Huhtamaki-PPL

9th May, 2018

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: Annual Report for financial year ended 31st December 2017.

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the 68th Annual Report of the Company for financial year ended 31st December, 2017.

The said Annual Report has been approved and adopted by the shareholders at the 68th Annual General Meeting of the Company held on Tuesday, 8th May, 2018.

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: As above

Huhtamaki PPL Ltd.

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

68th Annual Report 2017

HPPL

SPECIALISED POUCHES

PRESSURE SENSITIVE LABELS

PERSONAL CARE & HOUSEHOLD

SHRINK SLEEVES

AUTOMOTIVE & INDUSTRIAL

WET STRENGTH LABELS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Mr. Suresh Gupta
Independent Director	Mr. Arunkumar Gandhi
Non-Executive Director	Mr. Jukka Moisio
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. Olli Koponen
Managing Director	Dr. Arup Basu
Company Secretary & Head - Legal	Mr. D V Iyer

BANKERS

Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Ltd.
State Bank of India
HDFC Bank 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

CONTENTS

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 43 years, including 30 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 22 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 45 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. Ramesh Dhir steps down as Director of the Company on expiry of his term on 30 March, 2018.

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 41 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 48 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 28 years of experience in marketing and management. 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 and worked as CEO of Quadra Advisory, a WPP group Company. Presently, she provides consultancy services 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, Media, etc. 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 (Economic) 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.

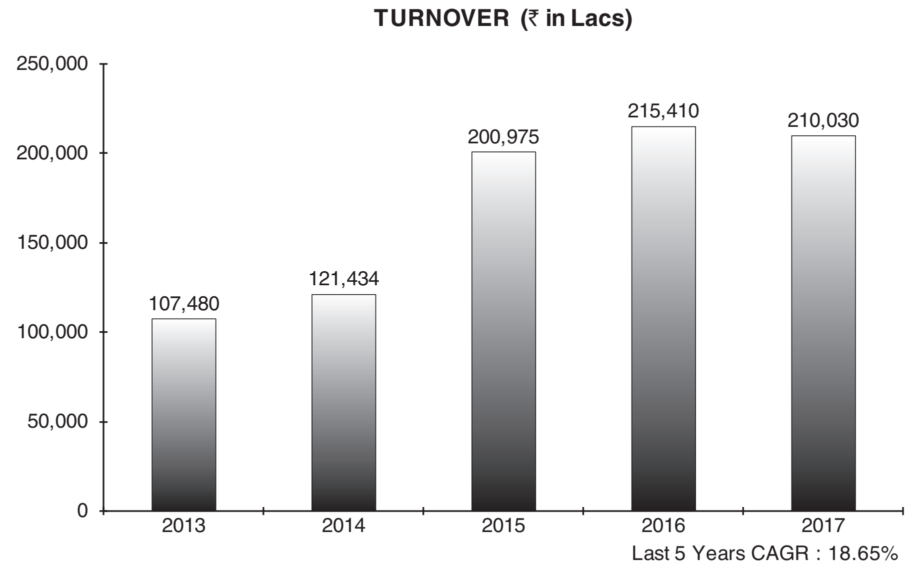
BOARD OF DIRECTORS

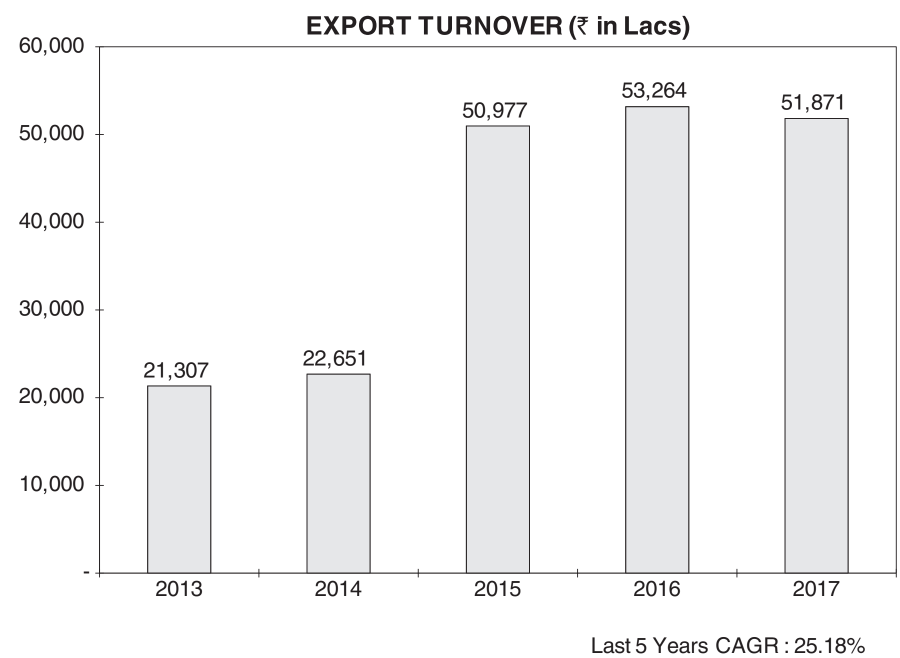
DR. ARUP BASU, MANAGING DIRECTOR

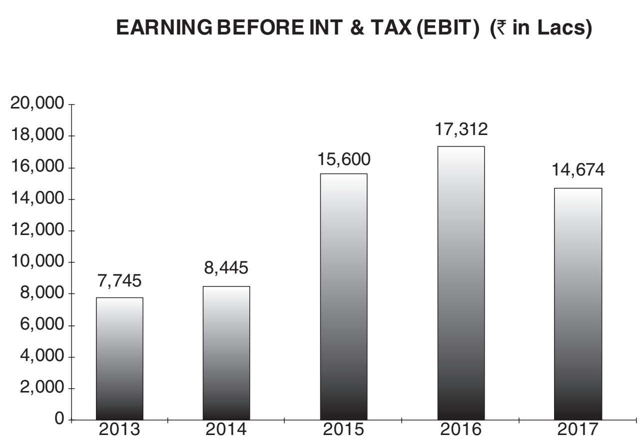
Dr. Arup Basu holds a Ph.D in Technology, Composite Materials from the University of Manchester, Institute of Science and Technology (UMIST), UK, and a Bachelors Degree in Material Science and Engineering from Imperial College, London, UK. He also has an International Baccalaureate Diploma from United World College (UWC) of Atlantic, Wales, UK. He brings with him almost two decades of senior level industry experience. Dr. Arup Basu joins us from Tata Chemicals Ltd (TCL) where he was holding the position of President and Chief Technology Officer and was responsible for new business, technology and innovation. At TCL, Dr. Arup Basu also served as the Chief Operating Officer of Chemicals – Indian Operations and also served as its Vice President of Manufacturing and Head of the Haldia Works, West Bengal. During this tenure, he was Member of Board for the Magadi Soda Company, Kenya and member of the Global Chemicals Council with manufacturing operations spread across Kenya, UK and USA. Prior to this Dr. Basu worked for Accenture, where he was responsible for business development and managing large-scale projects for clients in the industrial space. Before his tenure with Accenture, he worked in a variety of roles at the Indian Aluminium Company and at Tata Motors.

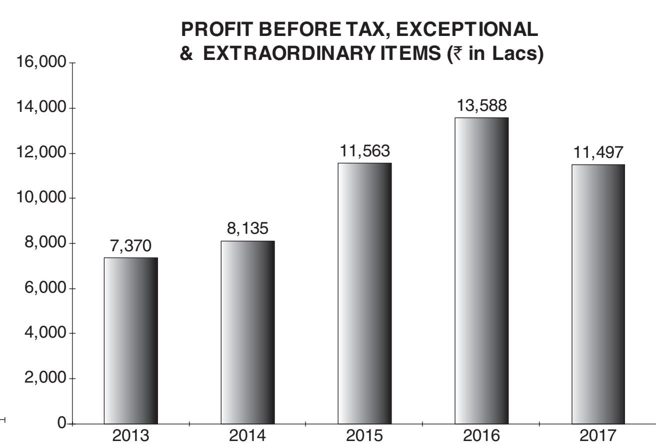
He was appointed as Managing Director of the Company w.e.f. 1st November 2017.

Financial Performance Indicators

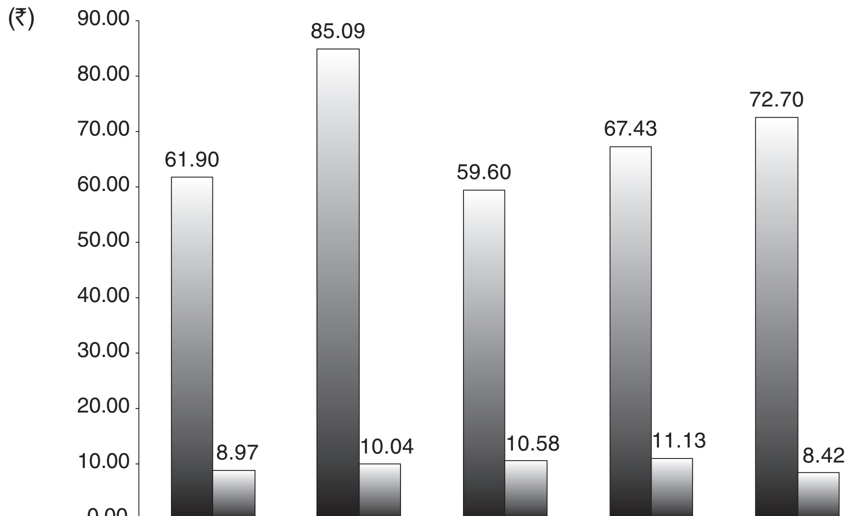






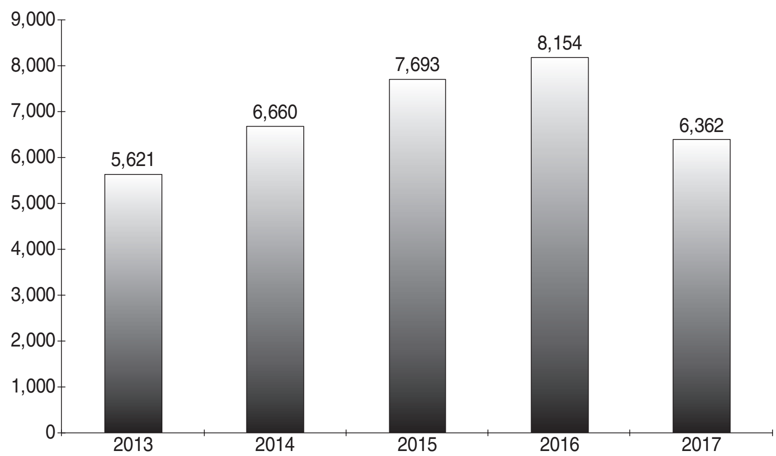


EPS AND BOOK VALUE PER SHARE

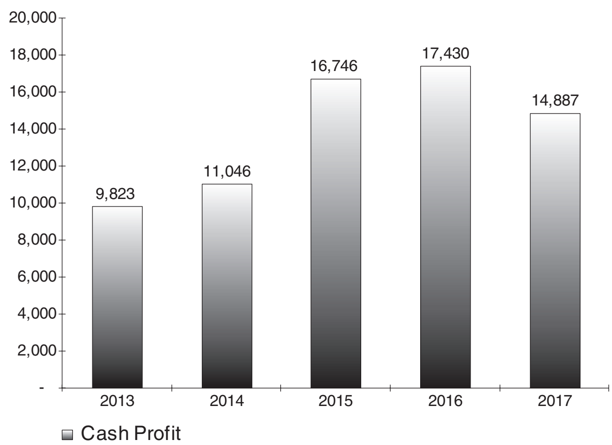


	2013	2014	2015	2016	2017
Book Value (Excluding Revaluation Reserve)	61.90	85.09	59.60	67.43	72.70
EPS	8.97	10.04	10.58	11.13	8.42

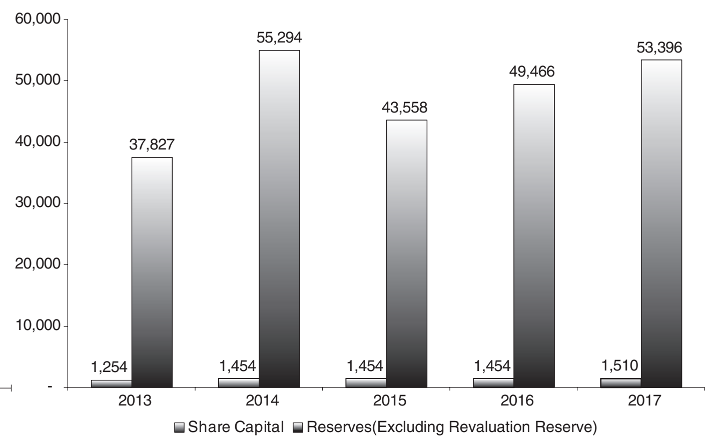
PROFIT AFTER TAX, EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ in Lacs)



CASH PROFIT (₹ in Lacs)



NET WORTH GROWTH (₹ in Lacs)



FINANCIAL HIGHLIGHTS

(₹ in lacs)

Particulars	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
OPERATING RESULTS										
Sales (Net of excise duty)	**210,030**	215,410	200,975	121,434	107,480	89,318	79,730	70,401	57,769	61,209
Other Income	**4,424**	4,462	4,187	2,025	1,560	1,567	1,426	832	911	1,173
EBDITA	**23,199**	26,588	24,653	12,830	11,947	9,797	9,455	7,927	8,186	6,090
Depreciation & Amortisation	**8,525**	9,276	9,053	4,386	4,202	3,565	3,204	3,240	3,115	2,862
EBIT	**14,674**	17,312	15,600	8,445	7,745	6,232	6,251	4,687	5,071	3,228
Profit before Tax, Exceptional & Extraordinary Items	**11,497**	13,588	11,563	8,135	7,370	6,173	6,247	4,627	4,958	2,977
Exceptional & Extraordinary Items - Net of Tax	**-**	(255)	-	628	705	-	294	1,533	-	-
Provision for Tax	**5,135**	5,179	3,690	1,911	2,293	1,661	1,281	1,348	1,220	848
Profit for the year (after minority interest)	**6,362**	8,154	7,693	6,660	5,621	4,508	5,260	4,812	3,738	2,129
EBDITA to Sales %	**11.05%**	12.34%	12.27%	10.57%	11.12%	10.97%	11.86%	11.26%	14.17%	9.95%
EBIT to Sales %	**6.99%**	8.04%	7.76%	6.95%	7.21%	6.98%	7.84%	6.66%	8.78%	5.27%
PBT to Sales %	**5.47%**	6.19%	5.75%	7.22%	7.51%	6.91%	8.20%	8.75%	8.58%	4.86%
Earning Per Share	**8.42**	11.13	10.58	10.04	8.97	7.19	8.39	7.68	5.96	3.40
Cash Earning Per Share	**19.71**	23.08	23.03	16.64	15.67	12.88	13.50	12.84	10.93	7.96
Equity Dividend %	**150.00**	150.00	140.00	140.00	140.00	130.00	120.00	110.00	*150.00	90.00
FINANCIAL POSITION										
Equity Share Capital	**1,510**	1,454	1,454	1,454	1,254	1,254	1,254	1,254	1,254	1,254
Other Equity	**53,396**	49,466	43,558	55,294	37,827	34,242	31,629	28,112	24,901	23,363
Shareholders Funds	**54,906**	50,920	45,012	56,748	39,081	35,496	32,883	29,366	26,155	24,617
Minority Interest	**-**	-	-	2,203	2,013	1,852	-	-	-	-
Loan Funds	**40,574**	43,549	52,749	4,194	4,620	5,186	2,159	2,253	2,393	4,981
Deferred Tax (Asset) / Liability (Net)	**(1019)**	(1871)	(748)	549	99	68	252	526	677	690
Goodwill on Consolidation	**-**	-	-	1,957	1,957	1,957	-	-	-	-
Fixed Assets and Intangible Assets (Incl. Capital work in Progress)	**43,934**	46,661	54,101	26,166	22,323	22,788	18,230	17,869	20,335	21,055
Investments	**13,750**	19,502	20,663	18,634	5,479	6,038	6,338	3,945	3,103	1,698
Deferred Tax Asset (Net)	**-**	-	-	-	-	-	-	-	-	-
Other Net Assets (Current & Non-Current)	**37,795**	28,307	22,999	16,937	16,054	11,820	10,726	10,332	5,787	7,535
Capital Employed	**94,461**	92,598	97,013	63,693	45,813	42,602	35,294	32,145	29,225	30,288

Results from 2008 to 2011 are Standalone results.

Results from 2012 to 2015 are Consolidated results (includes results of Webtech Labels Pvt. Ltd. from 2012 and Positive Packaging Industries Ltd. from 2015).

Results from 2016 are merged results on account of merger of Positive Packaging Industries Ltd & Webtech Labels Pvt. Ltd. with the Company.

* Includes One Time Dividend @ 50%

Financial Position for the years 2015, 2016 and 2017 and Operating Results for the years 2017 and 2016 are as per Ind AS.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 68th Annual Report along with the Audited Statements of Accounts for the year ended 31st December, 2017.

FINANCIAL HIGHLIGHTS:

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

(₹ in lacs)

Particulars	2017	2016
Sales	**219,904**	233,324
Profit before Tax & Exceptional Item	**11,497**	13,588
Profit before Tax	**11,497**	13,333
Less: Provision for Current Tax	**5,440**	5,975
Provision for Deferred Tax	**(305)**	(796)
Profit after Tax	**6,362**	8,154
Add: Balance of profit for earlier years	**37,412**	34,521
Profit available for appropriation	**43,774**	42,675
Transfer to General Reserve	**-**	887
Transfer to Debenture Redemption Reserve	**1,925**	1,925
Proposed Dividend on Equity Shares & Dividend Tax thereon	**2,784**	2,451
Balance Carried forward	**39,065**	37,412

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, 2017. The said dividend will absorb an amount of ₹ 2,784 lakhs, 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. There is has been no transfer to reserve during the year.

MERGER :

Pursuant to the approval of the National Company Law Tribunal (NCLT) the erstwhile subsidiaries of the Company viz., Positive Packaging Industries Limited and Webtech Labels Private Limited have been merged into the Company, effective 1st April, 2017 and all key functions like Marketing, NASP, Procurement and Supply Chain Management have been fully integrated.

CHANGES IN CAPITAL STRUCTURE

Consequent to the Merger of its erstwhile subsidiary, Webtech Labels Private Limited with the Company, it allotted 28,10,000 Equity shares of face value of ₹ 2/- each were allotted to the shareholders of Webtech Labels Pvt Ltd. Upon allotment of the said equity shares, the paid-up share capital of the Company has increased from ₹ 1454 lakhs to ₹ 1510 lakhs.

SUBSIDIARY COMPANIES AND FINANCIAL STATEMENTS :

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

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements, and related information of the Company are available on the website of the Company - www.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 of the Company for a term of

DIRECTORS' REPORT (Contd.)

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 2018.

The Auditors' Report to the Members on the Accounts of the Company for the year ended 31st December, 2017 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations, 2015) Business Responsibility Report forms part of this Report and is annexed hereto.

In line with the green intiative, Business Responsibility Report of the Company for the year ended 31st December, 2017 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. Jukka Moisio 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. Mr. A. Venkatrangan was re-appointed as Managing Director for the period 7th October, 2017 to 31st October, 2017, who has moved laterally to an assignment within the Huhtamaki Group. Dr. Arup Basu was appointed as Managing Director for a period of 5 (Five) years w.e.f 1st November, 2017. Mr. Ramesh Dhir steps down as Independent Director w.e.f. 30th March, 2018, pursuant to expiration of his term.

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 Listing Regulations, 2015.

DIRECTORS' REPORT (Contd.)

MEETINGS OF THE BOARD:

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

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, 2017, 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, 2017 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 2018. Members approval is being sought for ratification of their remuneration as Cost Auditors of the Company for the Financial Year 2018.

SECRETARIAL AUDITOR :

The Board has appointed M/s. S.N. Ananthasubramanian & Co., Practicing Company Secretaries, to conduct Secretarial Audit for the Financial year 2017. The Secretarial Audit Report in prescribed format is annexed as Annexure 3 to this Report.

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.

DIRECTORS' REPORT (Contd.)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS :

The Company has not granted any loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, during the financial year ended 31st December, 2017.

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:

- Promotion of education & skill development; and
- Social Welfare and Rural Development;

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. The Company has also formulated Risk Management Policy to review and control risk.

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.

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 detail 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, your company has constituted an Internal Complaints Committees (ICC) and during the year, no cases were reported to the ICC.

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.

DIRECTORS' REPORT (Contd.)

ACQUISITION OF AJANTA PACKAGING (INDIA) :

On 23rd March, 2018, the Company entered into a Business Transfer Agreement for acquisition of the business of Ajanta Packaging, India on a slump sale, at an enterprise value of ₹ 1003 million, on a cash-free debt-free basis. This acquisition will help the Company in consolidating its position in Pressure Sensitive Label business and enable our customers to get the benefits of new technologies and strengthen our innovation capabilities.

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;
- There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report;

APPRECIATION & ACKNOWLEDGEMENTS:

The Board wishes to place on record its gratitude for the assistance and co-operation received from Banks, Government Authorities, Customers, Vendors and all its shareholders for the trust and confidence reposed in the Company. The Board further wishes to record its sincere appreciation for the significant contributions made by employees at all levels for their commitment, dedication and contribution towards the operations of the Company. 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: 23rd March, 2018

ANNEXURE TO DIRECTORS' REPORT (contd.)

ANNEXURE – 1

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo (Pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013, read with Rules 8(3) of 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 2017 were:

- Replacement of Conventional Light with LED Lights in Plants, Registered & Corporate Office resulting in saving of electricity.
- Replacement of Conventional Motors with Energy Efficient Motors in Plants.
- Variable Frequency Drive installed in M/C Exhaust Blowers & Fume Exhaust Blowers, which results in reducing speed of Blowers and saving power.
- System modification of Thermic Fluid Circulation Pump used for circulation of Oil resulted in energy savings.
- System modification results in Metallizer water being pumped through common pump instead of separate pump, which has resulted in energy savings.
- Upgradation of Duplex Laminator by replacing DC motor with AC Motors resulted in Power saving.

B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Your company continued its efforts in identifying technologies & products that will help in its continued growth. Accordingly, various new technologies were studied.

From the shortlisted technologies, your company has successfully integrated 2 new technologies namely, 5 Panel Pouches and Hotmelt lamination. While 5 Panel Pouches adds to your company's preformed pouch portfolio, the hotmelt lamination provides your company capability to manufacture laminates for special applications.

Your Company's customers are demanding "Green" environment friendly laminates & the Research & Development Centre of the company, located at Thane, developed various laminate solutions to meet this demand. Your company is leading the efforts in the area of environment friendly laminates in our country and completed number of trials with various customers.

Your company's Innovation programme, NASP (New Applications, Structures, Products/Processes) is focused on developing new products and was successful in building a strong pipleline of new products that are being offered to customers. A strong pipeline of new products helps your company maintain its technology leadership in the market.

Your Company successfully developed many new products, films for improving the efficiency at customers factories, new shaped pouches, etc., to name a few.

In additional to creating new products, your company has put renewed efforts in protecting the new products by way of filing for intellectual property rights. This year your company has filed for 4 new patents for new products.

Sustainability and convenience are the leading concerns in modern day packaging. Your company is continuously working to reduce material usage to make it more sustainable.

ANNEXURE TO DIRECTORS' REPORT (contd.)

The Company has been recognized for its innovative efforts by several packaging organisations and was awarded with 10 awards for the year under review, including 2 Worldstar Awards. The details of the awards are mentioned below:

Name of the Award	Products
WorldStar 2018	Paper Boat Thandai (Shaped Pouch) True-south single-serve (Profile Pack)
AsiaStar 2017	Kinder Joy Maxi (Thermoformed Pack) Paper Boat Badam Milk (Shaped Pouch) Brookside (Shaped Pouch)
IndiaStar 2017	Godrej Ezee (Shrink Sleeve) Haldiram's Kesar Laddoo (Pack) Kinder Joy Maxi (Thermoformed Pack) Paper Boat Thandai (Shaped Pouch) Paper Boat Badam Milk (Shaped Pouch) Kinder Schoko Bons crispy (Twist Wrap) Colonel & Co.'s (Peel-able Lid) True South single-serve (Profile Pack) Ammaas (Poly Bag) Brookside (Shaped Pouch)
PrintWeek India Packaging Converter of the Year Award 2017	Wild Nature paper-based (Zipper Pouch) Ammaas (Poly Bag) Colonel & Co.'s (Peel-able Lid) Paper Boat Badam Milk (Shaped Pouch)
IFCA Star Award 2017	Parachute anti-hairfall (Shrink Sleeve) Santoor (Shrink Sleeve) Kinder Schoko Bons (Shaped Pouch) Kinder Joy Maxi (Thermoformed Pack) True-South single-serve (Profile Pack) Wild Nature paper-based (zipper Pouch) Ammaas (Poly Bag) Brookside (Shaped Pouch)
SIES SOP Star Award 2017	Haldiram's Kesar (Laddoo Pack) Paper Boat Thandai (Shaped Pouch) Paper Boat Badam Milk (Shaped Pouch) Ammaas (Poly Bag) Godrej Ezee (Shrink Sleeve) Kinder Joy Maxi (Thermoformed Pack) Parachute anti-hairfall (Shrink Sleeve)

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

a.	Capital	Nil
b.	Recurring	₹ 106.07 lacs
	Total	₹ 106.07 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.

ANNEXURE TO DIRECTORS' REPORT (contd.)

C. RESEARCH AND DEVELOPMENT:

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

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

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 provisions 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 Rupees 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, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

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

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

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st December, 2017 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, 2017** according to the provisions of:

(i) The Companies Act, 2013 ('the Act'), the Companies Act,1956 and the rules made thereunder;

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

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

(iv) 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 period 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 period 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 period 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 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 in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- All the decisions of the Board and Committees thereof were carried out with requisite majority.

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

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

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

- The National Company Law Tribunal has vide its order No. TCPL 173 of 2017 (681 of 2016) dated 22nd February, 2017 approved the Scheme of Arrangement between the Company and Positive Packaging Industries Limited and the said order was filed with Registrar of Companies, Mumbai on 1st April, 2017.(Effective date of the Scheme).
- The National Company Law Tribunal had vide its order No. TCPL 172 of 2017 (321 of 2016) dated 22nd February, 2017 has approved the for scheme of arrangement and amalgamation for amalgamation of Webtech Labels Private Limited with the Company and the said order was filed with Registrar of Companies, Mumbai, on 1st April, 2017(Effective date of the Scheme).
- The Company has allotted 28,10,000 Equity shares of ₹10 each to the erstwhile Shareholders of Webtech Labels Private Limited, pursuant to Scheme of Arrangement and amalgamation with Webtech Labels Private Limited. The Equity Shares were allotted to the said Shareholders in the exchange ratio of 281 Equity Shares of ₹2/- each of the Company (Huhtamaki PPL Limited) for every 1 Equity Share of ₹10/- each held by them in the erstwhile Webtech Labels Private Limited.

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

S. N. ANANTHASUBRAMANIAN
Partner
FCS 4206 C.P No: 1774

Place: Thane
Date: 23rd March, 2018

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 for the year ended 31st December, 2017 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
FCS 4206, C.P. No: 1774

Place: Thane
Date: 23rd March, 2018

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 2017, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017 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 2017	Ratio of remuneration of each Director to median
1	Mr. Suresh Gupta Executive Chairman	263.98	0.96%	74.1:1
2	Mr. A. Venkatrangan* Managing Director	322.81	NA	90.5:1
3	Dr. Arup Basu** Managing Director	35.84	NA	10.1:1
4	Mr. Arunkumar Gandhi Independent Director	43.05	NA	12.1:1
5	Mr. Ramesh Kumar Dhir Independent Director	16.73	NA	4.7:1
6	Mr. S. K. Palekar Independent Director	25.54	NA	7.2:1
7	Mr. Nripjit Singh Chawla Independent Director	24.54	NA	6.9:1
8	Ms. Sukanya Kripalu Independent Director	24.54	NA	6.9:1
9	Mr. Parag Vyavahare, Chief Financial Officer	120.48	17.91%	33.9:1
10	Mr. Dakshinamurthy Iyer, Company Secretary	48.01	26.63%	13.5:1

* employed till 31st October, 2017 and hence not comparable.
** employed w.e.f 1st November, 2017 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. Further, pursuant to adoption of Ind AS, the Company has recognized charge of INR 1,05,76,693/- with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.*
- *Remuneration paid to Independent Directors consists only sitting fees and Commission for FY 2017 in accordance with provisions of Section 197 (1)(ii) of the Companies Act, 2013.*

II. The percentage increase in median remuneration of employees of the Company during the financial year was 8.2%.

III. The number of permanent employees on the rolls of Company as on December 31, 2017 were 3422.

IV. Average percentage increase made in the salaries of employees other than managerial personnel in the financial year is 8.1%, while the increase in the remuneration of managerial personnel was 5.9%. The aggregate limit of remuneration of managerial personnel was reviewed and revised, keeping in view the need for leveraging experience and expertise as well as rewarding talent and the prevailing trend in the industry.

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 2017

1. **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 provisions of 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 -**

   I) Mr. Suresh Gupta - Chairman

   II) Mr. S. K. Palekar - Member

   III) Dr. Arup Basu - Member*

   **Dr. Arup Basu was appointed as member of CSR Committee w.e.f 7th November, 2017 in place of Mr. A.Venkatrangan, who stepped down from the Company's Board w.e.f 31st October, 2017.*

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

   Pursuant to the provisions of Section 198 of Companies Act, 2013, the average net profits of the Company for the last three years is ₹ 9,752 Lacs.

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

   The Company was required to spend an amount of ₹ 195.04 Lacs towards CSR activities for the Financial year 2017.

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

   a. Total amount spent for the financial year - ₹ 156.85 Lacs

   b. Total amount unspent, if any – ₹ 38.15 Lacs

   c. Manner in which the amount spent during financial year, is detailed 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.	Distribution of note books/ stationery for students in schools, Providing of bicycles to 10th Std students and Computers in schools	Promotion of Education	• Rudrapur (Uttarakhand) • Taloja (Maharashtra) • Silvassa (U T of Dadra & Nagar Haveli, Silvassa)	15.22	15.22	15.22	Direct
2	Providing of Drinking water in Villages	Promoting Healthcare & Rural Development	• Silvassa (U T of Dadra & Nagar Haveli, Silvassa) • Parwanoo (Himachal Pradesh) • Taloja (Maharashtra)	9.09	9.09*	9.09*	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	Providing of equipments for laboratories in Villages and furniture at Primary Healthcare centers.	Rural Development	• Silvassa (U T of Dadra & Nagar Haveli, Silvassa) • Taloja (Maharashtra)	12.83	12.83	12.83	Direct
4	Installation of playground equipments in Primary School and Improvement of School Infrastructure	Promotion of Education	• Silvassa (U T of Dadra& Nagar Haveli, Silvassa) • Taloja (Maharashtra) • Khopoli (Maharashtra)	15.44	15.44*	15.44*	Direct
5	Constructions of toilets and other rural infrastructure in villages	Promoting Healthcare & Rural Development	• Silvassa (U T of Dadra & Nagar Haveli, Silvassa) • Hyderabad (Telangana) • Khopoli (Maharashtra	28.27	28.27*	28.27*	Direct
6	Contribution to Education Trust	Promotion of Education	• Sholapur (Maharashtra) and Dhule (Maharashtra)	110	76	76	Direct
				190.85	**156.85**	**156.85**	

*includes the amount spent for projects approved in previous financial year but completed in Financial year 2017.

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 & implemented 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 at its various plants in the areas of healthcare, education and community/societal development, with some projects having duration of more than one year. The Company was able to fulfil a substantial portion of its required CSR expenditure for the year under review. The Company is in the process of identifying various projects for positively improving the communities we operate in by focusing on sustainability of these projects & empowerment of these communities. Further, the Company regularly spends money on various activities aimed at serving the communities around the factories. The Company will keep up this momentum, despite spends on such social responsibility activities not qualifying as CSR expenses under the Companies Act, 2013.

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, 2017
(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, 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 Fax: 022 - 61740401 E-mail : rohan.naik@ppl.huhtamaki.com Website: www.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. SHAREHOLDING 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-2016]				No. of Shares held at the end of the year[As on 31-December-2017]				% 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	66.21	2.56
Total shareholding of Promoter (A)	**50,003,997**	**Nil**	**50,003,997**	**68.77**	**50,003,997**	**Nil**	**50,003,997**	**66.21**	**2.56**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	4,314,590	2,125	4,316,715	5.94	688,355	Nil	688,355	0.91	5.03
b. Banks / FI	5,475	5,330	10,805	0.01	18,223	5,330	23,553	0.03	0.02
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	175,000	Nil	175,000	0.23	0.23
g. FIIs	606,497	6,250	612,747	0.84	4,238,333	3,750	4,242,083	5.62	4.78
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):-	**4,926,562**	**13,705**	**4,940,267**	**6.79**	**5,119,911**	**9,080**	**5,128,991**	**6.79**	**Nil**
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	13,750,486	989,248	14,739,734	20.27	16,703,695	687,493	17,391,188	23.03	2.76
i. Individual shareholders holding nominal share capital upto ₹ 2 lakh	9,920,639	816,348	10,736,987	14.77	10,777,631	514,593	11,292,224	14.95	0.18
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3,829,847	172,900	4,002,747	5.50	5,926,064	172,900	6,098,964	8.08	2.58
c) Others	3,001,626	26,310	3,027,936	4.17	2,971,711	25,410	2,997,121	3.97	0.2
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	637	Nil	637	0.008	0.008
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):-	**16,752,112**	**1,015,558**	**17,767,670**	**24.44**	**19,676,043**	**712,903**	**20,388,946**	**27.00**	**2.56**

ANNEXURE TO DIRECTORS' REPORT (contd.)

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-December-2016]				No. of Shares held at the end of the year[As on 31-December-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	21,678,674	1,029,263	22,707,937	31.23	24,795,954	721,983	25,517,937	33.79	2.56
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	71,682,671	1,029,263	72,711,934	100	74,799,951	721,983	75,521,934	100	2.56

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	66.21	Nil	2.56

iii. Change in Promoters' Shareholding (please specify, if there is no change) - There is a change in Shareholding %, consequent to allotment of shares pursuant to the NCLT order approving the amalgamation of Webtech Labels Pvt Ltd. with the Company.

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	**Ntasian Discovery Master Fund**				
	At the beginning of the year 01-01-2017	0	0	0	0
	Bought during the year	3,454,300	4.57	3,454,300	4.57
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**3,454,300**	**4.57**	**3,454,300**	**4.57**
2	**Amar Chhajed**				
	At the beginning of the year 01-01-2017	0	0	0	0
	Bought during the year	1,662,958	2.20	1,662,958	2.29
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**1,662,958**	**2.20**	**1,662,958**	**2.29**
3	**Deepak Bhagnani**				
	At the beginning of the year 01-01-2017	855,401	1.13	855,401	1.13
	Bought during the year	112,747	0.15	968,148	1.28
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**968,148**	**1.28**	**968,148**	**1.28**
4	**Shree Capital Services Limited**				
	At the beginning of the year 01-01-2017	948,947	1.25	948,947	1.25
	Bought during the year	0	0	0	0
	Sold during the year	23,047	0	925,900	1.22
	At the end of the year 31-12-2017	**925,900**	**1.22**	**925,900**	**1.22**
5	**Deepak Bhagnani**				
	At the beginning of the year 01-01-2017	535,166	0.70	535,166	0.70
	Bought during the year	55,611	0.07	590,777	0.78
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**590,777**	**0.78**	**590,777**	**0.78**

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
6	**Jitesh Chhajed**				
	At the beginning of the year 01-01-2017	0	0	0	0
	Bought during the year	573,521	0.76	573,521	0.76
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**573,521**	**0.76**	**573,521**	**0.76**
7	**Seema Chhajed**				
	At the beginning of the year 01-01-2017	0	0	0	0
	Bought during the year	546,421	0.72	546,421	0.72
	Sold during the year	1,000	0.01	545,421	0.72
	At the end of the year 31-12-2017	**545,421**	**0.72**	**545,421**	**0.72**
8	**Dolly Khanna**				
	At the beginning of the year 01-01-2017	636,736	0.84	636,736	0.84
	Bought during the year	0	0	0	0
	Sold during the year	218,040	0.28	418,696	0.55
	At the end of the year 31-12-2017	**418,696**	**0.55**	**418,696**	**0.55**
9	**Habrok India Master LP**				
	At the beginning of the year 01-01-2017	0	0	0	0
	Bought during the year	395,224	0.52	395,224	0.52
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**395,224**	**0.52**	**395,224**	**0.52**
10	**UTI - MNC Fund**				
	At the beginning of the year 01-01-2017	356,400	0.47	356,400	0.47
	Bought during the year	0	0	0	0
	Sold during the year	0	0	0	0
	At the end of the year 31-12-2017	**356,400**	**0.47**	**356,400**	**0.47**

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	5000	0.006
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /				
3	decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	**Nil**	**Nil**	**Nil**	**Nil**

* Mr. A. Venkatrangan stepped down as Managing Director w.e.f. 31st October, 2017

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	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**
Change in Indebtedness during the financial year	-		-	
* Addition	-	-	-	-
* Reduction	(267,668,226)	(33,636,367)	-	(301,304,593)
Net Change	(267,668,226)	(33,636,367)	-	(301,304,593)
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	85,439,529	3,976,321,842		4,061,761,371
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	178,320	116,637,729		116,816,049
Total (i+ii+iii)	**85,617,849**	**4,092,959,571**		**4,178,577,420**

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)	Dr Arup Basu** (Managing Director w.e.f 1st November, 2017)	
1	Gross salary	24,795,335	31,642,590	3,446,152	59,884,077
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,640,023	30,515,666	3,245,000	56,400,689
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961(including accruals)	2,155,312	1,126,924	201,152	3,483,388
	(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 (Company's Contribution to PF)	1,602,757	638,100	138,000	2,378,857
	Total (A)	**26,398,092**	**32,280,690**	**3,584,152**	**62,262,934**
	Ceiling as per the Act (being 10% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				**122,992,767**

*Upto 31st October, 2017.

**w.e.f 1st November, 2017.

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	
	Fees for attending Board/ Committee meetings	900,000	520,000	800,000	650,000	650,000	3,520,000
	Commission	3,400,000	1,150,000	1,750,000	1,800,000	1,800,000	9,900,000
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**4,300,000**	**1,670,000**	**2,550,000**	**2,450,000**	**2,450,000**	**13,420,000**
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)	**4,300,000**	**1,670,000**	**2,550,000**	**2,450,000**	**2,450,000**	**13,420,000**
	Total Managerial Remuneration (A+B)						**75,682,934**
	Ceiling as per the Act (being 1% of net profits of the Company calculated as per section 198 of the Companies Act, 2013)						**12,299,277**
	Overall Ceiling as per the Act (being 11% of net profits of the Company calculated as per section 198 of the Companies Act, 2013)						**135,292,044**

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	4,581,596	11,744,368	16,325,964
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	4,228,039	11,285,898	15,513,937
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	353,557	458,470	812,027
	(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	218,916	303,808	522,724
	Total	**NA**	**4,800,512**	**12,048,176**	**16,848,688**

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, 2017.

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, 2017 comprise of 9 (Nine) Directors of whom 2 (Two) are Executive and 7 (Seven) are Non-Executive Directors with 5 (Five) Directors being 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 the requirements of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment in any manner. The Directors are eminently qualified and experienced professionals in business, finance, marketing 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 at the last Annual General Meeting (AGM) held during the year under review is given below:

Sr. No.	Name of the Director	Category	No. of Board Meetings held during FY 2017/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	7	5	Yes
3	Mr. Jukka Moisio	Non-Executive	9	1	Yes
4	Mr. Arunkumar Gandhi	Non-Executive, Independent	9	9	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	9	Yes
8	Ms. Sukanya Kripalu	Non-Executive, Independent	9	9	Yes
9	Mr. Olli Koponen	Non- Executive	9	8	Yes
10	Dr. Arup Basu$	Executive	2	2	NA

*Mr. A. Venkatrangan has stepped down as Managing Director w.e.f. 31st October, 2017;

$ Dr. Arup Basu was appointed as an Additional Director w.e.f 1st November, 2017 to hold the position as Managing Director in place of Mr. A.Venkatrangan;

^Mr. Ramesh K. Dhir steps down as Director from the Board on expiry of his term w.e.f. 30th March, 2018. Prior to his stepping down he was re-appointed for one year w.e.f 31st March, 2017;

During the year 2017, 9 (Nine) Board Meetings were held, i.e. on 21st February 2017, 30th March 2017, 20th April, 2017, 12th May 2017, 12th June 2017, 11th August 2017, 18th September, 2017, 7th November 2017 and 19th December 2017 with time gap not exceeding 4 months between two such meetings. The Annual General Meeting was held on 12th June 2017.

CORPORATE GOVERNANCE (Contd.)

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

Name of the Director	As on 31st December, 2017			
	Other Directorship(s)[1]	Committee positions in other Companies (excluding HPPL)[2]		
		Member	Chairman	Total
Mr. Suresh Gupta	Nil	Nil	Nil	Nil
Mr. Jukka Moisio	Nil	Nil	Nil	Nil
Mr. Arunkumar Gandhi	2	1	1	2
Mr. Ramesh K. Dhir	Nil	Nil	Nil	Nil
Mr. S. K. Palekar	1	Nil	Nil	Nil
Mr. A. Venkatrangan	Nil	Nil	Nil	Nil
Mr. Nripjit Singh Chawla	Nil	Nil	Nil	Nil
Ms. Sukanya Kripalu	3	3	Nil	3
Mr. Olli Koponen	Nil	Nil	Nil	Nil
Dr. Arup Basu	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 reviewed compliance status and reported the same to the Audit Committee.

Relationship between Directors inter-se:

There are no inter-se relationships amongst the Directors.

COMMITTEES OF THE BOARD:

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

a) Audit Committee:

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.

During the Year 2017, Five Audit Committee meetings were held on 21st February 2017, 20th April, 2017, 12th May, 2017, 11th August, 2017 and 7th November, 2017. The time gap between two consecutive meetings of the Audit Committee was not more than four months.

CORPORATE GOVERNANCE (Contd.)

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 2017
Mr. S. K. Palekar – Chairman	M.Sc. (Physics) and Masters in Mgt. Studies (Marketing)	5/5
Mr. Arunkumar Gandhi	FCA - Fellow Member of the Institute of Chartered Accountant of India and Institute of Chartered Accountant in England & Wales	5/5
Mr. Suresh Gupta	Bachelors Degree in Economics and Masters in Mgt. Studies (MMS)	5/5

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

CORPORATE GOVERNANCE (Contd.)

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held in 2017 for addressing 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 2017, two Stakeholders Relationship Committee meetings were held on 21st February, 2017and 11th August, 2017 in which both the Directors were present.

The current composition of the Committee is given hereunder:

Name of the Director	Meetings attended / held during FY 2017
Mr. Ramesh K. Dhir - Chairman	2/2
Mr. S. K. Palekar - Member	2/2

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

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 2017:

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	4	4	2*
Total	**2**	**4**	**4**	**2***

* 2 Complaints are under adjudication with Securities 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 2017
Mr. Suresh Gupta - Chairman	3/3
Mr. S. K. Palekar - Member	3/3
Mr. A. Venkatrangan – Member*	2/2
Dr. Arup Basu – Member*	1/1

*Consequent to the resignation of Mr. A.Venkatrangan as Managing Director w.e.f 31st October, 2017, the Corporate Social Responsibility Committee was reconstituted and Dr. Arup Basu, Managing Director was appointed as member of the CSR Committee on 7th November, 2017.

The Meetings of Corporate Social Responsibility Committee were held on 20th April, 2017, 11th August, 2017 and 7th November, 2017.

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR projects. The Company has adopted a CSR Policy and 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, one Executive Director and one Non-Executive Director. The composition of the Committee and their attendance at the meeting(s) for the Financial year 2017 is given hereunder:

Name of the Director	Meetings attended / held during FY 2017
Mr. Arunkumar Gandhi, Chairman	6/6
Mr. Nripjit Singh Chawla, Member	6/6
Mr. Ramesh K. Dhir, Member*	1/1
Mr. Suresh Gupta, Member*	6/6
Ms. Sukanya Kripalu, Member*	5/6
Mr. Olli Koponen, Member*	4/6

*The Nomination & Remuneration Committee was re-constituted on 21st February, 2017 pursuant to stepping down of Mr. Ramesh Dhir, Independent Director from the Committee. and appointment of Mr. Suresh Gupta - Executive Chairman, Ms. Sukanya Kripalu, Independent Director and Mr. Olli Koponen – Non-Executive Director as members of the Committee.

During the year six meetings of Nomination and Remuneration Committee were held on 21st February, 2017, 30th March, 2017, 12th May, 2017, 12th July, 2017, 18th September, 2017 and 7th November, 2017.

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 Mr. A. Venkatrangan Managing Director (upto 31st October, 2017) and Dr. Arup Basu, Managing Director (w.e.f 1st November, 2017) for the year 2017 is as under:

(Amt. in ₹)

Name of the Director	Salary	HRA	Perquisites	Commission	Total
Mr. Suresh Gupta	17,287,819	5,352,204	3,758,069	-	26,398,092
Mr. A. Venkatrangan*	23,344,249	2,658,750	6,277,691	-	32,280,690
Dr. Arup Basu**	2,670,000	575,000	339,152	-	3,584,152

*Stepped down w.e.f 31st October, 2017
** Appointed w.e.f 1st November, 2017

CORPORATE GOVERNANCE (Contd.)

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 ₹ 4,512,667/- made under "Phantom Stock Scheme" for Mr. A. Venkatrangan, Managing Director.
2. Salary includes incentive of ₹ 2,484,653/- paid to Mr. Suresh Gupta, and ₹ 7,238,874/- to Mr. A Venkatrangan as Management Incentive & Special Incentive based on the Company Performance and achievement of specific targets, respectively.
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. Mr. A. Venkatrangan 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. Further, pursuant to adoption of Ind AS, the Company has recognized charge of INR 6,557,035/- with respect to the mentioned plan and the same has not been considered in the remuneration mentioned above.
5. The above remuneration of Mr. Suresh Gupta, Chairman of the Company does not include ₹ 26,773,166/- paid by Huhtamaki Finance BV, as Senior Advisor for the Huhtamaki Group.
6. Details of service contracts, notice period and severance fees of the Executive Directors:

Name of Director	Mr. Suresh Gupta	Dr. Arup Basu
Date of contract	9th November, 2016	18th September, 2017
Term of Contract	Two Years w.e.f 1st January, 2017	Five Years w.e.f 1st November, 2017
Notice Period	90 days	90 days
Severance fees	Salary and other emoluments for a period of 90 days in lieu of notice;	Salary and other emoluments for a period of 90 days in lieu of notice.

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 2017 are as follows:

(Amount in ₹)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr. Arunkumar Gandhi	450,000	450,000	900,000
Mr. Ramesh K. Dhir	450,000	70,000	520,000
Mr. S. K. Palekar	450,000	350,000	800,000
Mr. Nripjit Singh Chawla	450,000	200,000	650,000
Ms. Sukanya Kripalu	450,000	200,000	650,000
Total	**2,250,000**	**1,310,000**	**3,520,000**

Commission to the Non–Executive Independent Directors of the Company for the year 2017 is as follows :

Names of the Director	Amount in ₹
Mr. Arunkumar Gandhi	3,400,000
Mr. S. K. Palekar	1,750,000
Mr. Ramesh K. Dhir	1,150,000
Mr. Nripjit Singh Chawla	1,800,000
Ms. Sukanya Kripalu	1,800,000
Total	**9,900,000**

Commission payable to each of the Independent Directors as authorized by the Members at 67th Annual General Meeting held on 12th June, 2017, is determined and approved by the Board based on the number of meetings attended and their roles and responsibilities as Chairman/Member of the Board Committee and contribution thereof. The total amount of commission to Non-Executive Independent Directors is within the limit of 1% of the net profits of the Company for the year, calculated as per the provisions of the Companies Act, 2013.

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

CORPORATE GOVERNANCE (Contd.)

d. **Share Transfer Committee**

The Board of Directors has delegated the powers to approve the transfer of shares to a Share Transfer Committee. Consequent to the resignation of Mr. A.Venkatrangan w.e.f 31st October, 2017, the Share Transfer Committee was reconstituted by appointing Dr. Arup Basu, Managing Director as member of the Committee w.e.f 7th November, 2017.

The meetings of the Share Transfer Committee were held on 17th January, 2017, 21st March, 2017, 30th March, 2017, 12th April, 2017, 17th April, 2017, 2nd June, 2017, 11th July, 2017, 28th July, 2017, 16th August, 2017, 22nd August, 2017, 6th September, 2017, 26th September, 2017, 10th October, 2017, 25th October, 2017, 30th October, 2017, 7th November, 2017, 14th November, 2017 and 20th November, 2017.

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. The Share Transfer Committee attends to share transfer formalities at least once in fortnight.

e. **Independent Directors**

Meeting of Independent Directors

Two meetings of Independent Directors as required under Regulation 25 of the Listing Regulations were held on 30th March, 2017 and 6th November, 2017 which were 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 48 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interest.

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

CEO / CFO Certification

Dr. Arup Basu, 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 February, 2018. 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, 2017. 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. Jukka Moisio being longest in office shall retire by rotation at the ensuing Annual General Meeting, and being eligible has offered himself for re-appointment.

Mr. A Venkatrangan was appointed as Managing Director of the Company for a period of 3 years and his term as Managing Director, expired on 6th October, 2017. The Board at its meeting held on 18th September,2017, based on the recommendations of the Nomination and Remuneration Committee approved his re-appointment and remuneration as the Managing Director of the Company for the period, 7th October, 2017 to 31st October, 2017, on the same terms & conditions.

The Board at its meeting held on 18th September, 2017, based on the recommendations of the Nomination and Remuneration Committee approved appointment of Dr. Arup Basu as Additional Director and designated him as Managing

CORPORATE GOVERNANCE (Contd.)

Director of the Company for a period of 5 years w.e.f. 1st November, 2017 and his appointment is subject to approval of shareholders at the ensuing AGM.

B. The brief resume of the above-mentioned Directors are as under:

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

Mr. A. Venkatrangan is a Commerce Graduate and MBA in Finance and Marketing, having a total experience of over 37 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 was Managing Director of Company till 31st October, 2017.

Dr. Arup Basu holds a Ph.D in Technology, Composite Materials from the University of Manchester, Institute of Science and Technology (UMIST), UK, and a Bachelors Degree in Material Science and Engineering from Imperial College, London, UK. He also has an International Baccalaureate Diploma from United World College (UWC) of Atlantic, Wales, UK. He brings with him almost two decades of senior level industry experience. Dr. Arup Basu joins us from Tata Chemicals Ltd (TCL) where he was holding the position of President and Chief Technology Officer and was responsible for new business, technology and innovation. At TCL, Dr. Basu also served as the Chief Operating Officer of Chemicals – Indian Operations and also served as its Vice President of Manufacturing and Head of the Haldia Works, West Bengal. During this tenure, he was Member of Board for the Magadi Soda Company, Kenya and member of the Global Chemicals Council with manufacturing operations spread across Kenya, UK and USA. Prior to this Dr. Basu worked for Accenture, where he was responsible for business development and managing large-scale projects for clients in the industrial space. Before his tenure with Accenture, he worked in a variety of roles at the Indian Aluminium Company and at Tata Motors.

Means of Communication

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

The financial results and other statutory information are communicated to the shareholders by way of advertisement in “Business Standard”, English newspaper having nationwide circulation and “Sakal” Marathi newspaper (local language), as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said results are also made available on the Company’s website: 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 Indian Accounting Standard 24 are disclosed in notes to accounts annexed to the financial statement of Annual Report of the Company for the year 2017. 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 made pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer is responsible for the purpose of these Regulations. The said HPPL Code of Conduct for prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information is published on the website of the Company 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.

Risk Management

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by the Executive Management. The Company has adopted a Business Risk Management Policy which lays down the framework to identify business risks at various levels.

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.

CORPORATE GOVERNANCE (Contd.)

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

ANNUAL GENERAL MEETINGS –

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

Year	Date	Time	Location	Special Resolutions passed
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.
2016	12.06.2017	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	• Approval for payment of Commission to Independent Directors

B. EGM / COURT CONVENED MEETING: The details of Extra-Ordinary General Meeting of the Company is as follows:

Year	Date	Time	Location	Special Resolutions passed
2017	30.03.2017	2.30 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	• Re-appointment of Mr. Arun Kumar Gandhi, Mr. S. K. Palekar, Mr. Nripjit Singh Chawla and Ms. Sukanya Kripalu as Independent Director for a period of three years. • Re-appointment of Mr. Ramesh Dhir as Independent Director for a period of one year. • Re-appointment of Mr. Suresh Gupta as Executive Chairman of the Company for a period of two years.

CORPORATE GOVERNANCE (Contd.)

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
Tuesday, 8th May, 2018	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, 2018	8th May, 2018 (Tuesday)
June, 2018	31st July, 2018 (Tuesday)
September, 2018	1st November, 2018 (Thursday)
December, 2018	Second week of February, 2019

Book Closure Date

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Friday, 27th April, 2018 to Tuesday, 8th May, 2018 (both days inclusive).

Dividend Payment Date

Dividend @ of ₹ 3/- per share (150%) has been recommended by the Board and is subject to the approval of shareholders at the ensuing AGM, the same will be paid on or before Friday, 18th May, 2018 :

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 Thursday, 26th April, 2018 ; 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 Thursday, 26th April, 2018.

Dividend History of the Company

Year	AGM Date	Dividend Rate ₹ (%)
2014	07.05.2015	₹ 2.80 (140%)
2015	10.05.2016	₹ 2.80 (140%)
2016	12.06.2017	₹ 3.00 (150%)

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, 2018 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.

CORPORATE GOVERNANCE (Contd.)

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 2017 to December 2017:

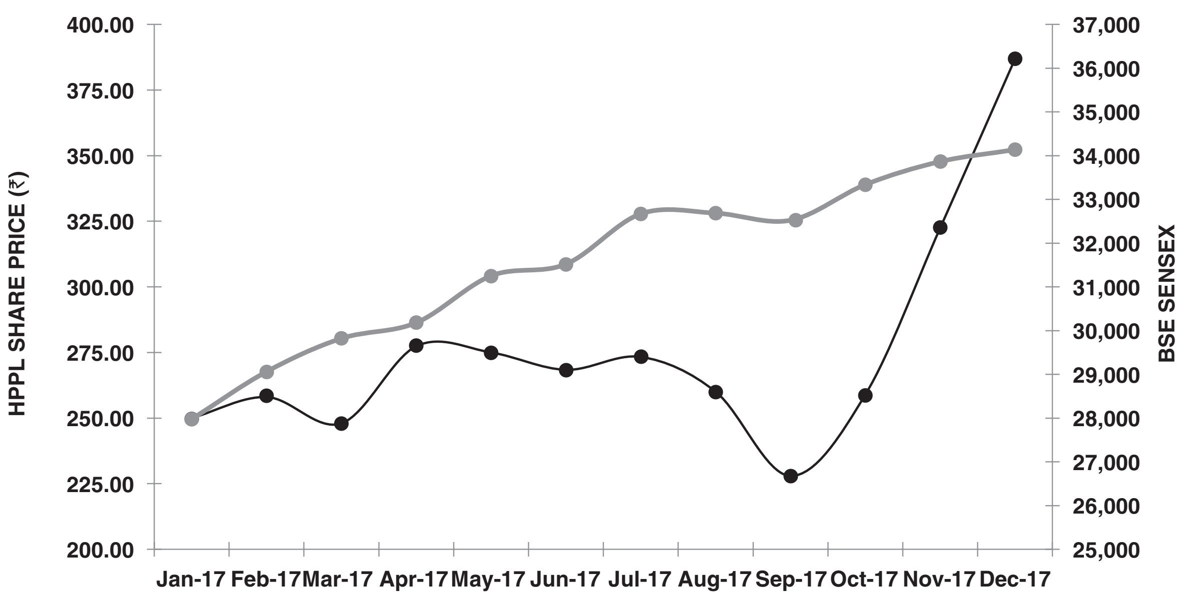
Month & Year	BSE			NSE		
	High (₹/share)	Low (₹/share)	Volume (No. of Shares)	High (₹/share)	Low (₹/share)	Volume (No. of Shares)
Jan-17	250.00	238.00	45,098	250.10	235.10	307,827
Feb-17	258.00	232.00	70,840	258.00	231.50	347,215
Mar-17	248.00	227.00	254,634	248.00	227.55	789,320
Apr-17	277.40	239.95	198,182	276.15	238.35	1,089,078
May-17	275.00	233.00	78,177	274.70	232.00	471,307
Jun-17	268.40	232.00	88,346	269.80	232.15	535,969
Jul-17	273.30	251.70	57,482	274.00	251.25	443,024
Aug-17	260.00	213.00	4,621,966	259.00	213.85	975,485
Sep-17	227.95	201.00	185,739	229.00	200.95	664,311
Oct-17	259.00	215.20	132,631	259.80	215.25	1,380,273
Nov-17	322.55	255.00	323,715	323.50	255.00	177,2500
Dec-17	387.00	305.00	366,311	368.70	304.00	2,205,395

Note:

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

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

COMPANY SHARE PRICE AND BSE SENSEX-HIGH



	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
HPPL HIGH	250.00	258.00	248.00	277.40	275.00	268.40	273.30	260.00	227.95	259.00	322.55	387.00
BSE HIGH	27,980	29,065	29,824	30,184	31,255	31,522	32,672	32,686	32,524	33,340	33,865	34,137

CORPORATE GOVERNANCE (Contd.)

DISTRIBUTION OF SHAREHOLDINGS

Following is the distribution pattern of shareholding of the Company as on 31st December, 2017:

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	66.21
3.	Foreign Institutional Investors	19	4,242,083	5.62
4.	NRI's & OCB's	298	418,614	0.55
5.	Bodies Corporate / NBFC	503	2,959,027	3.92
6.	Banks/ Financial Institutions	5	23,553	0.03
7.	Insurance Companies	0	0	0.00
8.	Mutual Funds	7	688,355	0.91
9.	Resident Individuals	15,742	16,973,211	22.47
10	Trust	2	4,660	0.01
11	IEPF	1	208,434	0.28
Total		**16,578**	**75,521,934**	**100.00**

Distribution of shareholding by number of shares held:

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Up to – 500	12,800	77.21	1,849,222	2.45
501 – 1000	1,746	10.53	1,344,120	1.78
1001 – 2000	897	5.41	1,347,855	1.78
2001 – 3000	368	2.22	925,992	1.23
3001 – 4000	171	1.03	612,072	0.81
4001 – 5000	142	0.86	669,319	0.89
5001 - 10000	235	1.42	1,744,477	2.31
10001 and above	219	1.32	67,028,877	88.75
Total	**16,578**	**100.00**	**75,521,934**	**100.00**

Following is the List of Top Ten Shareholders (other than Promoters) of the Company as on 31st December, 2017:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1	Ntasian Discovery Master Fund	3,454,300	4.57
2	Amar Chhajed	1,662,958	2.20
3	Deepak Bhagnani	968,148	1.28
4	Shree Capital Services Limited	925,900	1.23
5	Deepak Bhagnani	590,777	0.78
6	Jitesh Chhajed	573,521	0.76
7	Seema Chhajed	545,421	0.72
8	Dolly Khanna	418,696	0.55
9	Habrok India Master LP	395,224	0.52
10	UTI-Mid Cap Fund	356,400	0.47
Total		**9,891,345**	**13.08**

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, 2017.

DEMATERIALISATION OF SHARES

As on 31st December, 2017, 99.04% 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, 2017:

Mode of Holding	Number of Shareholders	Number of shares	Percentage
Physical	907	721,983	0.96
Dematerialised	15,671	74,799,951	99.04
Total	**16,578**	**75,521,934**	**100.00**

CORPORATE GOVERNANCE (Contd.)

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

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

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

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

ELECTRONIC CLEARANCE SCHEME (ECS) FOR DIVIDEND

To avoid risk of loss / interception of dividend warrants in postal transit and / or fraudulent encashment, shareholders are requested to avail of the ECS facility where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. Shareholders who desire receipt of their dividend through ECS can obtain the form from the Registrar & Transfer Agents 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 terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter. During the year, the Company has further transferred 208,434 Equity Shares of Rs. 2/- each fully paid up to IEPF Account. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the amount of dividend for the financial year ended 31st December, 2010 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date on which such dividend was due for the payment for the first time, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not encashed their dividend warrant(s) for the Financial Year ended 31st December, 2010 or for any subsequent Financial Years are requested to send their claims to the Registrar and Share Transfer Agents of the Company at the address mentioned in the Annual Report as early as possible failing which it would be transferred to IEPF. The Members/Claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on iepf.gov.in) along with requisite fee as decided by the Authority from time to time. Post making the online application the shareholder shall send the duly signed Form IEPF-5 along with requisite documents to the Registrar and Share Transfer Agents of the Company for verification of the claim and payment/transfer of the shares by IEPF Authority.

The Member/Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules and amendments thereto.

All corporate benefits on such shares viz Bonus shares, split of shares etc. including dividend shall be credited to the IEPF.

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

CORPORATE GOVERNANCE (Contd.)

Debenture Trustee

IDBI Trusteeship Services Limited
Ground Floor, Asian Building, 17, R Kamani Road, Ballard Estate, Fort, Mumbai – 400001, Maharashtra
Tel: + +91 022 40807000, Fax: +91 022 66311776,
Website: www. idbitrustee.com
Email: itsl@idbitrustee.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.

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 February, 2018

To
The Board of Directors
Huhtamaki PPL Ltd.

We the undersigned, in our respective capacities as Chief Executive Officer (MD) and Chief Financial Officer of Huhtamaki PPL Limited, certify that in the preparation of the Financial Accounts for the year ended December 31, 2017:

(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 transaction 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

Dr. Arup Basu
Managing Director
(DIN: 02325890)

Annexure B

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

The Members of
Huhtamaki PPL Ltd.

DECLARATION

As required under Regulation 17 read with Schedule V (D) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, I hereby declare that all the Board members and Senior Management Personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2017.

For Huhtamaki PPL Ltd.

Dr. Arup Basu
Managing Director
(DIN: 02325890)

Mumbai
20th February, 2018

CORPORATE GOVERNANCE (Contd.)

INDEPENDENT AUDITORS' REPORT

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

The Members of
Huhtamaki PPL Limited,
Unit No-12A-06, 13th Floor,
Parinee Crescenzo, Plot No C-38/C-39,
G-Block, Behind MCA,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400051

1. The Corporate Governance Report prepared by Huhtamaki PPL Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended December 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

    i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

    iii. Obtained and read the Directors Register as on December 31, 2017 and verified that at least one women director was on the Board during the year;

    iv. Obtained and read the minutes of the following meetings held from January 1, 2017 to December 31, 2017:

        (a) Board of Directors meeting;

        (b) Audit Committee;

        (c) Annual General Meeting;

        (d) Nomination and Remuneration Committee;

        (e) Stakeholders Relationship Committee;

CORPORATE GOVERNANCE (Contd.)

(f) Independent Directors Meeting; and

(g) Corporate Social Responsibility Committee;

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at December 31, 2017, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

per Vinayak Pujare
Partner
Membership Number: 101143

Place of Signature: Mumbai
Date: March 23, 2018

MANAGEMENT DISCUSSION AND ANALYSIS - 2017

Packaging is the first handshake a consumer has with the product. For over 80 years, Huhtamaki PPL Ltd. (HPPL) has been the leader in providing customised packaging solutions for a vast variety of products, continuously bringing in new technologies and innovation; expanding the application of packaging solutions to an expanding range of items of daily consumption, optimising the usage of packaging materials and manufacturing processes leading to better value for our customers and for consumers.

Macroeconomic Environment

Over the last year, the Government made efforts to revive the Indian economy and to push business to participate in the formal economy. Some of these actions have unfortunately contributed further to the slowdown in growth.

Demonetisaton

The vast majority of Indians buy their items of daily consumption in cash. Demonetisation created chaos in the spending patterns of the common man, partly due to unavailability of cash and partly due to the hardship endured during the period. It also impacted distribution channels. Our customers were significantly hit in the Jan to March quarter; consequently our order inflows had a direct down trending effect. The negative consequences of demonetization took until early Q2 to normalize.

On the positive side, demonetisation led to a significant push towards digital financial transactions. Steps have been taken to further digitise and streamline the economy, with initiatives such as Aadhar linked subsidy schemes, UPI and Startup India, which have improved transparency and reduced red tape. There has been an addition (over and above trend growth) of about 1.8 million in individual income tax filers since November 2016.

GST

Goods and Service Tax Act, which came into force from 1st July 2017 has brought the entire country on one tax platform and interlinked all transactions with a robust Information Technology Network for better transparency and governance. As per Economic Survey 2017-18, there has been 50% increase in unique indirect taxpayers under GST compared with the pre-GST System.

While GST is expected to be a good reform for the country in the medium term, implementation of a huge countrywide momentum of this nature will tend to have a disruptive impact on business in the immediate term. Most of our customers tried to minimize distribution pipelines in the run up to GST implementation. This action had a direct impact on our Q2 business, which had just started settling down after demonetization. HPPL was well prepared on all aspects of GST implementation – understanding concepts, systems design and way of working – and we achieved our planned cut-over for dispatches within 72 hours, even as there was smooth continuity in our manufacturing operations across 15 plants in India. Some of our larger customers were able to react effectively to the new tax regime but many of our customers struggled in the first three weeks of July. There was also a lot of disturbance in distribution chains.

A state of upheaval continued through Q3, as customers implemented new artworks to change pack weight or pack MRP, even as they looked for signals on further changes being announced. Some settling down appeared to be visible in early Q4. And then, the next wave of tax changes were announced on 10th November – where a majority of FMCG goods were taken from the earlier GST slab to a lower tax rate. For example, chocolate, shampoo, hair colorant from 28% to 18%; condensed milk, pasta, mayonnaise from 18% to 12%; peanut chikki, potato flour from 18% to 5%; idli batter, dosa batter, dessicated coconut from 12% to 5%; to name a few. This created another round of changes in artworks and disruption in supply chain. Approximately 80% of our business was impacted.

Another impact of GST – a month before implementation and up to Q4 – was that customers reduced order sizes, placed smaller orders more frequently, requested for postponements in dispatches and at times even cancelled orders as they grappled with a changing environment.

Looking back, year 2017 was a year of setting the base; of demonetisation after effects and GST implementation; of preparing for a brighter future and taking actions to ensure that we are moving in the right direction.

Ease of Doing Business

India jumped 30 spots to 100 in World Bank's ease of doing business ranking for 2018 as a range of government reforms put in place over the past years have started showing a positive direction.

State Elections

Seven important States had General Elections in 2017. Voters have given a clean majority, instead of hung verdict, to the elected Party. Such a verdict has come after a long period, and is likely to help smooth functioning of State Governments towards growth plans.

Union Budget 2018

Union Budget 2018 announced various initiatives for farmers and rural India. Budget aims at doubling the farmers' income by 2022 and value addition of 50% over cost of the production by improving yield of crops and producing at lesser cost. Govt. aims to achieve this by taking a holistic approach including developing and strengthening infrastructure so that farmers – especially small and marginal farmers which constitute 86% of the total – are in position to gain out of Govt. Policies. This will act as a catalyst to boost demand and investments in India. Overall, Union budget has touched upon sectors in a holistic way for all round development of the country.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

2017 – a year with short term impact and long term benefits

Year 2017 has been a mixed year for your company. The far reaching initiatives taken by Government which are beneficial for the Company and society at large in long term has created major disturbances for the market and for your company in the immediate term.

FMCG companies are the main stay of the demand for your company's packaging products. Demonetisation dried up cash in the economy which affected FMCG companies' sales adversely and impacting demand for your company significantly in Q1 2017. Demonetisation is now behind us and 2018 will not have this impact any more.

Prior to GST implementation, FMCG companies' distribution channel minimised their stocks due to the issue of handling input tax credit on opening stock as on the date of implementation of GST. As a result, Q2 2017 saw diminishing demand. In Q4 2017, Govt. announced a major change in GST rates. This resulted in changes in artworks for packaging material, as a result sales was impacted adversely.

In addition, adverse geo-political developments and non availability of foreign exchange in some of the Middle East and African countries made Exports more complex and uncertain. Growing protectionism among some developed and some developing economies also impacted Exports growth.

2017 was a year of stressful periods with the above events occurring at regular intervals. This has disturbed growth in the short term and the Company had a marginal degrowth.

"While facing headwinds, we recognize the potential . . . and have taken actions to embrace a bright future . . ."

We commissioned two new plants in 2017 – Guwahati for flexibles and Sikkim for pressure sensitive labels. These strategic investments take us closer to our customers in the North East and make us a truly pan India packaging solutions provider, with 15 manufacturing locations across India.

We also made investments in our existing plants, to enhance technology capability and capacity.

The legal merger of Positive Packaging Industries Ltd and Webtech Labels Pvt. Ltd. into HPPL was completed in April 2017. Our business, people, ways of working, cultural and now legal integration has been completed. In 2018, we are committed to our final integration step – systems – by implementing our One ERP project.

Our consolidated net sales in the year 2017 moved down to ₹ 2,100 crore from ₹ 2,154 crore in 2016, a degrowth of 2.6%. Consolidated EPS moved down to ₹ 8.42 per share from ₹ 10.80 in the previous year. Sales volume growth in the fast moving consumer goods industry (FMCG) on which your company's performance largely depends was marginally negative. Marketers continued to focus on cost and price points, due to no volume growth.

We moved forward on our established path of customer service, innovation and market expansion. To add to our focus on customer development, we had created an independent New Customer Territory Development (NCTD) team in 2016 which connects with potential customers in new geographies with smaller customers and start-ups. In 2017, we added 140 new companies to our customer base.

"Creativity is a great motivator because it makes people interested in what they are doing. Creativity makes life more fun and more interesting."

Edward de Bono

We continued our drive on new product development through 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.

A new initiative called HPPL Flexible Packaging Design Challenge was launched to further ignite passion for innovation within our team members across the Company. The winners were sponsored to a course at the National Institute of Design. Another initiative was the quarterly award on Print and Graphic Excellence. These initiatives led to the formation of the blue print for the launch of the Operational Excellence initiatives under which select team members have been engaged in cross functional teams to implement projects which will contribute to savings and EBIT.

In the year 2017, we added 198 new brands to our portfolio of products that we package. We successfully commercialised over 200 NASP projects, bringing in new business for HPPL. Our products were recognized by distinguished industry bodies, and received 31 awards from distinguished platforms such as WorldStar, AsiaStar, IndiaStar, PrintWeek India, IFCA Star and SIES SOP Star Awards.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

OPERATIONS REVIEW

Sales Revenues

There was a degrowth in Net sales by 2.6 % to ₹ 2,100 crore in 2017 from ₹ 2,154 crore the previous year.

Other Income

In 2017, Other Income was ₹ 13.6 crore against ₹ 17.6 crore for 2016.

Dividend income reduced from ₹ 10.1 crore in 2016 to ₹ 8.0 crore in 2017, due to reduction in investments.

Interest income amounted to ₹ 1.6 crore in 2017 against ₹ 1.9 crore in 2016 and other miscellaneous income reduced to ₹ 4.0 crore from ₹ 5.6 crore for 2017.

Value Addition

During 2017, Value Addition (VA) decreased in absolute terms to ₹ 672 crores representing 32% of net sales, from ₹ 687 crores – 31.9% of net sales in 2016.

Expenditure

Total expenses, excluding raw material costs, depreciation and financial expenses, amounted to ₹ 484 crore or 23.1% of net sales in 2017 against ₹ 466 crore or 21.6% of net sales in the previous year.

Power and Fuel expenses at 3.7% of net sales increased from ₹ 74.8 crore or 3.5% of net sales in Y 2016 to ₹ 77.2 crore in Y 2017.

Personnel Expenses increased from ₹ 194 crore in 2016 to ₹ 210 crore in 2017.

Depreciation decreased to ₹ 85.2 crore in Y 2017 against ₹ 92.7 crore for 2016. As a percentage of net sales, it dropped to 4.1% from 4.3% in the previous year.

Finance cost for 2017 was ₹ 31.8 crore against ₹ 37.2 crore for the previous year. It largely comprises interest of ₹ 27.1 crore on 7% Unsecured Non-Convertible Debentures issued to Huhtalux s.a.r.l. for acquisition of Positive Packaging Industries Ltd.

PBT, Tax, PAT, Cash Profit

Profit before tax was ₹ 115 crore in 2017 compared to ₹ 133 crore in 2016.

Tax expenses remained flat at ₹ 51.4 crore in 2017 as against ₹ 51.8 crore for 2016 inspite of lower profit as the exemptions enjoyed by Rudrapur and Parwanoo Plants for whole of the year 2016, was no more available from April 2017.

Net Profit after tax for the year 2017 was ₹ 63.6 crore compared to ₹ 81.5 crore for 2016.

Cash Profit, i.e. Profit after tax but before depreciation was ₹ 148.9 crore against ₹ 174.3 crore for the previous year.

Earnings Per Share

Earnings per share for Y 2017 stood at ₹ 8.42 per share against ₹ 10.80 per share for the previous year.

Dividend

The dividend on equity shares is at 150% (₹ 3.00 per share). This will absorb ₹ 27.3 crore (₹ 27.9 crore for 2016) including an amount of ₹ 4.6 crore (₹ 4.8 crore for 2016) towards dividend distribution tax.

Share Capital

Paid up Equity Capital of the company at the end of 2017 remained at ₹ 15.1 crore as against ₹ 14.5 crore at the end of 2016.

Reserves & Surplus (Other Equity)

At the end of the 2017, Reserves and Surplus were at ₹ 494.7 crore against ₹ 534 crore at the end of 2016.

Book value per share stands at ₹ 72.70 against ₹ 70.03 for the previous year.

Borrowings

Long term borrowings at the end of 2017 stood at ₹ 394.2 crore against ₹ 407.6 crore at the end of 2016 comprised mainly of: ₹ 385 crore of 7% Unsecured Non-Convertible Debentures issued to Huhtamaki S.a.r.l. on private placement basis. The Debentures are due for redemption on January 27, 2020.

Debt equity ratio as on 31st December, 2017 was at 0.74:1.

Capital Expenditure and Fixed Assets

Addition to Gross Block for the year 2017 was of ₹ 57.8 crore. Capital work in progress as at 31st Dec 2017 was ₹ 2.1 crore compared to ₹ 2 crore as at 31st December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Inventory

Inventories at the end of 2017 stood at ₹ 191.9 crore against ₹ 182.5 crore at end-2016. Accordingly, holding period increased from 31 days to 33 days.

Debtors

At the end of 2017, Sundry Debtors stood at ₹ 526.5 crore against ₹ 462.8 crore at the end of 2016. Debtors at the end of 2016, represent 92 days of sale against 78 days in 2016.

Current Liabilities

Sundry Creditors for raw materials at the end of 2017 amounted to ₹ 365.4 crore against ₹ 325.8 crore at the end of 2016. Trade creditors represent 64 days of Sales (55 days for the previous year). Other liabilities stood at ₹ 110.4 crore against ₹ 187.2 crore for 2016.

Cash Flow From Operations

During the current year, cash flow from operations amounted to ₹ 96 crore against ₹ 169 crore in 2016.

Return on Capital Employed

With EBIT of ₹ 146.7 crore and capital employed of ₹ 954.8 crore, the ROCE is 15.37%.

Return on Net Worth

With Profit after Tax at ₹ 63.6 crore and Net Worth of ₹ 549.1 crore, the RONW is 11.58%.

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 Auditors team regularly.

The Internal Audit team comprises of qualified professionals. The Internal Audit plan is approved by the Audit Committee at the beginning of the financial year. The team reports significant findings to the Company's Audit Committee.

Frequent interactions with the Statutory Auditors ensure that control objectives are duly aligned 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 macro economic instability, political risk, product pricing, demand and competition, raw material availability and cost, energy availability and cost, employee attrition, shift in consumer behaviour, environmental laws 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.

". . . people will forget what you said, people will forget what you did, but people will never forget how you made them feel."

Maya Angelou

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."

People focus in the year 2017 was marked with change. The HR Council under the leadership of the Chairman and Managing Director provided a clear direction to bring about this change.

One of the key focus areas was to rejuvenate teams at the operating plants and at functional levels. To increase management depth, senior people from industry were recruited in leadership positions. Our Business Leaders, supported by the Human

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Resource team did good work to groom talent internally and source talent from the market, to enhance the Company's technical and operational capabilities.

As a next step in the area of performance management, the appraisal process was re-engineered into a simple, integrated format which was made online. For the first time in the history of the Company, 100% of eligible employees participated in the performance appraisal process on the digitized version.

The Employee Engagement Survey 2017 in which 93% employees participated saw HPPL registering an Employee Engagement score of 81%, Performance Enablement score of 90% and a Manager Effectiveness score of 77%. All these three scores were higher than the India average scores and also surpassed the ones which were recorded in the previous employee engagement survey.

"People Care" continues to be the hallmark of our organization. We augmented our approach by commencing a unique employee counseling service at various locations of our Company. Emboldened by the success in this unique employee wellness program, we are looking at establishing toll free help lines for our employees who may like to use the facility on a 24x7 basis all through the year.

We also continued our focus on enhancing people capability which included interventions like the launch of the Training Calendar under which technical and non-technical training programmes were conducted all through the year. 495 internal faculty members and a few external faculty members conducted 2346 training programs. From the Performance Appraisal process, we created talent pools. Each member of the talent pool went through an Aspiration Management Program which aims at providing varied roles and internal career opportunities for this select group of team members.

We enjoy a strong collaborative industrial relations scenario and all the stakeholders worked in unison to achieve the objectives of the Company.

"The greatest threat to our planet is the belief that someone else will save it."

Robert Swan

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.

This is deep rooted business philosophy – absorbed by and propagated by every single team member of our Company. And we believe it is important to continuously remind ourselves and our environment about this important business approach.

Amongst various types of packaging, manufacture of flexible packaging requires the lowest energy, the lowest material consumption and has the lowest carbon footprint. We are playing a lead role in helping customers to implement 'recyclable' laminate structures and have completed developments for almost every flexible packaging application. We have worked with all elements of our eco-system – for example, customers, material suppliers, packaging machine manufacturers – and created robust solutions which we are offering to the market.

"The best way to predict the future is to create it."

Peter Drucker

The larger, stronger HPPL of today combines the ethics in governance and values which have stood the test of time, with the latest technology, 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 expect to become stronger going forward and are cautiously optimistic in the medium to long term.

Packaging industry is clearly on the growth trajectory and look towards the future with confidence. The hard work that we have done on product innovation and with a solid pipeline of innovation products, we are well poised to take our business forward.

Cautionary Statement

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Huhtamaki PPL Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Huhtamaki PPL Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS financial statements 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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 December 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on December 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017, 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 Ind AS financial statements – Refer Note 45 to the Ind AS financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: February 20, 2018

ANNEXURE TO THE AUDITOR'S REPORT

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

Re: Huhtamaki PPL Limited ('the Company')

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

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

(c) According to the information and explanations given by the management, the title deeds of immovable properties, 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 ₹ 2,186.82 Lacs (net block ₹ 2,075.05 Lacs) as at 31st December, 2017 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, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon. The Company has complied with the provisions of Section 186 of the Act with respect to investments. The Company has not provided any loan, guarantee, or security to the parties covered under section 186 of the Act.

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

(vi) We have broadly reviewed the books of accounts 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) The Company is regular in depositing with appropriate authorities 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, goods and service tax and other statutory dues applicable to it.

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, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise and value added tax 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	22.46
		2007-2009	High Court	70.88
		2007-2014	CIT Appeals	399.44
State and Central Sales Tax Act	VAT/CST	2003-2014	Commissioner (Appeals)	162.99
		2005-2008	Sales tax Appellate Tribunal	34.20
Finance Act 1994 - Service Tax	Service Tax	2007-2016	Commissioner (Appeals)	113.40
		2008-2015	Customs Excise and Service Tax Appellate Tribunal	33.04
		2008-2015	Range Superintendent	1.52

ANNEXURE TO THE AUDITOR'S 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	831.15
		2001-2007	High Court	1.92
		1997-2000 2013-2017	Commissioner (Appeals)	73.01
		1998-2000, 2005-2006	Commissioner	11.31
		1997-1998, 2004-2005, 2009-2010, 2016-2017	Deputy Commissioner	4.05
		2015-2017	Superintendent Excise	6.00
		2008-2010	Joint Secretary	3.82
Customs Act, 1962	Customs Duty	2012-2013	Customs Excise and Service Tax Appellate Tribunal	3.19
		2004-2008	Commissioner	38.27
		2010-2011, 2014-2015	Deputy Commissioner	3.12
		2006-2008, 2009 -2013	Assistant Commissioner	0.53

(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 on the Company by the officers and employees of the Company has been noticed or reported during the year.

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

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

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

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

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

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

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

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: February 20, 2018

ANNEXURE TO THE AUDITORS' REPORT (contd.)

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

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

We have audited the internal financial controls over financial reporting of Huhtamaki PPL Limited ("the Company") as of December 31, 2017 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.

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.

ANNEXURE TO THE AUDITORS' REPORT (contd.)

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 December 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: February 20, 2018

BALANCE SHEET

As at 31st December 2017

(All amounts in ₹ lacs, unless otherwise stated)

	Notes	As at 31 December 2017 INR Lacs	As at 31 December 2016 INR Lacs	As at 1 January 2016 INR Lacs
Assets				
Non-Current Assets				
Property, Plant and Equipment	4	**42,641.02**	45,052.18	52,018.07
Capital work-in-progress	4	**206.83**	199.47	379.45
Goodwill	5	**968.80**	968.80	968.80
Other Intangible Assets	5	**117.64**	440.97	734.19
Financial assets				
- Investments	6	**0.03**	0.03	0.03
- Loans	7	**919.39**	807.90	747.58
- Other Financial Assets	8	**10.01**	4.68	15.97
Deferred Tax Assets (net)	9	**1,019.09**	1,870.63	1,207.55
Non-Current Tax Assets (net)	10	**546.32**	401.97	311.85
Other Non-Current Assets	11	**2,789.50**	2,590.24	2,365.81
		49,218.63	52,336.87	58,749.30
Current Assets				
Inventories	12	**19,187.32**	18,250.05	15,613.13
Financial assets				
- Investments	13	**13,749.79**	19,501.66	20,662.62
- Trade Receivables	14	**52,651.82**	46,279.09	41,886.69
- Cash and Cash Equivalents	15	**4,436.36**	3,107.22	1,532.60
- Bank balances other than Cash and cash equivalents	16	**32.90**	2.50	4.00
- Loans	17	**99.33**	260.59	230.83
- Other Financial Assets	18	**143.24**	107.03	50.87
Other Current Assets	19	**3,966.71**	4,726.33	5,167.68
		94,267.47	92,234.47	85,148.42
Total Assets		**143,486.10**	144,571.34	143,897.72
Equity and Liabilities				
Equity				
Equity Share Capital	20	**1,510.53**	1,454.33	1,454.33
Other Equity	21	**53,396.07**	49,466.41	43,558.48
Total Equity		**54,906.60**	50,920.74	45,012.81
Non-Current Liabilities				
Financial liabilities				
- Borrowings	23	**39,423.65**	40,762.61	43,427.00
- Other Financial Liabilities	24	**164.62**	148.48	3,448.41
Provisions	25	**324.34**	398.20	331.05
Other Non-Current Liabilities	26	**1,092.52**	1,037.78	1,356.96
		41,005.13	42,347.07	48,563.42
Current Liabilities				
Financial liabilities				
- Borrowings	27	**-**	17.54	5,156.23
-Trade Payables	28			
Due to Micro and Small Enterprises		**558.21**	488.42	373.62
Due to Others		**35,981.38**	32,090.66	28,299.89
- Other Financial Liabilities	29	**6,883.18**	13,575.89	11,281.05
Other Current Liabilities	30	**1,155.13**	1,813.03	1,499.90
Provisions	31	**1,839.35**	1,679.75	1,951.80
Current Tax Liabilities (net)	32	**1,157.12**	1,638.24	1,759.00
		47,574.37	51,303.53	50,321.49
Total Equity and Liabilities		**143,486.10**	144,571.34	143,897.72
Significant Accounting Policies	3			

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

per Vinayak Pujare
Partner
Membership No.101143

Mumbai, 20 February 2018

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

Dr.Arup Basu
Managing Director
DIN: 02325890

S K Palekar
Director & Chairman of Audit Committee
DIN : 01723670

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
ACS No. 13004

Olli Koponen
Non-Executive Director
DIN : 07370927

Mumbai, 20 February 2018

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2017

(All amounts in ₹ lacs, unless otherwise stated)

	Notes	Year ended 31st December 2017	Year ended 31st December 2016
Revenue from Operations	33	**222,968.60**	236,029.52
Other Income	34	**1,357.99**	1,756.49
Total Income		**224,326.59**	237,786.01
Expenses			
Cost of Materials Consumed	35	**142,500.00**	147,284.75
Changes in Inventories of Finished Goods and Work-in-Process	36	**329.57**	(574.45)
Excise duty on sale of goods	37	**9,874.38**	17,913.73
Employee benefits expenses	38	**20,912.07**	19,425.40
Finance costs	40	**3,176.67**	3,723.71
Depreciation and amortisation expenses	39	**8,524.59**	9,275.78
Other expenses	41	**27,512.23**	27,148.70
Total Expenses		**212,829.51**	224,197.62
Profit before exceptional items and tax		**11,497.08**	13,588.39
Exceptional items	42	**-**	255.00
Profit before tax		**11,497.08**	13,333.39
Tax expenses			
Current tax		**5,360.18**	5,864.94
Adjustment of Tax relating to earlier periods (Current Tax)		**80.74**	110.00
Adjustment of Tax relating to earlier periods (Deferred Tax)		**(266.48)**	-
Deferred Tax		**(38.96)**	(795.66)
Profit for the year		**6,361.60**	8,154.11
Other Comprehensive Income			
Other Comprehensive income / (expenses) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans		**101.10**	(71.14)
Income tax effect		**(34.98)**	24.62
Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods		**66.12**	(46.52)
Other comprehensive gain / (loss) for the year, net of tax		**66.12**	(46.52)
Total Comprehensive Income for the period		**6,427.72**	8,107.59
Earnings per equity share	44		
Basic and Diluted (Face value of ₹ 2 each) including exceptional Items		**8.42**	10.80
Basic and Diluted (Face value of ₹ 2 each) excluding exceptional Items		**8.42**	11.13
Significant Accounting Policies	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

per Vinayak Pujare
Partner
Membership No.101143

Mumbai, 20 February 2018

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

Dr.Arup Basu
Managing Director
DIN: 02325890

S K Palekar
Director & Chairman of Audit Committee
DIN : 01723670

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
ACS No. 13004

Olli Koponen
Non-Executive Director
DIN : 07370927

Mumbai, 20 February 2018

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

a. Equity Share Capital:

Equity shares of ₹ 2 each Issued, subscribed and fully paid	**In Nos.**	**₹ in Lacs**
At 1 January 2016 (includes amount received on Forfeited shares ₹ 0.09 lacs)	72,711,934	1,454.33
Changes in equity share capital during the year 2016	-	-
At 31 December 2016	**72,711,934**	**1,454.33**
Changes in equity share capital during the year 2017 (Refer Note 53)	2,810,000	56.20
At 31 December 2017	**75,521,934**	**1,510.53**

b. Other Equity:

For the year ended 31 December 2017

	Share Options Outstanding Account	Share Suspense account	Reserves and Surplus			Items of Other Comprehensive Income	Total Other Equity
			Debentures Redemption Reserve	General Reserve	Retained Earnings		
As at 1st January 2016	99.30	56.20	1,925.00	6,957.45	34,520.53	-	43,558.48
Profit for the Year	-	-	-	-	8,154.11	-	8,154.11
Other Comprehensive Income/(Loss) for the year	-	-	-	-		(46.52)	(46.52)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**8,154.11**	**(46.52)**	**8,107.59**
Dividend on Equity Shares for the year (Refer Note 22)	-	-	-	-	(2,035.93)	-	(2,035.93)
Dividend distribution tax (Refer Note 22)	-	-	-	-	(414.47)	-	(414.47)
Transfer to Debenture Redemption Reserve	-	-	1,925.00	-	(1,925.00)	-	-
Transfer to General Reserve	-	-	-	887.00	(887.00)	-	-
Recognition of share-based payments (Refer Note 47)	250.74	-	-	-	-	-	250.74
As at 31st December 2016	**350.04**	**56.20**	**3,850.00**	**7,844.45**	**37,412.24**	**(46.52)**	**49,466.41**
Profit for the Year	-	-	-	-	6,361.60	-	6,361.60
Other Comprehensive Income for the year	-	-	-	-		66.12	66.12
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**6,361.60**	**66.12**	**6,427.72**
Dividend on Equity Shares for the year (Refer Note 22)	-	-	-	-	(2,305.66)	-	(2,305.66)
Dividend distribution tax (Refer Note 22)	-	-	-	-	(477.85)	-	(477.85)
Transfer to Debenture Redemption Reserve	-	-	1,925.00	-	(1,925.00)	-	-
Issue of Shares (Refer Note 53)		(56.20)	-	-	-	-	(56.20)
Recognition of share-based payments (Refer Note 47)	341.65	-	-	-	-	-	341.65
As at 31st December 2017	**691.69**	**-**	**5,775.00**	**7,844.45**	**39,065.33**	**19.60**	**53,396.07**

a. Refer Note 21 for nature and purpose of reserves

Refer Note 3 for Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

per Vinayak Pujare
Partner
Membership No.101143

Mumbai, 20 February 2018

For and on behalf of the Board of Directors

Suresh Gupta
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Olli Koponen
Non-Executive Director
DIN : 07370927

Mumbai, 20 February 2018

CASH FLOW STATEMENT

For the year ended 31st December 2017

		31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
A .	**Cash Flow from Operating activities**		
	Net Profit before Tax and exceptional items	**11,497.08**	13,588.39
	Adjustments for		
	Depreciation and Amortisation	**8,524.59**	9,275.78
	Unrealised Foreign Exchange Loss/(Gain) (Net)	**(23.26)**	(17.68)
	Interest Income	**(163.28)**	(192.36)
	Dividend Income	**(796.85)**	(1,005.28)
	Finance Cost	**2,961.61**	3,366.12
	Unwinding of Discount on Liabilities	**197.71**	324.27
	Net Interest on net defined benefit liability	**17.35**	33.32
	Provision for Doubtful Debts made / (Written back)	**60.79**	21.07
	Bad debts written off	**5.89**	2.19
	(Profit)/Loss on Current Investments measured at fair value through Profit and Loss	**(10.99)**	9.58
	(Profit)/Loss on Sale of Current Investments	**9.89**	(9.52)
	Fixed Assets Written Off	**1.53**	9.31
	Provision for Sales Tax made/(Written back)	**(2.37)**	(79.20)
	Mark-to-market (gain)/loss on derivative financial instruments	**(71.29)**	(23.37)
	Group Stock Option Arrangement	**341.65**	250.74
	Stock Appreciation Right Scheme	**54.15**	25.92
	(Profit)/Loss on Sale of Fixed Assets (Net)	**(25.05)**	19.82
Cash Generated from Operations before working capital changes		**22,579.15**	25,599.10
Working capital adjustments			
	Adjustments for		
	(Increase)/Decrease in Trade Receivables	**(6,366.91)**	(4,402.02)
	(Increase)/Decrease in Inventories	**(937.27)**	(2,636.92)
	(Increase)/Decrease in Non-current and current financial assets	**56.60**	(92.26)
	(Increase)/Decrease in Non-current and current assets	**1,271.57**	589.51
	Increase/(Decrease) in Trade Payables	**3,911.27**	3,909.58
	Increase/(Decrease) in Other Non-current and current financial liabilities	**(5,535.12)**	199.06
	Increase/(Decrease) in Other Non-current and current liabilities	**(603.16)**	(6.05)
	Increase/(Decrease) in Non-current and current provisions	**171.87**	(230.16)
	Cash Generated from Operations	**14,548.00**	22,929.84
	Taxes paid (net of refunds)	**(4,944.39)**	(6,028.61)
	Net cash flows from operating activities	**9,603.61**	16,901.23
	Exceptional Item (Refer Note 42)	**-**	255.00
	Net cash (used in)/generated from operating activities - A	**9,603.61**	16,646.23
B.	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment	**(6,284.41)**	(2,440.43)
	Proceeds from Sale of property, plant and equipment	**36.16**	63.82
	Purchase of Current Investments	**(28,487.88)**	(27,259.50)
	Sale of Current Investments	**34,240.85**	28,420.40
	(Investment)/Proceeds in/from deposits with Bank	**(35.73)**	12.79
	Dividend Received	**796.85**	1,005.28
	Interest Received	**191.53**	161.75
	Net cash flows from / (used in) Investing activities - B	**457.37**	(35.89)

CASH FLOW STATEMENT

For the year ended 31st December 2017

		31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
C.	**Cash Flow from Financing activities**		
	Interest paid	**(2,938.64)**	(3,353.25)
	Repayment of sales tax deferral loan	**(325.62)**	(343.05)
	Repayment of long term borrowings	**(2,667.06)**	(3,754.45)
	Repayment of short term borrowings	**(17.54)**	(5,138.69)
	Dividends paid (including dividend tax thereon)	**(2,782.98)**	(2,446.28)
	Net cash flows from / (used in) financing activities - C	**(8,731.84)**	(15,035.72)
	Net increase / (decrease) in cash andcash equivalents -(A+B+C)	**1,329.14**	1,574.62
	Cash and cash equivalents at the beginning of the year	**3,107.22**	1,532.60
	Cash and cash equivalents at the end of the year	**4,436.36**	3,107.22

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

per Vinayak Pujare
Partner
Membership No.101143

Mumbai, 20 February 2018

For and on behalf of the Board of Directors

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Company Secretary
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Olli Koponen
Non-Executive Director
DIN : 07370927

Mumbai, 20 February 2018

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

1. Corporate information

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

2. Basis of Preparation, Measurement and Significant Accounting Policies

A. Basis of Preparation

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

These financial statements for the year ended 31st December, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended 31st December, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Amended thereof') (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31st December, 2016 and the opening Balance Sheet as at 1st January, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 54.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st January, 2016 being the 'date of transition to Ind AS'. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements for the year ended December 31, 2017 were approved by the Board of Directors and authorised for issue on February 20, 2018.

B. Basis of Measurement

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

The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs, except otherwise indicated.

C. Key Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Measurement of defined benefit obligations – Refer Note 46
- Measurement and likelihood of occurrence of provisions and contingencies – Refer Note 45
- Recognition of deferred tax assets – Refer Note 9
- Impairment of Intangibles – Refer Note 5
- Measurement of useful lives for property, plant and equipment and intangible assets – Refer accounting policy on Depreciation below.
- Measurement of Share Based Payments – Refer Note 47
- Measurement of Fair values – Refer Note 50

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

D. Recent Accounting Developments

The standards issued, but not yet effective up to the date of issuance of the Company Financial Statements are discussed below. The Company intends to adopt these standards when they become effective. The Company is evaluating the requirements of following amendments along with the effect of such amendments on the financial statements.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

3. Significant accounting policies

a) Property, plant and equipment

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

Transition to Ind AS

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e. 1st January 2016.

b) Intangibles

- Intangible Assets acquired seperately are measured on intial recognition at cost. Following, intial recognition, intangible assets with finite lives 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.
- The useful lives of intangible assets are assessed as either finite or indefinite.
- Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

- Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
- Gains or losses arising on retirement or disposal of Intangible assets are recognised in the Statement of Profit and Loss.

Transition to Ind AS

Upon first-time adoption of Ind AS, the Company has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st January 2016.

c) Depreciation and amortisation :

Property, plant and equipments

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

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

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

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

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

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

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

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

Intangible Assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

d) **Financial instruments**

Financial assets

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

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

Subsequent measurement

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

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

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

Financial asset at amortised cost

An instrument is measured at the amortised cost if (i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and (ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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

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

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

De-recognition

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Loans and Borrowings

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

Derecognition

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

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

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

Offsetting of financial instruments

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

e) Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instruments, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

g) Foreign Currency Transactions

- The Company's financial statements are presented in INR which is also the functional currency. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss 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 statement of profit and loss.
- Non-monetary foreign currency items are carried at cost, determined using exchange rate at the date of initial recognition

h) Inventories

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

i) Revenue Recognition

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 as per the terms of the contract, there is no continuing managerial involvement with the goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Sales are net of returns & discounts.

Revenue from services is recognised on the basis of contractual arrangements as and when services are rendered.

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

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

j) Retirement and Other Employee benefits

(i) Short-term employee benefits

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

(ii) Retirement Benefits

a. Defined Contribution Plans:

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

b. Defined Benefit Plans:

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

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

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

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

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

c. Other Long Term Employment Benefits :

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

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

k) Taxation

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

l) Leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

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

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

m) Impairment of non-financial assets

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

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

n) Government Grants and Subsidies

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

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

o) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

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

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

p) Share-based payments

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

Equity Settled Transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date upto, and including the settlement date, with changes in fair value recognised in employee benefits expense.

q) Research Expenditure

Research expenditure of a revenue nature is charged off in the year in which it is incurred and expenditure of a capital nature is capitalised to fixed assets.

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

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

r) Earnings Per Share (EPS)

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

s) Cash and Cash Equivalents

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

t) Business Combinations

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

Note 4: Property, Plant and Equipment

A. Property, Plant and Equipment

Particulars	Freehold land	Leasehold land	Leasehold Improvement	Buildings	Plant & Machinery	Computers	Vehicles	Furniture & fixtures	Office equipments	Total
Gross Block										
At 1 January 2016 (Deemed Cost)	690.00	2,249.23	2.24	10,302.60	37,182.76	364.58	177.27	690.25	359.14	52,018.07
Additions	-	-	-	243.18	1,219.81	299.76	8.35	167.33	62.88	2,001.31
Disposals	-	-	-	2.57	73.54	2.08	27.49	8.69	0.92	115.29
At 31 December 2016	690.00	2,249.23	2.24	10,543.21	38,329.03	662.26	158.13	848.89	421.10	53,904.09
Additions	-	19.32	-	199.78	4,954.64	130.91	28.96	354.77	90.04	5,778.42
Disposals	-	-	1.05	0.03	21.91	3.57	8.48	2.35	3.49	40.88
At 31 December 2017	690.00	2,268.55	1.19	10,742.96	43,261.76	789.60	178.61	1,201.31	507.65	59,641.63
Accumulated depreciation										
At 1 January 2016	-	-	-	-	-	-	-	-	-	-
Additions	-	111.10	1.80	1,183.87	7,038.28	212.14	49.67	148.51	128.88	8,874.25
Disposals	-	-	-	0.22	15.03	0.37	4.22	2.07	0.43	22.34
At 31 December 2016	-	111.10	1.80	1,183.65	7,023.25	211.77	45.45	146.44	128.45	8,851.91
Additions	-	8.62	0.19	1,071.33	6,530.72	228.67	42.79	168.21	126.41	8,176.94
Disposals	-	-	1.05	0.01	13.30	2.52	5.93	2.03	3.40	28.24
At 31 December 2017	-	119.72	0.94	2,254.97	13,540.67	437.92	82.31	312.62	251.46	17,000.61
Net Book Value										
At 31 December 2017	**690.00**	**2,148.83**	**0.25**	**8,487.99**	**29,721.09**	**351.68**	**96.30**	**888.69**	**256.19**	**42,641.02**
At 31 December 2016	**690.00**	**2,138.13**	**0.44**	**9,359.56**	**31,305.78**	**450.49**	**112.68**	**702.45**	**292.65**	**45,052.18**
At 1 January 2016	**690.00**	**2,249.23**	**2.24**	**10,302.60**	**37,182.76**	**364.58**	**177.27**	**690.25**	**359.14**	**52,018.07**

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e. 31 December 2015 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e. 1st January 2016.

Immovable Properties (Leasehold Land) with a Gross Block value of ₹ 2,186.82 lacs (Net block ₹ 2,075.05 lacs) as at 31 December 2017 are held in the name of erstwhile Positive Packaging Industries Limited on account of amalgamation for which Company is in the process of registering the title deeds in its name.

B. Capital Work in Progress

Capital work in progress as at 31 December 2017 is ₹ 206.83 lacs (31 December 2016 : ₹ 199.47 lacs and 1 January 2016 : ₹ 379.45 lacs)

For contractual commitment with respect to property, plant and equipment refer note 45.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 5: Intangible assets

Particulars	Goodwill	Other Intangible assets			Total
		Non-Compete Fees	Computer - Software	Club Membership	
Gross Block					
At 1 January 2016 (Deemed Cost)	**968.80**	**151.08**	**557.10**	**26.01**	**734.19**
Additions	-	-	108.31	-	108.31
Disposals	-	-	-	-	-
At 31 December 2016	**968.80**	**151.08**	**665.41**	**26.01**	**842.50**
Additions	-	-	24.32	-	24.32
Disposals	-	-	-	-	-
At 31 December 2017	**968.80**	**151.08**	**689.73**	**26.01**	**866.82**
Accumulated Amortization					
At 1 January 2016	-	-	-	-	-
Additions	-	82.80	313.22	5.51	401.53
Disposals	-	-	-	-	-
At 31 December 2016	-	82.80	313.22	5.51	401.53
Additions	-	68.28	273.86	5.51	347.65
Disposals	-	-	-	-	-
At 31 December 2017	**-**	**151.08**	**587.08**	**11.02**	**749.18**
Net Book Value					
At 31 December 2017	**968.80**	**-**	**102.65**	**14.99**	**117.64**
At 31 December 2016	**968.80**	**68.28**	**352.19**	**20.50**	**440.97**
At 1 January 2016	**968.80**	**151.08**	**557.10**	**26.01**	**734.19**

The Company has elected to measure all its intangibles at the previous GAAP carrying amount i.e. 31 December 2015 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e. 1st January 2016.

Impairment Charges

Goodwill has been tested for impairment and accordingly no impairment charges were identified for the year 2017 and 2016.

Goodwill of ₹ 968.80 lacs pertains to Webtech Lables Private Limited (merged with Huhtamaki PPL Limited - Refer Note 53).

Following Key assumptions were considered while performing Impairment Testing

a. Long Term sustainable growth rates - 5%

b. Weighted Average Cost of Capital % before Tax (Discount Rate) - 12%

The Projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cashflows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount to be less than carrying value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 6: Financial Assets - Non-Current Investments

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Investments at fair value through Profit & Loss (fully paid)			
Unquoted Equity Shares			
100 Equity shares (31 December 2016 - 100 and 1 January 2016 - 100) of ₹ 25 each fully paid up in Shamrao Vithal Co-Operative Bank Ltd	**0.03**	0.03	0.03
	0.03	0.03	0.03

Note 7: Financial Assets - Long Term Loans (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Security Deposit	**879.17**	794.18	718.75
Loans and Advances to employees	**40.22**	13.72	28.83
	919.39	807.90	747.58

Refer Note 51 for information about credit risk and market risk for loans

Note 8: Other Long Term Financial assets (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Margin Money deposit	**3.38**	3.38	3.38
Non-Current bank balances being Deposits with original maturity of more than 12 months	**6.63**	1.30	12.59
	10.01	4.68	15.97

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

Refer Note 51 for information about credit risk and market risk for Other financial assets

Note 9 - Income Taxes

A. Components of Income Tax Expense

Particulars	**Year ended 31 December 2017**	**Year ended 31 December 2016**
I. Tax Expense recognized in the Statement of Profit and Loss		
Current Tax		
- Current Year	**5,360.18**	5,864.94
- Adjustments/(credits) related to previous years - (net)	**80.74**	110.00
Total (A)	**5,440.92**	5,974.94
Deferred Tax charge/(credit)		
- Origination and reversal of temporary differences	**(38.96)**	(795.66)
- Adjustments/(credits) related to previous years - (net)	**(266.48)**	-
Total (B)	**(305.44)**	(795.66)
Total (A+B)	**5,135.48**	5,179.28
II. Tax on Other Comprehensive Income		
Deferred Tax		
Re-measurement (gains) / losses on defined benefit plans	**34.98**	(24.62)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

B. Reconciliation of Effective Tax Rate

The reconciliation between the statuory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

Particulars	Year ended 31 December 2017	Year ended 31 December 2016
Statutory Income Tax Rate	**34.61%**	34.61%
Differences due to:		
- (Income)/Loss from units under Tax holiday period	**2.50%**	-3.15%
- Income Exempt from Tax	**-1.76%**	-2.20%
- Income Tax Incentives (R & D)	**-0.30%**	-0.25%
- Prior year tax adjustment	**-1.60%**	0.83%
- Others (mainly includes expenses on account of permanent disallowance)	**11.13%**	9.03%
	44.58%	38.87%

C. Movement in Deferred Tax Assets and Liabilities

I. Movement during the year ended 31 December 2016	As at 1 Jan 2016	Credit / (charge) in the Statement of Profit and loss	Credit / (charge) in Other Comprehensive Income	Utilisation of Unused Tax credits	As at 31 Dec 2016
Deferred tax assets/(liabilities)					
Expenses allowable for tax purposes when paid	142.17	192.45	-	-	334.62
Provision for doubtful debts	62.49	6.10	-	-	68.59
Provision for retirement benefits	524.02	(131.76)	24.62	-	416.88
Depreciation	(800.33)	728.87	-	-	(71.46)
Unused Tax Credits	1,279.20	-	-	(157.20)	1,122.00
Total	**1,207.55**	**795.66**	**24.62**	**(157.20)**	**1,870.63**

II. Movement during the year ended 31 December 2017	As at 1 Jan 2017	Credit / (charge) in the Statement of Profit and loss	Credit / (charge) in Other Comprehensive Income	Utilisation of Unused Tax credits	As at 31 Dec 2017
Deferred tax assets/ (liabilities)					
Expenses allowable for tax purposes when paid	**334.62**	(26.38)	-	-	**308.24**
Provision for doubtful debts	**68.59**	21.04	-	-	**89.63**
Provision for retirement benefits	**416.88**	108.69	(34.98)	-	**490.59**
Depreciation	**(71.46)**	698.64	-	-	**627.18**
Unused Tax Credits	**1,122.00**	-	-	(1,122.00)	**-**
Liability in respect of losses pertaining to tax holiday units	**-**	(496.55)	-	-	**(496.55)**
Total	**1,870.63**	**305.44**	**(34.98)**	**(1,122.00)**	**1,019.09**

Note 10: Non-current tax assets (Net)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Non-Current Tax Assets (net)	**546.32**	401.97	311.85
	546.32	401.97	311.85

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 11: Other Non-current assets (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Prepaid Expenses	**762.40**	732.83	737.00
Balances with Customs, Excise, Sales Tax and GST Authorities etc	**765.16**	1,243.80	1,410.82
Capital Advances	**1,234.67**	523.46	150.87
Others	**27.27**	90.15	67.12
	2,789.50	2,590.24	2,365.81

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Raw Materials and Components [includes in transit ₹ 1,130.86 Lacs (31st December 2016: ₹ 988.82 Lacs and 1st January 2016: ₹ 277.34 Lacs)]	**11,545.64**	9,871.03	8,251.75
Work in Process	**3,259.07**	3,269.14	2,827.45
Finished Goods	**1,459.81**	2,010.18	1,799.23
Stores & Spares	**1,826.51**	1,844.59	1,811.13
Loose Tools	**1,096.29**	1,255.11	923.57
	19,187.32	18,250.05	15,613.13

Amount of write down of inventories to net realisable value and other provisions recognized in statement of profit and loss as an expense/(reversal of provisons) is ₹ (178.65) lacs (31 December 2016 - ₹ 170.58 lacs).

Note 13: Current Investments

At fair value through Profit & Loss Quoted	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Investment in Mutual Funds			
Aditya Birla Sun Life Floating Rate Fund-STP-DDR (31 Dec 17 - 1,333,828 Nos, 31 Dec 16 - 2,382,452 Nos, 1st Jan 16 - 3,525,397 Nos.) (Face Value: ₹100)	**1,334.10**	2,382.93	3,526.11
Kotak Floater Short Term Fund -DDR (31 Dec 17 - 252,572 Nos, 31 Dec 16 - 146,729 Nos, 1st Jan 16 - 361,706 Nos.) (Face Value: ₹ 1,012)	**2,555.07**	1,484.34	3,659.10
DHL Pramerica Insta Cash Plus Fund-DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - 1,297,737 Nos, 1st Jan 16 - Nil Nos.) (Face Value: ₹ 100)	**-**	1,301.68	-
Kotak Low Duration Fund - Std - Weekly Dividend (31 Dec 17 - Nil Nos, 31 Dec 16 - 202,586 Nos, 1st Jan 16 - Nil Nos.) (Face Value: ₹ 1,016)	**-**	2,056.56	-
ICICI Prudential Ultra Short Term Fund - DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - 11,116,512 Nos, 1st Jan 16 - Nil Nos.) (Face Value: ₹ 10)	**-**	1,139.80	-
ICICI Prudential Flexible Income Plan-DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - 2,283,094 Nos, 1st Jan 16 - Nil Nos.) (Face Value : ₹ 106)	**-**	2,412.78	-
Franklin India Ultra Short Bond Fund Super IP-DDR (31 Dec 17 - 36,877,859 Nos, 31 Dec 16 - 35,099,483 Nos, 1st Jan 16 - Nil Nos.) (Face Value: ₹ 10)	**3,718.58**	3,536.69	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

At fair value through Profit & Loss Quoted	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
HDFC Cash Management Fund Treasury Advantage - DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - 15,706,619 Nos, 1st Jan 16 - Nil Nos.) (Face Value: ₹ 10)	**-**	1,586.47	-
Reliance Medium Term Fund-DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - 21,060,090 Nos, 1st Jan 16 - Nil Nos.) (Face Value: ₹ 17)	**-**	3,600.41	-
Axis Liquid Fund -DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - Nil Nos, 1st Jan 16 - 151,108 Nos.) (Face value ₹ 1,000)	**-**	-	1,511.57
Franklin India TMA - Super IP - DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - Nil Nos, 1st Jan 16 - 370,122 Nos.) (Face value: ₹ 1,001)	**-**	-	3,703.87
ICICI Prudential Money Market Fund-DDR (31 Dec 17 - 2,524,054 Nos, 31 Dec 16 - Nil Nos, 1st Jan 16 - 1,588,835 Nos.) (Face value: ₹ 100)	**2,527.32**	-	1,590.89
UTI Money Market Fund -IP-DDR (31 Dec 17 - 103,347 Nos, 31 Dec 16 - Nil Nos, 1st Jan 16 - 282,016 Nos.) (Face Value: ₹ 1,003)	**1,036.96**	-	2,829.71
Reliance Liquid fund TP -DDR (31 Dec 17 - 168,620 Nos, 31 Dec 16 - Nil Nos, 1st Jan 16 - 192,388 Nos.) (Face Value: ₹ 1,529)	**2,577.76**	-	2,941.11
DWS Insta Cash Plus Fund - DDR (31 Dec 17 - Nil Nos, 31 Dec 16 - Nil Nos, 1st Jan 16 - 897,531 Nos.) (Face value: ₹ 100)	**-**	-	900.26
	13,749.79	**19,501.66**	**20,662.62**
Aggregate book value and market value of quoted investments	**13,749.79**	**19,501.66**	**20,662.62**

Refer Note 50 for fair value measurement and Note 51 for credit risk and market risk of investment

Note 14: Trade receivables (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Receivables from Others			
Considered Good	**49,930.01**	43,762.07	39,797.14
Considered Doubtful	**258.98**	198.19	180.79
Less: Allowance for bad and doubtful debts	**258.98**	198.19	180.79
Receivables from related parties (Refer Note 48)	**2,721.81**	2,517.02	2,089.55
	52,651.82	46,279.09	41,886.69

For terms and conditions relating to related party receivables, refer Note 48

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

Refer Note 51 for information about credit risk and market risk of trade receivables

Note 15: Cash and Cash equivalents

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Balances with Banks			
On Current Accounts	**1,417.52**	990.53	897.77
On Unpaid Dividend Accounts (Refer Note below)	**71.74**	71.21	67.09
Deposits with original maturity of less than three months	**2,913.44**	1,982.91	485.66
Cheques on Hand	**13.69**	49.44	60.51
Cash on Hand	**19.97**	13.13	21.57
	4,436.36	3,107.22	1,532.60

These balances are available for use only towards settlement of corresponding unpaid dividend liabilities

Note 16: Bank balances other than Cash and Cash equivalents

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Deposits with original maturity of more than 3 months but less than 12 months	**32.90**	2.50	4.00
	32.90	2.50	4.00

Note 17: Short Term Loans (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Security Deposit	**26.35**	87.77	67.77
Loans & Advances to Related Parties	**-**	-	23.51
Loans and Advances to employees	**72.98**	172.82	139.55
	99.33	260.59	230.83

Refer Note 51 for information about credit risk and market risk for loans

Note 18: Other Current Financial Assets (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Claims Recoverable	**15.33**	22.18	19.99
Interest Receivable	**19.22**	47.47	16.86
At fair value through Profit & Loss			
Derivatives - Foreign Exchange forward contracts	**108.69**	37.38	14.02
	143.24	107.03	50.87

Refer Note 50 for fair value measurement and Note 51 for credit risk and market risk of Other Current Financial Assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 19: Other current assets (Unsecured, considered good unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Prepaid Expenses	**433.03**	444.80	408.59
Balances with Customs, Excise, Sales Tax and GST Authorities etc	**760.21**	1,191.86	1,244.81
Merchandise Export Incentive Scheme Licences available	**241.95**	108.41	3.38
Advances Recoverable in Kind	**267.44**	312.34	331.89
Export Schemes Receivables	**1,291.91**	1,157.97	1,426.39
Export Rebate Receivables	**972.17**	1,504.34	1,752.62
Others	**-**	6.61	-
	3,966.71	4,726.33	5,167.68

Note 20 : Share Capital

a. Authorised share capital

	Equity shares of ₹ 2 each		Preference shares of ₹ 100 each		Unclassified shares of ₹ 100 each	
	Numbers	₹ in Lacs	Numbers	₹ in Lacs	Numbers	₹ in Lacs
At 1 January 2016	404,000,000	8,080	2,900,000	2,900	300,000	300
Increase / (decrease) during the year	-	-	-	-	-	-
At 31 December 2016	**404,000,000**	**8,080**	**2,900,000**	**2,900**	**300,000**	**300**
Increase / (decrease) during the year	-	-	-	-	-	-
At 31 December 2017	**404,000,000**	**8,080**	**2,900,000**	**2,900**	**300,000**	**300**

b. Issued, Subscribed and fully paid up - Reconciliation of shares outstanding at the beginning and at the end of reporting period

Equity shares of ₹ 2 each issued, subscribed and fully paid

	Numbers	₹ in Lacs
At 1 January 2016		
Fully paid-up equity shares (includes amount received on Forfeited shares of ₹ 0.09 lacs)	72,711,934	1,454.33
Changes during the year	-	-
At 31 December 2016	**72,711,934**	**1,454.33**
Changes during the year (Refer Note 53)	2,810,000	56.20
At 31 December 2017	**75,521,934**	**1,510.53**

c. Terms/ rights attached to equity shares:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

d. Shares held by holding company:

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

	As at 31 Dec 2017 INR in Lacs	As at 31 Dec 2016 INR in Lacs	As at 1 Jan 2016 INR in Lacs
50,003,997 shares (31 December 2016: 50,003,997 and 1st January 2016: 50,003,997) held by Huhtavefa B.V., Netherlands, The Holding Company	**1,000.08**	1,000.08	1,000.08

e. Details of shareholders holding more than 5% shares in the company

	As at 31 Dec 2017	As at 31 Dec 2016	As at 1 Jan 2016
Huhtavefa B.V., Netherlands, The Holding Company - No. of Shares	**50,003,997**	50,003,997	50,003,997
Huhtavefa B.V., Netherlands, The Holding Company - % holding	**66.21%**	68.77%	68.77%
HDFC Trustee Company Limited (A/c HDFC Midcap Oppurtunities Fund) - No. of Shares	**-**	3,880,725	3,880,725
HDFC Trustee Company Limited (A/c HDFC Midcap Oppurtunities Fund) - % holding	**0.00%**	5.34%	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.

Note 21 : Other equity

Refer Statement of Changes in Equity for detailed movement in Equity Balance

a. Total other equity

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Share Options Outstanding Account	**691.69**	350.04	99.30
Share suspense account (Refer Note 53)	**-**	56.20	56.20
Debenture Redemption Reserve	**5,775.00**	3,850.00	1,925.00
General reserve	**7,844.45**	7,844.45	6,957.45
Retained earnings	**39,065.33**	37,412.24	34,520.53
Other Comprehensive Income	**19.60**	(46.52)	-
	53,396.07	49,466.41	43,558.48

b. Nature and Purpose of reserves

i. Share Options Outstanding Account

The above reserve relates to shares of Ultimate Parent Company, granted by the Ultimate Parent Company to specific employees of the Company under its Employee Share arrangement.

Further information about Share based payments to employees is given at Note 47

ii. Share Suspense Account

Refer Note 53 for details of Share Suspense Account

iii. Debenture Redemption Reserve (DRR)

The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share Capital and Debentures) Rules, 2014 (as amended), require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The DRR is required to be created over the life of debentures viz: 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

iv. General reserve

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

v. Retained earnings

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

Note 22 : Distribution made and proposed

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on 31 Dec 2016: INR 3.00 per share (31 Dec 2015: INR 2.80 per share)	2,305.66	2,035.93
DDT on final dividend	477.85	414.47
	2,783.51	2,450.40
Proposed dividends on Equity shares:		
Final dividend for the year ended on 31 Dec 2017: INR 3.00 per share (31 Dec 2016: INR 3.00 per share)	2,265.66	2,305.66
DDT on proposed dividend	465.71	477.85
	2,731.37	2,783.51

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 December 2017.

Note 23: Borrowings

	Non-Current			Current		
(At amortised cost)	**31 December 2017**	**31 December 2016**	**1 January 2016**	**31 December 2017**	**31 December 2016**	**1 January 2016**
Interest bearing loans and borrowings:						
I. Secured						
i. External Commercial Borrowings						
External commercial borrowings from Standard Chartered Bank (Refer Note a)	-	892.64	2,610.99	840.21	1,792.46	1,742.84
ii. Foreign Currency Loans						
Term Loan from Bank (Refer Note b)	-	-	556.10	-	571.74	556.10
iii. Term Loans						
Term loans from State Bank of India (Refer Note c)	-	-	-	-	-	281.25
Vehicle loans from HDFC Bank Limited (Refer Note d)	-	-	-	-	-	6.81
Indian Rupee Loans from Bank (Refer Note e)	-	150.59	229.16	-	78.57	78.25
Total Secured Borrowings	**-**	**1,043.23**	**3,396.25**	**840.21**	**2,442.77**	**2,665.25**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

	Non-Current			Current		
(At amortised cost)	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
II. Unsecured						
i. Non-Convertible Debentures						
3,850 (Previous Year: 3,850) 7% Unsecured Non-Convertible Debentures of ₹ 10 lacs each (Refer Note f)	38,470.38	38,456.16	38,441.91	-	-	-
ii. External commercial borrowings from Group Company (Huhtavefa B.V) (Refer Note g)	-	-	-	-	-	1,157.69
iii. Deferred Sales Tax Loan - Telangana (Refer Note h)	911.38	1,192.02	1,480.23	280.64	288.21	249.29
iv. Deferred Sales Tax Loan - Maharashtra (Refer Note i)	41.89	71.20	108.61	29.31	37.41	93.76
Total Unsecured Borrowings	**39,423.65**	**39,719.38**	**40,030.75**	**309.95**	**325.62**	**1,500.74**
Total Borrowings	**39,423.65**	**40,762.61**	**43,427.00**	**1,150.16**	**2,768.39**	**4,165.99**
Less: amount classified under other current financial liabilities (Refer Note 29)	-	-	-	(1,150.16)	(2,768.39)	(4,165.99)
Total Non-Current Borrowings	**39,423.65**	**40,762.61**	**43,427.00**	**-**	**-**	**-**

a. Loan of ₹ 6,408 lacs (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.

b. Foreign currency Loan from Bank of ₹ 2,000 lacs has been repaid in full as at 31 Dec 2017. The same was repayable in 48 equal monthly installments w.e.f. January 2014 alongwith interest rate of 1 year LIBOR plus 600 basis points

c. Term Loan from State Bank of India has been repaid in the year 2016. The original amount of Loan was ₹ 1,500 lacs repayable in 48 equal monthly installments of ₹ 31.25 lacs commencing from October 2012. The Loan carried interest rate ranging from 13.25% to 13.35%.

   Loans referred to in Note (a), (b) and (c) are secured by first paripassu charge on immovable fixed assets i.e Land and Buildings of the Company situated at Khopoli, Taloja and Ambernath in Maharashtra, first pari passu charge over movable fixed assets, both present and future, at all locations in Maharashtra and Bengaluru of erstwhile Positive Packaging Industries Limited (now a part of HPPL) and second paripassu charge on current assets, both present and future at all locations in Maharashtra and Bengaluru of erstwhile Positive Packaging Industries Limited (now a part of HPPL).

d. Vehicle Loan has been repaid in the year 2016. Repayable in 36 equal monthly installments commencing from the date of purchase along with interest of 9.5% to 10.50% p.a. Vehicle loans from HDFC Bank Ltd are secured by hypothecation against the respective vehicles financed.

e. Indian Rupee Loan from bank has been repaid in full in the year 2017. The Loan carried interest rate of 11% to 11.40% p.a. The loan was 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 was secured by hypothecation of Machineries of erstwhile Webtech Labels Private Limited (now part of HPPL).

f. Unsecured Debentures carry interest rate of 7% p.a. The debentures are listed and are due for redemption on January 27, 2020.

g. External Commercial Borrowings from Group Company has been repaid in the year 2016. The loan carried interest rate of LIBOR plus 300 basis points.

h. 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.

i. 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.

j. Outstanding balances shown in the foot notes above, are grossed up to the extent of unamortised transaction cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 24: Non-current - Other financial liabilities

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Retention Money Payable (Refer note below)	**-**	-	3,342.34
Deposits	**15.04**	19.91	19.91
Employee Benefits Payable	**135.48**	102.65	86.16
Payable for Stock Appreciation Rights (Refer Note 47 (b))	**14.10**	25.92	-
	164.62	148.48	3,448.41

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

Note 25: Long Term Provisions

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Provision for Employee Benefits	**324.34**	398.20	331.05
	324.34	398.20	331.05

Note 26: Other Non-Current liabilities

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Deferred - Government Grants	**1,092.52**	1,037.78	1,356.96
	1,092.52	1,037.78	1,356.96

Deferred - Government Grants relates to accrual of custom duty availed on import of plant and equipment under EPCG scheme. Refer Note 45 (B) (iii)

Note 27: Borrowings - Current

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Secured loans			
Cash Credit from Banks (Refer Note a)	**-**	17.54	1,596.23
Working Capital Demand Loan (Refer Note b & c)	**-**	-	3,560.00
	-	17.54	5,156.23

a. 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).

b. Working Capital Demand loan of ₹ 100 lacs as at 1 January 2016 carries interest @ 11% p.a. and is secured against hypothecation of stocks and book debts of erstwhile Webtech Labels Private Limited (now part of Huhtamaki PPL Limited).

c. Working Capital Demand loan of ₹ 3,460 lacs as at 1 January 2016 carries interest rates ranging from 10.40% p.a. to 11.00% p.a.

   The loan is secured by first pari passu charge over the current assets (both present and future) of erstwhile Positive Packaging Industries Limited (now a part of Huhtamaki PPL Limited), second Pari passu charge on the movable fixed assets (except Vehicles) of erstwhile Positive Packaging Industries Limited (now a part of Huhtamaki PPL Limited) and second pari passu charge on the immovable fixed assets of erstwhile Positive Packaging Industries Limited (now a part of Huhtamaki PPL Limited) situated in Maharashtra.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 28: Trade payables

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Trade payables	**36,313.95**	32,519.35	28,670.74
Trade payables to related parties	**225.64**	59.73	2.77
	36,539.59	32,579.08	28,673.51
For terms and conditions relating to related party payables, refer Note 48			
Dues 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	**558.21**	488.42	373.62
- Interest there on	**63.78**	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.	**18.51**	15.80	13.20
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.	**63.78**	49.53	33.75

Note 29: Other current financial liabilities

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
At amortised cost			
Employee Benefits Payable	**3,241.82**	3,123.35	2,935.52
Payable for Stock Appreciation Rights (Refer Note 47 (b))	**65.97**	-	-
Current Maturity of Long Term Borrowings (Refer Note 23)	**1,150.16**	2,768.39	4,165.99
Interest accrued but not due	**1,168.16**	1,221.59	1,240.50
Interest accrued and due	**40.92**	-	3.73
Retention Money Payable (Refer Note a below)	**668.40**	6,132.34	2,465.72
Creditors for Capital Goods	**471.61**	234.71	372.93
Unclaimed dividend *	**71.74**	71.21	67.09
Others	**4.40**	24.30	29.57
	6,883.18	13,575.89	11,281.05

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 30: Other current liabilities

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Advance from Customers	**180.51**	338.92	221.29
Employee Statutory Liabilities Payable	**189.09**	164.09	144.46
Taxes payable	**272.22**	705.92	574.02
TDS Payable	**230.91**	284.93	222.89
Deferred - Government Grants	**282.40**	319.17	337.24
	1,155.13	1,813.03	1,499.90

Deferred - Government Grants relates to accrual of custom duty availed on import of plant and equipment under EPCG scheme. Refer Note 45 (B) (iii)

Note 31: Short Term Provisions

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Provision for Employee Benefits	**1,245.36**	1,226.63	1,363.17
Provision for Litigations	**593.99**	453.12	588.63
	1,839.35	1,679.75	1,951.80

For movement in Provision for Litigation refer movement schedule below:

At 1 January 2016	**588.63**
Arising during the year	30.71
Unused amounts reversed/utilized during the year	(166.22)
At 31 December 2016	**453.12**
Arising during the year	216.53
Unused amounts reversed/utilized during the year	(75.66)
At 31 December 2017	**593.99**

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

Note 32: Current Tax Liabilities (Net)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Current Tax Liabilities (net)	**1,157.12**	1,638.24	1,759.00
	1,157.12	1,638.24	1,759.00

Note 33 : Revenue from Operations

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Sale of products (including excise duty) (Refer Note (b) below)	**218,032.66**	231,510.38
Rendering of Services	**1,870.96**	1,813.64
Other Operating Revenue		
- Scrap Sales	**2,660.76**	2,331.56
- Compensation Received for Loss of Profits	**61.71**	36.70
- Government Grant (Refer Note (a) below)	**342.51**	337.24
	222,968.60	236,029.52

a. The Company has recognized a government grant of ₹ 342.51 lacs (December 31, 2016: ₹ 337.24 lacs) relating to benefit received from Export Promotion Capital Goods (EPCG) Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

b. Goods and Services Tax ("GST") has been implemented with effect from July 1, 2017 which replaces Excise Duty and other input taxes. According to the requirements of Ind AS, revenue for the year ended December 31, 2016 are reported inclusive of excise duty. As per Ind AS 18, the revenue for the year ended December 31, 2017 are reported net of GST. In view of the aforesaid restructuring of indirect taxes, Revenue from Sale of Products and Services for the year ended December 31, 2017 are not comparable with the previous period. Following additional information is being provided to facilitate such comparison:

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Sale of Products & Services	**219,903.62**	233,324.02
Less : Excise Duty	**9,874.38**	17,913.73
Sales of Products & Sevices on Comparable basis	**210,029.24**	215,410.29

Note 34 : Other Income

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Interest Income on		
- Bank Deposits	**54.74**	41.06
- Others	**108.54**	151.30
Dividend Income on Current Investments	**796.85**	1,005.28
Fair value gain on financial instruments at fair value through profit or loss (Refer Note (a) below)	**71.29**	23.37
Gain on Current Investments measured at fair value through Profit and Loss	**10.99**	-
Provision for Sales Tax Written Back	**2.37**	79.20
Net Gain on disposal of Current Investments	**-**	9.52
Profit on Sale of Fixed Assets (Net)	**25.05**	-
Other Non-Operating Income	**288.16**	446.76
	1,357.99	1,756.49

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

Note 35 : Cost of Materials Consumed

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Inventory at the beginning of the year	**9,871.03**	8,251.75
Add : Purchases	**144,174.61**	148,904.03
Less: Inventory at the end of the year	**(11,545.64)**	(9,871.03)
	142,500.00	147,284.75

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Inventories at the end of the year		
Work in Process	**3,259.07**	3,269.14
Finished Goods	**1,459.81**	2,010.18
	4,718.88	5,279.32
Inventories at the beginning of the year		
Work in Process	**3,269.14**	2,827.45
Finished Goods	**2,010.18**	1,799.23
	5,279.32	4,626.68
	560.44	(652.64)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

Excise Duty on Changes in Inventories of Finished Goods		
Excise Duty on Closing Finished Goods Stock	**-**	230.87
Less: Excise Duty on Opening Finished Goods Stock	**230.87**	152.68
	329.57	(574.45)

Note 37: Excise duty on sale of goods

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Excise duty on sale of goods	**9,874.38**	17,913.73
	9,874.38	17,913.73

Note 38: Employee benefits expenses

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Salaries, Wages and Bonus	**17,754.81**	16,601.52
Contribution to provident and other funds	**1,147.55**	1,059.23
Stock Appreciation Right Scheme (Refer Note 47)	**54.15**	25.92
Staff welfare expense	**1,613.91**	1,487.99
Group Share Purchase Arrangement (Refer Note 47)	**341.65**	250.74
	20,912.07	19,425.40

Note 39: Depreciation and amortization expense

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Depreciation of Tangible assets (Refer Note 4)	**8,176.94**	8,874.25
Amortization of Intangible assets (Refer Note 5)	**347.65**	401.53
	8,524.59	9,275.78

Note 40: Finance costs

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Interest		
- To Banks	**143.06**	418.73
- To Others	**109.66**	237.83
- On Debentures	**2,708.89**	2,709.56
Unwinding of Discount on Liabilities	**197.71**	324.27
Net Interest on net defined benefit liability (Refer Note 46)	**17.35**	33.32
	3,176.67	3,723.71

Note 41: Other Expenses

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Consumption of Stores and Consumables	**2,886.39**	2,785.41
Power and Fuel	**7,721.87**	7,483.30
Repairs to Building	**362.22**	487.34
Repairs to Machinery	**2,064.91**	2,028.45
Other Repairs	**579.32**	593.12
Sub Contracting Expenses	**1,871.65**	1,839.89
Insurance	**292.18**	317.43

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Rent	**638.24**	751.92
Rates and Taxes	**318.56**	292.29
Travelling and Conveyance	**1,294.03**	1,277.10
Legal and Professional Charges	**1,131.71**	1,052.63
Commission-Directors (Refer Note 48)	**99.00**	93.00
Communication Costs	**255.27**	253.75
Payment to Auditor (Refer Note 41.1)	**194.04**	150.97
Donation	**12.01**	50.17
Printing and Stationery	**181.22**	164.11
Commission on Sales - Others	**314.27**	339.02
Freight and Forwarding Expenses	**3,297.75**	3,306.17
Corporate Social Responsibility Expenses (Refer Note 41.2)	**156.85**	57.44
Fixed Assets Written Off	**1.53**	9.31
Bank Charges	**168.67**	195.43
Provision for Doubtful Debts	**60.79**	21.07
Bad debts written off	**5.89**	2.19
Foreign Exchange Loss (Net)	**251.50**	62.18
Loss on Current Invesments measured at fair value through Profit and Loss	**-**	9.58
Loss on Sale of Fixed Assets (Net)	**-**	19.82
Net Loss on disposal of Current Investments	**9.89**	-
Miscellaneous Expenses	**3,342.47**	3,505.61
	27,512.23	27,148.70

Note 41.1: Payments to the auditor:

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
As auditor		
Audit fee	**182.68**	134.75
Other Services	**3.66**	9.23
In other capacity:		
Certification Fees	**-**	1.52
Reimbursement of Expenses	**7.70**	5.47
	194.04	150.97

Note 41.2: Details of CSR expenditure:

The Company has incurred ₹ 156.85 lacs (Previous Year: ₹ 57.44 lacs) towards Corporate Social Responsibility activities. Further, no amount has been spent on construction/acquisition of an asset of the Company. The amount paid out of the above is ₹ 149.37 lacs (Previous Year: ₹ 44.51 lacs).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2017 is ₹ 195.04 lacs (Previous Year: ₹ 148.87 lacs) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

Note 42: Exceptional items

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Exceptional Items		255.00
	-	255.00

In the previous year, Company had accrued Stamp duty payable on account of merger and transfer fees payable for transfer of Land from erstwhile Positive Packaging Industries Limited to the Company on account of merger which were disclosed as Exceptional Item.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 43 : Research and development expenses

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
The details of expenses incurred on in-house research and development activities during the year as certified by the management are as follows :		
Total Revenue Expenditure *	**106.07**	104.32
Total Capital Expenditure **	**-**	1.72
Total Research & Development Expenses	**106.07**	106.04

* Revenue Expenditure of ₹ 106.07 lacs has been grouped under various expense heads of the Financial Statements.

** Additions to Fixed Assets in Note no.4 includes ₹ Nil towards Capital Expenditure incurred for Company's in house R & D facilities.

Note 44: Earnings per share (EPS)

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Profit after Tax including Exceptional Item	**6,361.60**	8,154.11
Profit after Tax excluding Exceptional Item	**6,361.60**	8,409.11
Weighted Average Number of Equity Shares (Refer Note 53)	**75,521,934**	75,521,934
Basic and Diluted Earnings per Equity Share including Exceptional item (in ₹)	**8.42**	10.80
Basic and Diluted Earnings per Equity Share excluding Exceptional item (in ₹)	**8.42**	11.13
Nominal Value of Share (in ₹)	**2.00**	2.00

Note 45: Contingent Liabilities and Commitments

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
A. Contingent Liabilities			
Claims against the Company not acknowledged as Debts			
a. Excise Duty			
Matters in Appeal - Duty	**535.84**	615.03	625.85
Matters in Appeal - Penalties	**443.57**	441.57	418.87
Show cause Notices - Duty	**25.98**	25.98	44.73
b. Service Tax			
Matters in Appeal - Tax	**87.07**	81.32	32.67
Matters in Appeal - Penalties	**56.13**	53.05	12.92
Show cause Notices - Duty	**13.78**	18.01	72.71
c. Custom Duty			
Matters in Appeal - Duty	**38.59**	21.23	10.18
d. Income Tax Demands in Appeal	**1,359.94**	1,293.77	521.21
e. Sales Tax Demands in Appeal	**106.28**	106.73	515.06
f. Others	**66.16**	65.18	65.18

Notes

i. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

ii. The Company does not expect any reimbursements in respect of the above contingent liabilities.

iii. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

B. Commitments

i. Operating Lease Commitments

The Company has taken certain Office Premises, Factory Premises and Residential facilities under Operating Lease arrangements. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss. There are no restrictions imposed by lease arrangements. There are no subleases.

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Not later than one year	**442.75**	240.80
Later than one year and not later than five years	**1,164.67**	186.40
Later than five years	**668.62**	-

ii. Capital Commitments

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	**3,090.24**	2,634.40	303.95

iii. Export Obligation

The Company has undertaken an export obligation of 6 to 8 times of the duty saved on Machinery imported by the Company to be fulfilled over a period of 6 to 8 years. The Obligation outstanding as on the date of Balance sheet is ₹ 987.79 lacs (31 December 2016 ₹ 337.66 lacs and 1st January 2016 ₹ 663.68 lacs)

Note 46: Defined Benefit Plan - Gratuity

Description of the Plan

The Group has a defined benefit gratuity plan (funded). Gratuity is payable to all eligible employees of the Company on Superannuation, death and resignation, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial.

Governance

The Fund is in form of Company managed Trust. The Trustees of the Trust are responsible for the overall governance of the plan and and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has allocated assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided.

A. Balance Sheet

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Present Value of Obligation	**2,825.38**	2,707.38	2,407.98
Fair Value of Plan Assets	**2,651.90**	2,462.41	1,999.99
(Asset)/Liability recognized in Balance Sheet	**173.48**	244.97	407.99

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

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

	Gratuity		
	Plan Obligation	Plan Assets	Difference
As at 1 January 2016	**2,407.98**	**1,999.99**	**407.99**
Current service cost	199.61	-	199.61
Past service cost	-	-	-
Interest cost	198.26	-	198.26
Return on Plan Assets	-	164.94	(164.94)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	45.92	(38.25)	7.67
Actuarial (gain)/loss arising from experience adjustments	63.47	-	63.47
Employer contributions	-	463.80	(463.80)
Benefits Paid	(207.86)	(204.57)	(3.29)
As at 31 December 2016	**2,707.38**	**2,462.41**	**244.97**
Current service cost	209.09	-	209.09
Past service cost	-	-	-
Interest cost	196.63	-	196.63
Return on Plan Assets	-	179.28	(179.28)
Actuarial (gain)/loss arising from changes in demographic assumptions	(12.66)	-	(12.66)
Actuarial (gain)/loss arising from changes in financial assumptions	(24.89)	(10.70)	(35.59)
Actuarial (gain)/loss arising from experience adjustments	(52.85)	-	(52.85)
Employer contributions	-	189.57	(189.57)
Benefits Paid	(197.32)	(190.06)	(7.26)
As at 31 December 2017	**2,825.38**	**2,651.90**	**173.48**

C. Statement of Profit and Loss

	Gratuity	
	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Current service cost	**209.09**	199.61
Past service cost	**-**	-
Finance Cost		
Interest cost	**196.63**	198.26
Interest income	**(179.28)**	(164.94)
Net impact on profit (before tax)	**226.44**	232.93
Remeasurement of the net defined benefit plans:		
Actuarial (gain)/loss arising from changes in demographic assumptions	**(12.66)**	-
Actuarial (gain)/loss arising from changes in financial assumptions	**(35.59)**	7.67
Actuarial (gain)/loss arising from experience adjustments	**(52.85)**	63.47
Net impact on total comprehensive income (before tax)	**125.34**	304.07

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

D. Assets

	Gratuity		
	31 December 2017 INR in Lacs	**31 December 2016 INR in Lacs**	**1 January 2016 INR in Lacs**
The fair value of plan assets at the Balance Sheet date for the defined benefit plan is as follows:			
Investment Value in Unit Linked Plans	**1,404.88**	1,293.97	803.06
Investment Value in Non Unit Linked Plans	**864.06**	806.39	749.08
Investment Value in Special Deposit Scheme of Bank of Baroda	**113.48**	113.84	114.33
Insurer Managed Funds	**269.48**	248.21	333.52
Total	**2,651.90**	2,462.41	1,999.99

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

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	31 December 2017	**31 December 2016**	**1 January 2016**
Discount rate	**7.74%**	7.29%	8.12%
Future salary increases	**5.50%**	5.50%	6.25%

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

Demographic Assumptions

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

F. Sensitivity Analysis

A quantitative sensitivity analysis for significant assumption as at 31 December 2017 is as shown below:

Assumptions	**Discount Rate**		**Future Salary Increase**		**Employee Turnover**	
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on Defined Benefit Obligation	(228.95)	267.59	270.99	(235.48)	49.17	(55.67)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

G. Expected Employer Contribution for the next year is ₹ 264.09 lacs (Year 2016: ₹ 278.42 lacs)

H. The Average Duration of the defined benefit obligation at the end of reporting period is 12 years.

Note 47: Share-based payments

a. Performance Share Plans

On March 12, 2010 the Board of Directors of the Parent Company decided on establishing a Performance Share Arrangement to form a part of the long-term incentive and retention program for the key personnel of the Parent Company and its subsidiaries. The Performance Share Arrangement offers a possibility to earn the Parent Company shares as remuneration for achieving established targets. The arrangement includes annually commencing three-year performance share plans. A possible reward shall be paid during the calendar year following each three-year plan. Commencement of each three-year plan will be separately decided by the Board of Directors of Parent Company.

Participants to the plan shall hold at least 50% of the shares received until he/she holds shares received from the Performance Share Plans corresponding in aggregate to the value of his/her 6 months base salary. The aforementioned ownership requirements apply until termination of employment or service.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Performance Share Plan 2017–2019

The Performance Share Plan 2017–2019 commenced in year 2017 and the possible reward will be based on the Group's earnings per share (EPS) in 2019. The reward, if any, will be paid during 2020.

Performance Share Plan 2016–2018

The Performance Share Plan 2016–2018 commenced in 2016 and the possible reward will be based on the Group's earnings per share (EPS) in 2018. The reward, if any, will be paid during 2019.

Performance Share Plan 2015–2017

The Performance Share Plan 2015–2017 commenced in 2015 and the possible reward will be based on the Group's earnings per share (EPS) in 2017. The reward, if any, will be paid during 2018.

Performance Share Plan 2014–2016

The Performance Share Plan 2014–2016 commenced in 2014. The reward was based on the Group's earnings per share (EPS) in 2016 and was paid in 2017.

In terms of the aforesaid plan, the eligible employees of the Company receive certain number of shares of the Parent Company as per the terms and conditions of the Plan. The aforesaid plan is an equity settled plan.

The Company has recognized these share based payment transactions as equity settled share based payment transaction in accordance with the requirements of paragraph 43 A and 43 B of Ind AS 102 Share Based Payments, since the Company receives the services of the employees to whom the shares have been granted by the Parent Company and the Company has no obligation to settle the same.

Details of Shares Granted under various Plans

Particulars	**14-16 Plan**	**15-17 Plan**	**16-18 Plan**	**17-19 Plan**
Maximum number of Shares Eligible	16,000	12,200	22,000	15,300
Outstanding as at 1st January 2016	**16,000**	**12,200**	**-**	**-**
Granted during the year	-	-	22,000	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding as at 31 December 2016	**16,000**	**12,200**	**22,000**	**-**
Granted during the year	-	-	-	15,300
Forfeited during the year	1,440	-	-	-
Exercised during the year	14,560	-	-	-
Outstanding as at 31 December 2017	**-**	**12,200**	**22,000**	**15,300**
Vesting Period	2.7 years	2.7 years	2.7 years	2.6 years
Grant Date	06-May-14	20-Apr-15	20-Apr-16	12-Jun-17
Exercise price	Nil	Nil	Nil	Nil
Fair Value on the date of Grant	18.47	30.79	34.31	35.98

There have been no cancellations or Modification to the plans.

b) Share Appreciation Rights

During the previous 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. Fair value of the SARs is measured at each reporting date taking into account the terms and conditions upon which the SAR's were granted.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

Movements during the year

	31 December 2017 Number	31 December 2016 Number
Outstanding at the beginning of the year	**33,000**	Nil
Granted during the year	**17,000**	33,000
Forfeited during the year	**Nil**	Nil
Exercised during the year	**Nil**	Nil
Expired during the year	**Nil**	Nil
Outstanding at the end of the year	**50,000**	33,000
Exercisable at the end of the year	**Nil**	Nil
Exercise Price	**Nil**	Nil

c) The expense recognized for employee services during the year is shown in the following table

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs
Equity Settled Performance Share Plans	**341.65**	250.74
Stock Appreciation Rights (SAR)	**54.15**	25.92
Total	**395.80**	276.66

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Other Equity - Equity Settled	**691.69**	350.04	99.30
Current Liabilities (Cash Settled)	**65.97**	-	-
Non-Current Liabilities (Cash Settled)	**14.10**	25.92	-

Note 48: Related party transactions

a) Enterprises exercising control

Ultimate Parent Company	Huhtamaki Oyj., Finland
Holding Company	Huhtavefa B.V., Netherlands

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

Fellow Subsidiaries	Huhtamaki Australia Ltd., Australia
	Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany
	Huhtamaki (Thailand) Ltd., Thailand
	Huhtamaki Finance B V, Netherlands
	Positive Packaging Industries South Africa Pty Ltd
	Huhtamaki S.a.r.l.
	Positive Packaging United (M.E.) Fzco
	Primetech M.E.FZE
	Huhtamaki Flexible Packaging Middle East LLC.
	Huhtamaki Flexible Packaging Kenya Ltd
	Huhtamaki (Vietnam) Limited

c) Key Managerial Personnel

Mr. Suresh Gupta	Executive Chairman
Mr. A.Venkatrangan	Managing Director till 31st October 2017
Dr. Arup Basu	Managing Director w.e.f 1st November 2017
Non-executive Independent Directors	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

	Mr. Arunkumar Gandhi
	Mr. Ramesh K. Dhir
	Mr. S.K. Palekar
	Mr. Nripjit Singh Chawla
	Ms. Sukanya Kripalu
	Non-executive directors
	Mr. Jukka Moisio
	Mr. Olli Koponen
d) Post Employment Benefit Plans	Huhtamaki PPL Limited Employees Gratuity Fund Trust
	Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme

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

		31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
1)	**Ultimate Parent Company**			
a)	Software and Expense Reimbursements Charge	**121.74**	125.71	
b)	Expense Reimbursements - Charge	**12.12**	-	
c)	Expense Reimbursements - Recovery	**0.76**	6.91	
d)	Due to Ultimate Parent Company	**118.93**	59.49	0.99
e)	Due from Ultimate Parent Company	**0.76**	-	
2)	**Holding Company**			
	Dividend Paid			
	- Huhtavefa B.V., Netherlands	**1,500.12**	1,400.11	
	Finance Cost			
	- Huhtavefa B.V., Netherlands	**-**	29.11	
	Loan Repaid			
	- Huhtavefa B.V., Netherlands	**-**	1,169.92	
3)	**Fellow Subsidiaries**			
	Purchase of Goods			
	- Huhtamaki (Thailand) Ltd, Thailand	**-**	13.09	
	- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**-**	0.23	
	Sale of Goods			
	- Huhtamaki Australia Ltd., Australia	**74.30**	139.39	
	- Positive Packaging Industries South Africa Pty Ltd	**8,173.01**	6,000.35	
	- Positive Packaging United (M.E.) FZCO	**116.05**	218.13	
	- Primetech M.E. FZE	**25.50**	20.68	
	- Huhtamaki Flexible Packaging Middle East LLC.	**37.52**	168.59	
	- Huhtamaki (Vietnam) Limited	**-**	0.47	
	- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**2.97**	-	
	Interest on Debentures			
	- Huhtamaki S.a.r.l.	**2,694.68**	2,695.30	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
Commission Expenses on Sales			
- Positive Packaging Industries South Africa Pty Limited	**101.08**	63.70	
- Huhtamaki Flexible Packaging Kenya Ltd.	**14.19**	9.23	
Expense Reimbursements - Charge			
- Huhtamaki (Thailand) Ltd, Thailand	**-**	0.19	
Huhtamaki Finance B V, Netherlands - Remuneration paid by fellow subsidiary to	**267.73**	138.86	
Mr. Suresh Gupta as Senior Advisor for Huhtamaki Group			
Expense Reimbursements - Recovery			
- Positive Packaging United (M.E.) FZCO	**0.37**	12.78	
- Huhtamaki Finance B V, Netherlands	**185.88**	-	
Expense Reimbursements - Charge			
- Positive Packaging United (M.E.) FZCO	**0.77**	-	
Balances due to			
- Huhtamaki S.a.r.l. (Debentures and interest thereon not due)	**39,666.38**	39,677.12	39,680.35
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**-**	0.23	-
- Huhtamaki Flexible Packaging Kenya Limited	**30.76**	-	-
- Positive Packaging Industries South Africa Pty Ltd	**75.96**	-	-
- Huhtamaki South Africa Pty Ltd.	**-**	-	1.78
Balances due from			
- Huhtamaki Australia Ltd., Australia	**4.48**	8.98	45.75
- Positive Packaging Industries South Africa Pty Ltd	**2,665.20**	2,464.88	41.58
- Positive Packaging United (M.E.) FZCO	**38.84**	36.79	-
- Primetech M.E. FZE	**-**	6.37	-
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	**3.25**	-	-
- Huhtamaki Flexible Packaging Middle East LLC	**10.04**	-	-
- Huhtamaki Finance B V, Netherlands	**169.65**	-	24.50
4) Details of Contribution to Post Employment Benefit Plans			
- Huhtamaki PPL Limited Employees Gratuity Fund Trust	**143.58**	134.19	
- Positive Packaging Industries Limited Employees Group Gratuity Assurance Scheme	45.99	329.61	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

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

	31 December 2017 INR in Lacs	31 December 2016 INR in Lacs	1 January 2016 INR in Lacs
5) Compensation of Key Management Personnel			
Short Term Employee Benefits **	**553.71**	540.38	
Post-Employment Benefits **	**23.79**	21.66	
Long Term Employee Benefits **	**-**	-	
Stock Appreciation Rights	**45.13**	25.92	
Termination Benefits	**-**	-	
Share-Based Payment Transactions *	**65.57**	68.94	
Total Compensation Paid to Key Management Personnel	**688.20**	656.90	

* Key managerial personnel are eligible for share based payments of the Ultimate Holding Company for which there is no cash outflow from the Company.

** 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 acertainable and therefore not included above.

6) Dividend Paid to Key Managerial Personnel			
Mr. A.Venkatrangan	0.15	0.14	
7) Fees for attending board meeting paid to Key Managerial Personnel			
Mr. Arunkumar Gandhi	9.05	8.15	
Mr. Ramesh K. Dhir	5.23	5.20	
Mr. S.K Palekar	8.04	7.65	
Mr. Nripjit Singh Chawla	6.54	3.90	
Ms. Sukanya Kripalu	6.54	3.40	
8) Commission to Key Managerial Personnel#			
Mr. Arunkumar Gandhi	34.00	33.00	
Mr. Ramesh K. Dhir	11.50	11.00	
Mr. S.K Palekar	17.50	17.00	
Mr. Nripjit Singh Chawla	18.00	15.00	
Ms. Sukanya Kripalu	18.00	17.00	

#amount of commission remains outstanding as on 31st December each year.

9) Terms and Conditions

i) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.

ii) All related party transactions entered during the year were in ordinary course of business and on arms length basis.

iii) The Company has not recorded any impairment of receivables related to amounts owed by related parties.

Note 49: Segment information

For Management purpose, the Company comprise of only one reportable segment - Consumer Packaging.

The Executive Management monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

i. Revenue from Geographic Segments

Particulars	Year ended 31st December, 2017	Year ended 31st December, 2016
India	**168,032.23**	180,059.29
Outside India	**51,871.39**	53,264.73
Total	**219,903.62**	233,324.02

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

ii. Entire Non-Current Assets of the Company are situated in India

iii. Major customer

Revenue from one customer of the Company is INR 22,836.89 lacs (2016: INR 25,861.64 lacs) which is 10.38% (2016:11.08%) of the Company's total revenue.

Note 50: Financial Instruments

A. Accounting Classifications and Fair Values

The carrying amounts and fair values of financial instruments by class are as follows:

Particulars	Note No.	As at December 31, 2017		As at December 31, 2016		As at January 1, 2016	
		Carrying values	Fair values	Carrying values	Fair values	Carrying values	Fair values
Financial Assets measured at Fair value through Profit and Loss							
i. Current Investments	13	**13,749.79**	**13,749.79**	19,501.66	19,501.66	20,662.62	20,662.62
ii. Other Financial Assets - Derivative Assets (Current)	18	**108.69**	**108.69**	37.38	37.38	14.02	14.02
Financial Liabilities measured at Amortised Cost							
i. Floating Rate Borrowings (Current and Non-Current)	23	**840.21**	**840.21**	3,486.00	3,486.00	7,219.19	7,219.19
ii. Sales Tax Deferral Loans (Current and Non-Current)	23	**1,263.22**	**1,082.30**	1,588.84	1,296.87	1,931.89	1,507.34
iii. Debentures	23	**38,470.38**	**38,470.38**	38,456.16	38,456.16	38,441.91	38,441.91

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, Trade receivables, Loans, Other Financial Assets, Trade Payables, Short Term Borrowings, Other Financial Liabilities at carrying value, because, their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B. Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st December, 2016.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
2. The fair values of the forward contracts used for expected future sale has been determined using forward pricing, based on present value calculations .
3. The fair value of the Company's Sales Tax Deferral Loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.
4. Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.
5. Loans have fair values that approximate their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

C. Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;

- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and

- Level 3: Inputs which are not based on observable market data.

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

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2017

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	13,749.79	-	-	13,749.79
Derivatives - Forward exchange Contracts	-	108.69	-	108.69
Liabilities for which fair value has been disclosed				
Floating Rate Borrowings	-	-	840.21	840.21
Sales Tax Deferral Loans	-	-	1,082.30	1,082.30
Debentures	-	-	38,470.38	38,470.38

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at December 31, 2016

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	19,501.66	-	-	19,501.66
Derivatives - Forward exchange Contracts	-	37.38	-	37.38
Liabilities for which fair value has been disclosed				
Floating Rate Borrowings	-	-	3,486.00	3,486.00
Sales Tax Deferral Loans	-	-	1,296.87	1,296.87
Debentures	-	-	38,456.16	38,456.16

Quantitative disclosures for Fair value measurement hierarchy for Assets/Liabilities as at January 1, 2016

Particulars	Level 1	Level 2	Level 3	Total
Assets at Fair value				
Current Investments	20,662.62	-	-	20,662.62
Derivatives - Forward exchange Contracts	-	14.02	-	14.02
Liabilities for which fair value has been disclosed				
Floating Rate Borrowings	-	-	7,219.19	7,219.19
Sales Tax Deferral Loans	-	-	1,507.34	1,507.34
Debentures	-	-	38,441.91	38,441.91

There have been no transfers between Level 1 and Level 2 during the period

Note 51 : Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, current investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company's business activities are exposed to a varierty of financial risks, namely liquidity risk, market risk and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor controls, periodically review changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Board of Directors and Audit Committee of the Company.

(All amounts in ₹ Lacs, unless otherwise stated)

A. Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout most of the year ended 31st December, 2017 and 31st December, 2016. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in other highly marketable debt investments to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

		Undiscounted		
Particulars	**Carrying amount**	**Payable within one year**	**More than one year to 5 years**	**Total**
As at 31 December 2017				
Borrowings (Long Term)	39,423.65	-	39,453.27	39,453.27
Other Financial Liabilities (Non-Current)	164.62	-	164.62	164.62
Trade Payables	36,539.59	36,539.59	-	36,539.59
Retention Money Payable (Current)	668.40	668.40	-	668.40
Current Maturity of Long Term Borrowings	1,150.16	1,164.34	-	1,164.34
Other Financial Liabilities (Current)	5,064.62	5,064.62	-	5,064.62
As at 31 December 2016				
Borrowings (Long Term)	40,762.61	-	40,820.66	40,820.66
Other Financial Liabilities (Non-Current)	148.48	-	148.48	148.48
Borrowings (Current)	17.54	17.54	-	17.54
Trade Payables	32,579.08	32,579.08	-	32,579.08
Retention Money Payable (Current)	6,132.34	6,330.05	-	6,330.05
Current Maturity of Long Term Borrowings	2,768.39	2,789.64	-	2,789.64
Other Financial Liabilities (Current)	4,675.16	4,675.16	-	4,675.16
As at 1 January 2016				
Borrowings (Long Term)	43,427.00	-	43,520.56	43,520.56
Retention Money Payable (Non-Current)	3,342.34	-	3,540.05	3,540.05
Other Financial Liabilities (Non-Current)	106.07	-	106.07	106.07
Borrowings (Current)	5,156.23	5,156.23	-	5,156.23
Trade Payables	28,673.51	28,673.51	-	28,673.51
Retention Money Payable (Current)	2,465.72	2,790.00	-	2,790.00
Current Maturity of Long Term Borrowings	4,165.99	4,187.24	-	4,187.24
Other Financial Liabilities (Current)	4,649.34	4,649.34	-	4,649.34

B. Management of Market Risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

1. Currency Risk
2. Price Risk
3. Interest Rate Risk

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

i. Currency Risk

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

Foreign Currency in lacs

Particulars	Currency	December 31, 2017	December 31, 2016	January 1, 2016
Derivative Instruments Outstanding				
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export	USD	**20.00**	10.00	12.00
Foreign Exchange Exposures				
Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods.	USD	**196.96**	222.49	197.21
	EUR	**14.09**	4.15	5.18
	GBP	**5.35**	4.29	5.07
	AED	**23.54**	27.20	8.66
	AUD	**2.82**	3.88	5.30
	CAD	**3.51**	7.14	0.13
Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	USD	**130.57**	152.46	200.40
	EUR	**1.77**	1.70	2.69
	JPY	**-**	11.20	24.61
	GBP	**0.11**	0.18	0.23
Cash and Bank balance in foreign currency	USD	**0.24**	0.28	1.30
	EUR	**0.00**	0.00	0.02
	GHS	**0.01**	0.02	0.01
	Chinese Yuan	**0.00**	0.00	-
	JPY	**0.01**	0.01	-
	GBP	**0.31**	-	0.44
	AUD	**-**	-	0.01
Derivatives taken to Cover Forecast Exposures				
Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	USD	**35.00**	26.00	18.00
	EUR	**-**	2.77	-
Forward Exchange contracts taken for the forecast Capital imports.	EUR	**14.71**	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

Total Unhedged Exposure as on respective reporting dates:

Foreign Currency in lacs

Currency	December 31, 2017	December 31, 2016
USD	11.63	34.32
EUR	27.03	(0.31)
GBP	5.55	4.11
AED	23.54	27.20
AUD	2.82	3.88
CAD	3.51	7.14
JPY	0.01	(11.19)
GHS	0.01	0.02
Chinese Yuan	0.00	0.00

b) **Sensitivity**

The sensitivity of profit or loss to changes in exchange rates by 5% (holding all other variables constant) arises mainly from foreign currency denominated financial instruments

Currency	December 31, 2017		December 31, 2016	
	Increase in Profit	Decrease in Profit	Increase in Profit	Decrease in Profit
USD	37.28	(37.28)	116.75	(116.75)
EUR	103.37	(103.37)	1.10	(1.10)
GBP	23.92	(23.92)	17.14	(17.14)
AED	20.54	(20.54)	25.19	(25.19)
AUD	7.04	(7.04)	9.52	(9.52)
CAD	8.91	(8.91)	17.94	(17.94)

The Company's exposure to foreign currency changes for all other currencies is not material.

ii) **Price Risk:**

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments.

The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.

At 31st December 2017, the investments in debt mutual funds amounts to ₹ 13,749.79 lacs (31st December, 2016: ₹ 19,501.66 lacs and 1st January 2016: ₹ 20,662.62 lacs). These are exposed to price risk.

A 1% increase in prices would have led to approximately an additional ₹ 137 lacs gain in the Statement of Profit and Loss (2016: ₹ 195 lacs gain). A 1% decrease in prices would have led to an equal but opposite effect.

iii) **Interest Rate Risk**

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. To hedge interest rate risk mix of variable and fixed instruments is judiciously applied for financing company's requirement.

a) **Interest rate risk exposure**

The exposure of Company's borrowing to interest rate changes at the end of the year are as follows:

Particulars	December 31, 2017	December 31, 2016	January 1, 2016
Floating Rate Borrowings	**840.21**	3,486.00	7,212.38
Total Borrowings	**840.21**	3,486.00	7,212.38

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

b) Sensitivity

The sensitivity of profit or loss to changes in interest rates is as follows:-

Particulars	December 31, 2017	December 31, 2016
Interest rates increase by 100 basis points* - Decrease in Profit	(8.40)	(34.86)
Interest rates decrease by 100 basis points * - Increase in Profit	8.40	34.86

* Holding all other variables constant

C) Management of Credit Risk

Trade Receivables

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. Further majoriy of the Company's customers are Companies with strong financial stability. All trade receivables are reviewed and assessed for default on a quarterly basis, through detailed review with the business teams.

Credit to be given to a customer is assessed based on credit quality of the customer and individual credit limits are defined in accordance with this assessment.

Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Other Financial Assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, liquid mutual funds and derivative instrument. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. The Company's maximum exposure to credit risk as at 31st December, 2017, 2016 and 1st January 2016 is the carrying value of each class of financial assets.

There is no major change as compared to previous year w.r.t to risk management and policies

Note 52: Capital management

For the purpose of Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, entire loans and borrowings less cash and cash equivalents, bank balance other than cash and cash equivalents and investment in liquid mutual funds.

Particulars	31 December 2017	31 December 2016	1 January 2016
Borrowings	**40,573.81**	43,548.54	52,749.22
Investments in Liquid Mutual Funds	**13,749.79**	19,501.66	20,662.62
Cash and cash Equivalents	**4,436.36**	3,107.22	1,532.60
Bank balance other than cash and cash equivalents	**32.90**	2.50	4.00
Net debt	**22,354.76**	20,937.16	30,550.00
Equity share capital	**1,510.53**	1,454.33	1,454.33
Other Equity	**53,396.07**	49,466.41	43,558.48
Total Equity	**54,906.60**	50,920.74	45,012.81
Debt- Equity Ratio	**0.41**	0.41	0.68

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Note 53 - Amalgamation

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 22 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 30 January 2015 in case of Positive and 1st April 2015 in case 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 as on 1 January 2016. The amalgamations have been accounted for under the "Pooling of Interest Method". 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 as on January 1, 2016. The difference of net assets value of transferor companies after adjusting reserves and Investment already made in Transferor Companies amounting to ₹ 17,033.07 lakhs is adjusted to other equity.

On 6 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 has been recorded as share suspense account in financial statements till the time it is actually issued. 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 be paid.

Note 54 - First-time adoption of Ind AS

These financial statements, for the year ended 31 December 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 December 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31 December 2017, together with the comparative period data as at and for the year ended 31 December 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 January 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 January 2016 and the financial statements as at and for the year ended 31 December 2016.

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31st December, 2017, together with the comparative information as at and for the year ended 31st December, 2016 and the opening Ind AS Balance Sheet as at 1st January,2016, the date of transition to Ind AS.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Balance Sheet as at 1st January, 2016 and the financial statements as at and for the year ended 31st December, 2016.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

i. Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

ii. Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure all its property, plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Further, the Company has revalued freehold land based on professional valuation in the year 1985 and had a balance of ₹ 275.77 lacs in revaluation reserve on the date of transition. On transition, such revaluation reserve has been adjusted in retained earnings.

iii. Share based Payments

The Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

iv. Determination of Lease

The Company has applied Appendix C of Ind AS 17 (Leases) - 'Determining whether an Arrangement contains a Lease' to determine whether an arrangement existing at the transition date contains an Operating or Finance lease on the basis of facts and circumstances existing at that date.

B. Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

i. Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial asset on the basis of facts and the circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances as existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

iii. Interest free Sales Tax Deferment Loan

Under previous GAAP, interest free sales tax deferment loan was carried at cost. Under Ind AS, such interest free loan have been carried at previous GAAP amount at the date of transition.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1st January 2016

II. Reconciliation of Equity as at 31st December 2016

III. Reconciliation of Statement of Profit and Loss for the year ended 31st December, 2016

IV. Adjustments to Statement of Cash Flows for the year ended 31st December 2016

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

I. Reconciliation of Equity as at 1st January 2016

Particulars	Note No.	Previous GAAP	Impact of Amalgamation (Refer Note 53)	Ind AS Adjustments	Ind AS
Assets					
Non-Current Assets					
Property, Plant and Equipment	a, b	18,139.96	32,912.56	965.55	52,018.07
Capital work-in-progress		336.67	42.78	-	379.45
Goodwill		-	968.80	-	968.80
Other Intangible Assets		482.88	251.31	-	734.19
Investments in Subsidiaries		54,806.50	(54,806.50)	-	-
Financial assets					-
- Investments		-	0.03	-	0.03
- Loans	c	361.66	420.34	(34.42)	747.58
- Other Financial Assets		0.73	15.24	-	15.97
Deferred Tax Assets (net)	m	(79.43)	934.98	352.00	1,207.55
Non-Current Tax Assets (net)		223.29	88.56	-	311.85
Other Non-Current Assets	a, c	823.47	809.50	732.84	2,365.81
		75,095.73	**(18,362.40)**	**2,015.97**	**58,749.30**
Current Assets					
Inventories		8,338.34	7,274.79	-	15,613.13
Financial assets					-
- Investments		20,662.62	-	-	20,662.62
- Trade Receivables		21,748.44	20,138.25	-	41,886.69
- Cash and Cash Equivalents		1,103.05	429.55	-	1,532.60
- Bank balances other than Cash and cash equivalents		-	4.00	-	4.00
- Loans		92.26	138.57	-	230.83
- Other Financial Assets	d	0.53	36.32	14.02	50.87
Other Current Assets	a, c, d	1,482.51	3,701.64	(16.47)	5,167.68
		53,427.75	**31,723.12**	**(2.45)**	**85,148.42**
Total Assets		**128,523.48**	**13,360.72**	**2,013.52**	**143,897.72**
Equity and Liabilities					
Equity					
Equity Share Capital		1,454.33	-	-	1,454.33
Other Equity	h, n	57,231.55	(17,033.07)	3,360.00	43,558.48
Total Equity		**58,685.88**	**(17,033.07)**	**3,360.00**	**45,012.81**
Non-Current Liabilities					
Financial liabilities					
- Borrowings	e	39,980.23	3,540.33	(93.56)	43,427.00
- Other Financial Liabilities	f	3,540.05	19.89	(111.53)	3,448.41
Provisions		73.97	257.08	-	331.05
Other Non-Current Liabilities	b	-	-	1,356.96	1,356.96
		43,594.25	**3,817.30**	**1,151.87**	**48,563.42**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Note No.	Previous GAAP	Impact of Amalgamation (Refer Note 53)	Ind AS Adjustments	Ind AS
Current Liabilities					
Financial liabilities					
- Borrowings		-	5,156.23	-	5,156.23
- Trade Payables		15,301.98	13,371.53	-	28,673.51
- Other Financial Liabilities	e, f	6,501.12	5,125.46	(345.53)	11,281.05
Other Current Liabilities	b	649.43	513.23	337.24	1,499.90
Provisions	g	3,344.77	1,097.09	(2,490.06)	1,951.80
Current Tax Liabilities (net)		446.05	1,312.95	-	1,759.00
		26,243.35	**26,576.49**	**(2,498.35)**	**50,321.49**
Total Equity and Liabilities		**128,523.48**	**13,360.72**	**2,013.52**	**143,897.72**

II. Reconciliation of Equity as at 31st December 2016

Particulars	Note No.	Previous GAAP	Ind AS Adjustments	Ind AS
Assets				
Non-Current Assets				
Property, Plant and Equipment	a, b	44,406.71	645.47	45,052.18
Capital work-in-progress		199.47	-	199.47
Goodwill	k	826.84	141.96	968.80
Other Intangible Assets		440.97	-	440.97
Financial assets				-
- Investments		0.03	-	0.03
- Loans	c	832.06	(24.16)	807.90
- Other Financial Assets		4.68	-	4.68
Deferred Tax Assets (net)	m	1,435.76	434.87	1,870.63
Non-Current Tax Assets (net)		401.97	-	401.97
Other Non-Current Assets	a, c	1,884.66	705.58	2,590.24
		50,433.15	**1,903.72**	**52,336.87**
Current Assets				
Inventories		18,250.05	-	18,250.05
Financial assets				
- Investments		19,501.66	-	19,501.66
- Trade Receivables		46,279.09	-	46,279.09
- Cash and Cash Equivalents		3,107.22	-	3,107.22
- Bank balances other than Cash and cash equivalents		2.50	-	2.50
- Loans		260.59	-	260.59
- Other Financial Assets	d	69.65	37.38	107.03
Other Current Assets	a, c, d	4,725.15	1.18	4,726.33
		92,195.91	**38.56**	**92,234.47**
Total Assets		**142,629.06**	**1,942.28**	**144,571.34**
Equity and Liabilities				
Equity				
Equity Share Capital		1,454.33	-	1,454.33

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017
(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Note No.	Previous GAAP	Ind AS Adjustments	Ind AS
Other Equity	h, n	45,929.92	3,536.49	49,466.41
Total Equity		**47,384.25**	**3,536.49**	**50,920.74**
Non-Current Liabilities				
Financial Liabilities				
- Borrowings	e	40,820.66	(58.05)	40,762.61
- Other Financial Liabilities	f	45.83	102.65	148.48
Provisions		398.20	-	398.20
Other Non-Current Liabilities	b	-	1,037.78	1,037.78
		41,264.69	**1,082.38**	**42,347.07**
Current Liabilities				
Financial Liabilities				
- Borrowings		17.54	-	17.54
- Trade Payables		32,579.08	-	32,579.08
- Other Financial Liabilities	e, f	13,782.87	(206.98)	13,575.89
Other Current Liabilities	b	1,493.82	319.21	1,813.03
Provisions	g	4,468.57	(2,788.82)	1,679.75
Current Tax Liabilities (net)		1,638.24	-	1,638.24
		53,980.12	**(2,676.59)**	**51,303.53**
Total Equity and Liabilities		**142,629.06**	**1,942.28**	**144,571.34**

III. Reconciliation of Statement of Profit and Loss for the year ended 31st December, 2016

Particulars	Note No.	Previous GAAP	Ind AS Adjustments	Ind AS
Revenue from Operations	i, b	217,778.55	18,250.97	236,029.52
Other Income	c, d	1,722.86	33.63	1,756.49
Total Income		**219,501.41**	**18,284.60**	**237,786.01**
Expenses				
Cost of Materials Consumed		147,284.75	-	147,284.75
Changes in Inventories of Finished Goods and Work-in-Process		(574.45)	-	(574.45)
Excise duty on sale of goods	i	-	17,913.73	17,913.73
Employee benefits expenses	j, h	19,250.64	174.76	19,425.40
Finance costs	j, f, e	3,330.61	393.10	3,723.71
Depreciation and amortisation expenses	a, b	9,097.66	178.12	9,275.78
Other expenses	a, c, d	27,104.74	43.96	27,148.70
Total Expenses		**205,493.95**	**18,703.67**	**224,197.62**
Profit before exceptional items and tax		**14,007.46**	**(419.07)**	**13,588.39**
Exceptional items		255.00	-	255.00
Profit before tax		**13,752.46**	**(419.07)**	**13,333.39**
Tax expenses				
Current tax		**5,864.94**	**-**	**5,864.94**
Adjustment of Tax relating to earlier periods		110.00	-	110.00
Deferred Tax	m	(737.41)	(58.25)	(795.66)
Profit for the year		**8,514.93**	**(360.82)**	**8,154.11**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Note No.	Previous GAAP	Ind AS Adjustments	Ind AS
Other Comprehensive Income				
Other Comprehensive income / (expenses) not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on defined benefit plans	l	-	(71.14)	(71.14)
Income tax effect	m	-	24.62	24.62
Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods		**-**	**(46.52)**	**(46.52)**
Other comprehensive gain / (loss) for the year, net of tax		**-**	**(46.52)**	**(46.52)**
Total Comprehensive Income for the period		**8,514.93**	**(407.34)**	**8,107.59**

IV. Adjustments to Statement of Cash Flows for the year ended 31st December 2016

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP

Notes to Reconciliations

a. Leasehold Land

Under the Indian GAAP, Leasehold land was covered under Fixed Assets and amortised over period of lease. Under Ind AS, one such property has been classified as Prepayments within non-current assets (current portion presented as other current assets) and have been amortised over period of lease, resulting in decrease in Property, Plant and Equipment by ₹ 728.65 lacs as at 1 January 2016 and by ₹ 711.48 lacs as at 31 December 2016 and corresponding increase in Other non-current asset by ₹ 711.48 lacs as at 1 January 2016 and by ₹ 694.32 lacs as at 31 December 2016 and in Other current asset by ₹ 17.16 lacs as at 1 January 2016 and 31 December 2016.

Accordingly depreciation for the year ended December 31, 2016 has decreased by ₹ 17.16 lacs and Rent for the year ended December 31, 2016 has increased by ₹ 17.16 lacs.

b. Government Grant

The Company imports capital goods without payment of duty under Export Promotion on Capital Goods (EPCG) scheme and assumes an export obligation to be fulfilled over a period of 6 - 8 years which is treated as asset related government grant as per Ind AS 20 - Accounting for Government Grants and disclosure of government assistance. Such grants outstanding on the date of transition and received during the year ended 31 December 2016, are fair valued and treated as deferred income with the corresponding adjustments to Property, Plant and Equipment. Accordingly, the adjustment resulted in increase in Property, Plant and Equipment by ₹ 1,694.20 lacs as at 1 January 2016 and by ₹ 1,356.96 lacs as at 31 December 2016 and corresponding increase in Other non-current liabilities by ₹ 1,356.96 lacs as at 1 January 2016 and by ₹ 1,019.72 lacs as at 31 December 2016 and in Other current liabilities by ₹ 337.24 lacs as at 1 January 2016 and ₹ 319.17 lacs as at 31 December 2016. During the year ended 31 December 2016, the Company has recognized ₹ 337.24 lacs being, income on account of amortisation of government grant and ₹ 337.24 lacs being depreciation on amount of government grant capitalized in books of accounts.

c. Amortised Cost financial assets

Under the Indian GAAP, interest free security deposits (for operating leases) that are refundable on completion of the lease term were recorded at their transaction value. Under Ind AS, such deposits are recognised at fair value on initial recognition and at amortised cost on subsequent measurement. Difference between the fair value and transaction value of the security deposit is recognised as prepaid rent. Accordingly, security deposits decreased by ₹ 24.16 Lacs as at 31 December 2016 (1 January 2016 – ₹ 34.41 Lacs) and prepaid rent increased by ₹ 21.36 Lacs as at 31 December 2016, out of which ₹ 10.10 lacs is current (1 January 2016 - ₹ 31.46 Lacs, out of which ₹ 10.10 lacs is current). Total equity decreased by ₹ 2.83 lacs as on 31 December 2016 and by ₹ 2.98 lacs as on 1 January 2016. The profit for the year ended 31 December 2016 increased by ₹ 0.16 due to notional interest income of ₹ 10.26 Lacs recognised on security deposits which is partially off-set by ₹ 10.10 Lacs due to amortisation of the prepaid rent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

d. Derivative Instruments - Foreign Exchange Forward Contracts

Under previous GAAP, forward premium on foreign currency forward contracts, which had an underlying was amortised as expense/income over the tenure of forward contract. The underlying assets/liability and the forward contract are restated at closing spot exchange rate. In case of forward contracts taken for forecast transactions, unrealised loss on foreign exchange forward contracts was provided for.

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. The fair valuation of forward contracts resulted in a profit of ₹ 6.67 Lacs for the year ended 31 December 2016 with a corresponding adjustment in equity. The above resulted in Derivative Asset of ₹ 14.02 lacs as at January 1, 2016 and ₹ 37.38 lacs as at 31 December 2016 and reduction in other current assets as at Jan 1, 2016 and December 31, 2016 by ₹ 43.73 lacs and ₹ 26.09 lacs respectively, being unamortised premium on forward contracts. Further losses recognized under Indian GAAP in respect of forward contracts taken for forecast transactions amounting to ₹ 39.65 lacs as at January 1, 2016 and ₹ 5.31 lacs as at December 31, 2016 has been reversed.

e. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings were amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Accordingly, borrowings including current maturity as at 31 December 2016 have been reduced by ₹ 79.29 Lacs (1 January 2016 – ₹ 114.81 Lacs) with a corresponding adjustment to retained earnings. Interest Cost for the year ended 31 December 2016 has increased by INR 35.51 Lacs on account of this adjustment.

f. Financial Liabilities

Under Indian GAAP, Purchase consideration payable (Retention Money payable) to erstwhile shareholders of Positive Packaging Industries Limited (PPIL) was recorded at its transaction value. Under Ind AS, all financial liabilities are required to be recognised at fair value. The Company has accordingly discounted, Retention Money payable to the shareholders of PPIL. Difference between the fair value and transaction value of the Retention amount has been transferred to Retained earnings on the transition date.

Accordingly, the amount of Retention payable decreased by ₹ 197.71 Lacs as at 31 December 2016 (1 January 2016 – ₹ 521.99 Lacs). Interest cost for the year 2016 has increased by ₹ 324.28 Lacs on account of above adjustment.

g. Proposed Dividend

Under Previous GAAP, proposed dividends and related dividend distribution tax was recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

Therefore, the proposed dividend including dividend distribution tax liability as at January 1, 2016 and December 31, 2016 amounting to ₹ 2,450.40 lacs and ₹ 2,783.51 lacs respectively has been derecognised and adjusted in the retained earnings.

h. Share based Payments

Under Ind AS, the cost of share based payments offered by Ultimate Holding Company is recognized based on fair value of the shares at the grant date. Under previous GAAP, the cost of such share based payments was not being recognized. As a result of this change, the profit for the year ended December 31, 2016 has decreased by ₹ 250.74 lacs with a corresponding credit to stock options outstanding account. There is no impact on the total equity as at 31 December 2016 and 1 January 2016.

i. Excise Duty

Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

j. Defined Benefit Plan

Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans had been recognised in Statement of Profit and Loss. Under Ind AS, the remeasurement loss on net defined benefit plans for the year ended December 31, 2016 amounting to ₹ 71.14 lacs is recognised in Other Comprehensive Income net of tax.

Under Previous GAAP, the interest cost on defined benefit liability and expected return on plan assets was recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, the Company has

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(All amounts in ₹ Lacs, unless otherwise stated)

recognised the net interest cost on defined benefit plans for the year ended December 31, 2016 amounting to ₹ 33.32 lacs as finance cost.

k. Amortisation of Goodwill

Under Indian GAAP, Goodwill was amortised over a period of 10 years, however under Ind AS, Goodwill is not amortised but tested for impairment anually. Accordingly, amortisation of goodwill for the year ended 31 December 2016 amounting to ₹ 141.96 lacs has been reversed.

l. Other Comprehensive Income

Under Ind AS all items of income and expense recognized in a period should be included in Statement of Profit and Loss for the period unless a standard requires or permits otherwise. Items of Income and expense that are not recognized in profit and loss but are shown in the Statement of Profit and Loss as 'Other Comprehensive Income' includes remeasurement of defined benefit plan. The concept of Other Comprehensive Income did not exist under previous GAAP.

m. Deferred Taxes

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

n. Revaluation Reserve

The Company has considered previous GAAP carrying amount for its property, plant and equipment and Intangible assets as deemed cost as on the date of transition to Ind AS. Accordingly, revaluation reserve of ₹ 275.77 Lacs pertaining to revaluation of Freehold land have been transferred to Retained earnings on the date of transition.

o. Retained Earnings

Retained earnings as at January 1, 2016 and 31 December 2016 has been adjusted consequent to above Ind AS transition adjustments.

Note 55 - Events after the reporting period

The Board has recommended dividend of ₹ 3 per share (31 December 2016 - ₹ 3 per share) for the year 2017.

As per our report of even date

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

per Vinayak Pujare
Partner
Membership No.101143

Mumbai, 20 February 2018

For and on behalf of the Board of Directors

Suresh Gupta
Chairman
DIN: 00235354

Dr.Arup Basu
Managing Director
DIN: 02325890

S K Palekar
Director & Chairman of Audit Committee
DIN : 01723670

Parag Vyavahare
Chief Financial Officer
Membership No. 42739

D V Iyer
Company Secretary
ACS No. 13004

Olli Koponen
Non-Executive Director
DIN : 07370927

Mumbai, 20 February 2018

HPPL

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

R & D Centre – Thane
L.B.S. Marg Majiwade, Thane (West) 400601
Tel : + 91 22 21735551/21735591/61740100
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.)
Silvassa 396 230 Tel: +91 - 260 - 2681005, 2681009,
Fax: +91 - 260 - 2681003

Bengaluru
Unit I :
Plot No. 152, 153 & 33, Bommasandra –
Jigani Link Road Indl. Area, Anekal Taluka,
Bengaluru, Karnataka – 560 105
Tel: +91 - 080 - 30565000
Fax: +91 - 2192 – 391310

Unit II :
Plot No. 155,154, 32 & 31 Part,
Bommasandra – Jigani Link Road Indl. Area,
Anekal Taluka, Bengaluru,
Karnataka – 560 105
Tel: +91 - 080 - 30564700
Fax: +91 - 2192 – 391310

Taloja
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 - 2278 0303
Fax : + 91 22 - 2278 0301

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

Ambernath
Unit I :
21/1, 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

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 :
Plot Nos. 139 & 148, IDA, Bollarum,
Sangareddy,
Telangana -502325
Tel. : + 91 8458 - 660260/1/2
Fax : + 91 8458 - 660202

Unit II :
Plot No.172, Survey No 172, IDA, Bollarum,
Medak District
Telangana -502325
Tel. : + 91 – 8458-279110

Bangalore

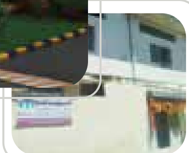
Ambernath

Guwahati

Hyderabad

Khopoli

Mahape



Parwanoo

Rudrapur

Silvassa

Thane

Taloja

॥ योगिनः कर्म कुर्वन्ति संङ्ग त्यक्त्वात्मशुद्धये ॥

Achievers act with mind, intelligence and senses for attainment