income Tax Authorities.

   b) can avail the facility of nomination in the prescribed form. The nominee shall be the person in whom all rights of transfer shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is mentioned in the nomination form. The facility of nomination is not available to non-individual shareholders such as Societies, Trusts, Bodies Corporates, Partnership Firms, Kartas of Hindu Undivided Families and holders of Powers of Attorney. For further details members may please contact the Company's Secretarial Department at the Registered Office or the R&T Agents of the Company.

   c) are requested to notify the R&T Agents of the Company, any change in their addresses, quoting their folio numbers.

   d) are requested to note that, in order to avoid any loss/interception in postal transit and also to get prompt credit of dividend through Electronic Clearing Services (ECS), they should submit their ECS details. Alternatively, members may provide details of their bank account quoting their folio numbers to the R&T Agents to enable them to print such details on the dividend warrants.

   e) under multiple folios are requested to submit their application to R&T Agents for consolidation of folios into a single folio.

8. Members holding shares in dematerialised form:

   a) may contact their Depository Participant(s) for recording nomination in respect of their shares;

   b) may please note that their bank details as furnished by the respective depositories will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request

from such members for change/deletion in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants;

c) Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

9. Members are requested to bring their copies of the Annual Report and attendance slip to the Annual General Meeting.

10. Route Map showing directions to reach to the venue of the 67th Annual General Meeting is given at the end of this Notice.

11. All Documents referred to in this Notice and Statement setting out material facts are open for inspection at the Registered Office of the Company on all working days between 10.00 am to 12.00 noon up to the date of 67th Annual General Meeting.

12. The Annual Report 2016 of the Company circulated to the Members of the Company, will be made available on the Company's website www.ppl.huhtamaki.com and also on the website of respective stock exchanges at www.bseindia.com and www.nseindia.com

13. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of CDSL to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. The procedure to be followed by the members for e-voting is as follows:

(i) The voting period begins on Friday, 9th June, 2017 at 10.00 a.m. and ends on Sunday, 11th June, 2017 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 5th June, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting, thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com

(iv) Click on "Shareholders/Members" tab.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field or the demat account/folio number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field.

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily

enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Huhtamaki PPL Ltd> on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten his password, then avail the option "forgot password" and reset the password.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non-Individual Shareholders and Custodians -

- Non-Individual shareholders/Institutional members and custodians (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates;
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com;
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on;
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote; and
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

General Information on e-voting:

1. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 5th June, 2017, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or csg-unit@tsrdarashaw.com.

2. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper/Polling Paper" for all those members who are present at the EGM but have not cast their votes by availing the remote e-voting facility/ballot form. The Facility for Voting at meeting venue shall be decided by the company i.e. "remote e-voting" or "Ballot Paper/Polling Paper".

3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

4. The Company has appointed Ms. Malati Kumar, Practising Company Secretary (COP 10980) or failing her Ms. Aparna Gadgil, Practising Company Secretary (COP 8430) of M/s S.N.ANANTHASUBRAMANIAN & CO., as Scrutinizer to scrutinize the voting and remote e-voting process and the voting at the Meeting in a fair and transparent manner.

5. The consolidated results of remote e-voting and voting at the meeting declared along with the Scrutinizers Report shall be placed on the Company's website www.ppl.huhtamaki.com and on the website of CDSL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchange(s) where the shares of the Company are listed.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

Item no. 5

The Board of Directors of the Company, on recommendations of the Audit Committee, approved the appointment of Messrs R. Nanabhoy & Co., Cost Accountants (Firm Registration. 7464), as Cost Auditors to conduct audit of cost records of the Company for financial year ended 31st December, 2017.

In accordance with Section 148 (3) of the Companies Act, 2013 read with the Rule 14((a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor has to be ratified by the Members of the Company.

Accordingly, consent of the Members is being sought by way of an Ordinary Resolution as set out at item no. 5 of the Notice for ratification of the remuneration amounting to ₹ 6,00,000/- (Rupees Six Lakhs only) plus applicable service tax and out of pocket expenses to the Cost Auditors.

Accordingly, the Board of Directors recommend passing of the Ordinary Resolution as set out in this Notice.

None of the Directors or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

Item no. 6

The Members at the 62nd Annual General Meeting of the Company held on 4th May, 2012, passed a Special Resolution under erstwhile Section 309(4) of the Companies Act, 1956, approving the payment of Commission to Non Whole time Directors of the Company, for a sum in aggregate, not exceeding 1% of net profits of the Company for each financial year, for a period of five financial years commencing from January 01, 2012.

The Companies Act, 2013, SEBI (Listing Obligations & Disclosures Requirement) Regulations, 2015 and the dynamic business environment have placed more onerous responsibilities on the Non-Executive Directors (NED) particularly, the Independent Directors. It calls upon these Directors to play a more pro-active role along with greater involvement in Board's decision making process. Considering the above and in line with the current industry practice, the Board has adopted a compensation structure for non-executive directors/independent directors, that is linked to the attendance at Board meetings, Membership/Chairmanship of Committee/s of the Board, overall responsibilities as a director and other relevant factors. Within the overall limit, Commission will be distributed amongst the Directors in accordance with the recommendation of Nomination and Remuneration Committee and directions given by the Board of Directors in respect of each financial year. The Commission will be in addition to fees payable to the Directors for attending the meetings of the Board or Committee thereof and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, it is proposed to seek fresh approval of the shareholders by way of a special resolution for payment of Commission to non-executive directors for an aggregate amount not exceeding 1% of net profits of the Company for each financial year, during the five financial years commencing from January 01, 2017, in accordance with the provisions of the Companies Act, 2013.

The Board of Directors recommend passing of the Special Resolution set out at Item No. 6 of the Notice, for approval of Members.

The Non-Executive and the Independent Directors of the Company may be deemed to be concerned or interested in passing of the resolution at Item No.6.

None of the Executive Directors or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

By order of the Board of Directors
For **Huhtamaki PPL Limited**

Place: Mumbai
Date: 20th April, 2017

D V Iyer
Company Secretary

REGISTERED OFFICE
12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
Plot Nos. C-38 & C- 39.
"G" Block, Behind MCA, BKC,
Bandra (E), Mumbai 400051

Annexure

Profile of the Director being appointed/re-appointed as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 –

Name of Director	Mr. Olli Koponen (DIN: 07370927)
Date of Birth	19/01/1959
Date of Appointment	17/12/2015
Expertise in specific field	He has worked with Systecon Oy (1984-90) before joining Huhtamaki Oyj in the year 1990. He has held several roles and presently holds the position as Executive Vice President - Flexible Packaging.
Qualification	Masters Degree in Engineering - Automation & Information Technology
Name of other companies in which he holds Directorship*	Nil
Name of other companies in which he holds Chairmanship/Membership of Committees of Board$	Nil
No. of Shares held in Huhtamaki PPL Ltd	Nil
Relationship with other Directors	None

Note:

***** excludes directorships held in private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, foreign companies and Companies under Section 8 of Companies Act, 2013.

$ includes Chairmanship/membership of the Audit Committee and the Stakeholders Relationship Committee of only public limited companies, whether listed or not.

Huhtamaki PPL Limited

CIN : L21011MH1950FLC145537
Regd. Office: Unit No. 12A-06, B-Wing, 13th Floor, Parinee Crescenzo,
Plot Nos. C-38 & C-39, "G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051
Email: investor.communication@ppl.huhtamaki.com, website: www.ppl.huhtamaki.com
Contact No. 022 6174 0400 Fax – 022 61740401

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	:	
Registered address	:	
E-mail Id	:	
Folio No./Client Id*	:	DP ID*

I/We being the member(s) of _____ shares of Huhtamaki PPL Limited, hereby appoint:

1. Name: _____
   Address: _____
   E-mail Id: _____
   Signature: _____ or failing him
2. Name: _____
   Address: _____
   E-mail Id: _____
   Signature: _____ or failing him
3. Name: _____
   Address: _____
   E-mail Id: _____
   Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/behalf at the 67th Annual General Meeting of the Company, to be held on Monday, 12th June 2017, at 4.00 p.m. at RAMA & SUNDRI WATUMULL AUDITORIUM, K. C. College Building, Vidyasagar Principal K. M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	For	Against
Ordinary Business			
1	Adoption of the Audited Financial Statements of the Company for the financial year ended December 31, 2016 together with the Reports of the Board of Directors and the Auditors thereon;		
2	Declaration of Dividend on equity shares.		
3	Re-appointment of Mr. Olli Koponen, who retires by rotation.		
4	Ratification of appointment of S R B C & CO LLP, Chartered Accountants, as Statutory Auditors of the Company.		
Special Business			
5	Ratification of Cost Auditors Remuneration.		
6	Approval for payment of Commission to Non-executive Directors.		

As witness my/our hand(s) this ___day of _____, 2017

Affix Revenue stamp of Re. 1/-

Signature of Shareholder _____

Signature of proxy holder(s) _____

Note:

(1) The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the Annual General Meeting.

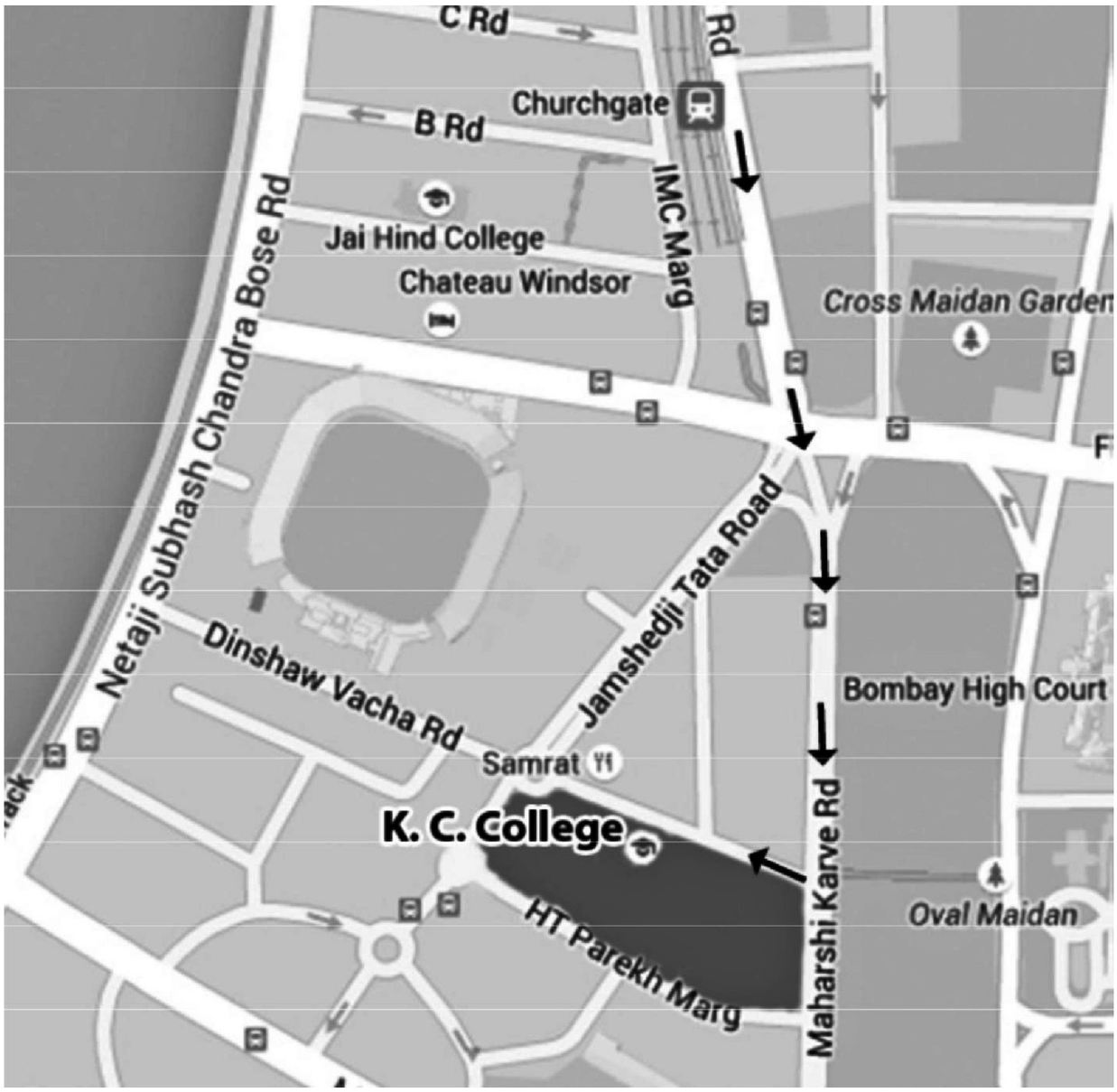
(2) A proxy need not be a member of the Company.

(3) *Applicable for shareholders holding shares in dematerialized form.

ROUTE MAP TO ANNUAL GENERAL MEETING VENUE

Location: Rama and Sundri Watumull Auditorium at Kishinchand Chellaram College
(K.C. College), 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020

Landmark: Oval Maidan



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